Regional Autonomy and Social Welfare in Post-Suharto Indonesia: A Case Study of Decentralisation in Kabupaten Cirebon, West Java

Delys Craig
B.A. Asian Studies, B.A. Social Science (Honours)

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Except as cited in the text, this work is the result of research carried out by me, and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

Delys Craig

Frontispiece:
Batik “Kumpeni Pedesaan”
Rumah Batik Jelita, Kabupaten Cirebon
Abstract

In Indonesia, the concept of the decentralisation of government administration has been a feature of government for most of the twentieth century. Since the fall of Suharto’s New Order regime, decentralisation has become one of the hallmarks of reform (reformasi). This thesis endeavours:

- To examine the impact on regional government of the Regional Autonomy Laws of 1999 and 2004;
- To assess the implications of these changes in law and policy for the democratic process and community participation; and
- To investigate whether the implementation of Regional Autonomy has resulted in better development outcomes, particularly in the fields of education and health.

Fieldwork was undertaken in Kabupaten Cirebon, West Java. A data base of ten villages was established as the basis of this case study of the impacts of regional autonomy. Special attention is given to the health and education sectors.

The district level (kabupaten) administration in Cirebon became responsible for the implementation of the decentralised health system from 2002. Increasing amounts of funding were invested in healthcare infrastructure, and the numbers of healthcare personnel expanded significantly. Conversely, many health indicators including infant and maternal mortality, life expectancy and malnutrition did not show significant improvement by 2009. The numbers of the volunteer workforce in the health sector, the kaders in the posyandu, whose participation in primary health care is so important, also declined.

The decentralisation of the education sector produced more positive results. The percentage of people who never went to school and those who did not finish primary school decreased, while the percentage of those who graduated from primary school and secondary school, and those who continued in tertiary education increased significantly.

The 1999 decentralisation legislation emphasised the principles of democracy, equitable distribution and public participation in development. Despite significant steps in the democratisation and decentralisation process, this study finds that much of the promise of the reform program has yet to be realised.
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## Glossary

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<td>PAB</td>
<td>Proyek Air Bersih</td>
<td>Clean Water Project</td>
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<tr>
<td>Puskesmas</td>
<td>Pusat Kesehatan Masyarakat</td>
<td>Regional Healthcare Centre</td>
</tr>
<tr>
<td>REPELITA</td>
<td>Rencana Pembangunan Lima Tahun</td>
<td>Five year development plan</td>
</tr>
<tr>
<td>RK</td>
<td>Rukun Kampung</td>
<td>Hamlet association</td>
</tr>
<tr>
<td>RT</td>
<td>Rukun Tetangga</td>
<td>Neighbourhood association</td>
</tr>
<tr>
<td>RW</td>
<td>Rukun Warga</td>
<td>Sub-unit of village made up of RTs</td>
</tr>
<tr>
<td>RS</td>
<td>Rumah Sakit</td>
<td>Hospital</td>
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<tr>
<td>RSU</td>
<td>Rumah Sakit Umum</td>
<td>General Hospital</td>
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<tr>
<td>RSUD</td>
<td>Rumah Sakit Umum Daerah</td>
<td>Regional general hospital</td>
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<tr>
<td>SDO</td>
<td>Subsidi Daerah Otonom</td>
<td>Subsidy for Autonomous Region</td>
</tr>
<tr>
<td>SD</td>
<td>Sekolah Dasar</td>
<td>Primary school</td>
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<tr>
<td>SLTA</td>
<td>Sekolah Lanjutan Tingkat Atas</td>
<td>Senior high school</td>
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<tr>
<td>SLTP</td>
<td>Sekolah Lanjutan Tingkat Pertama</td>
<td>Junior high school</td>
</tr>
<tr>
<td>SMP</td>
<td>Sekolah Lanjutan Pertama</td>
<td>Junior high school</td>
</tr>
<tr>
<td>SKPG</td>
<td>Sistem Kewaspadaan Pangan dan Gizi</td>
<td>National Nutrition Board</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
<td>Full Name</td>
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<tr>
<td>SPP</td>
<td>Simpan Pinjam Perempuan</td>
<td>Savings and lending groups for women</td>
</tr>
<tr>
<td>SSD</td>
<td>Survei Seratus Desa</td>
<td>100 Villages Survey</td>
</tr>
<tr>
<td>Susenas</td>
<td>Survei Sosio-ekonomi Nasional</td>
<td>National Socio-economic Survey</td>
</tr>
<tr>
<td>TNI</td>
<td>Tentara Nasional Indonesia</td>
<td>Indonesian Armed Forces after 1999</td>
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<tr>
<td>UPGK</td>
<td>Usaha Perbaikan Gizi Keluarga</td>
<td>Family Nutrition Improvement Program</td>
</tr>
<tr>
<td>UDKP</td>
<td>Unit Daerah Kerja Pembangunan</td>
<td>Sub-district development unit</td>
</tr>
<tr>
<td>UPK</td>
<td>Unit Pengelolaan Keuangan</td>
<td>Financial management unit</td>
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<tr>
<td>Yakkum</td>
<td>Yayasan Keristen untuk Kesehatan Umum</td>
<td>Christian Foundation for Public Health</td>
</tr>
<tr>
<td>YIS</td>
<td>Yayasan Indonesia Sejahtera</td>
<td>Prosperous Indonesia Foundation</td>
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<tr>
<td>YPPSE</td>
<td>Yayasan Pembangunan dan Pengembangan Sosial Ekonomi</td>
<td>Social and Economic Development Foundation</td>
</tr>
</tbody>
</table>

When the term ‘regional government’ is used it includes provincial (propinsi) governments and district (kabupaten and kota) governments.
Introduction

In Indonesia, the concept of the decentralisation of government administration has been a feature of debates about governance for most of the twentieth century. It was not until the end of the Suharto regime, and the initiation of the Reform Era, that the concept was realised with the implementation of the 1999 Regional Autonomy Laws in 2001.\(^1\) In its simplest form, political decentralisation involves the transfer of decision making authority and resources to regional administrations.\(^2\)

During the 1970s many governments began experimenting with new approaches to development programs. As societies became more complex and government activities expanded, it became increasingly difficult to administer all development activities effectively from the centre. Rondinelli and Cheema (1983) advocated the implementation of decentralisation programs, and distinguished four categories of political decentralisation: deconcentration, delegation, privatisation and devolution. However, within a unitary system of government, the extent of decentralisation, and therefore the extent of regional autonomy, is always dependent upon the degree of power and control retained by the central government.

In the colonial era, the Dutch introduced the concept of decentralisation through the Decentralisation Act of 1903, but its character represented deconcentration rather than devolution (Suwandi 2001: 2).\(^3\) The Dutch East Indies comprised, in the first place, a large range of formerly self-governing kingdoms and communities, which necessitated acknowledgement of diverse local regimes. These influenced the outlines of regional government in the Republic of Indonesia which were apparent during the revolutionary period of 1945 – 1949. The Dutch favoured a federal state to which sovereignty might be transferred (Legge 1961; Feith 1962; Ricklefs 1981; 1993).

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1 Undang-Undang Republik Indonesia Nomor 22 Tahun 1999 tentang Pemerintahan Daerah and Undang-Undang Republik Indonesia Nomor 25 Tahun 1999 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah


3 For further discussion of Dutch concepts of decentralisation between 1903 and 1942 see De Kat Angelino 1931 and Furnivall 1944
The federal system, foisted on Indonesia by the departing Dutch, survived for less
than a year but left a lasting distaste for federalism there (Devas 1997: 354; Feith 1962:
that because Indonesia is a unitary state, there should be no separate states within
its boundaries, but rather a system of autonomous or administratively autonomous
regions. Strong objections to a federal state saw the establishment of a unitary
republic on August 17th 1950 (Cribb 1995: 24). Subsequently, Article 131 of the 1950
Provisional Constitution established the concept of deconcentration of state power
and authority, as well as a degree of autonomy for local affairs (The Liang Gie 1994: 7-
9).

Rebellions in the Outer Islands provided the rationale for President Sukarno to
declare martial law in 1957, which effectively reassigned authority from provincial
civilian leaders to the military, reinforcing central control (Holland 1999). Holland
considered that the position of regional government prior to 1999 was shaped by
the legacy of the regional rebellions in the 1950s. With the demise of the Suharto
regime, a compelling imperative to decentralise was the need to counter strong
centrifugal forces from the resource-rich provinces such as Aceh, Riau and Irian
Jaya, which claimed that the central government had for too long exploited their
natural resources without reasonable return of revenues. When the New Order
regime collapsed, it was predictable that tensions that had built up in the regions
would resurface. Both regional bureaucrats and leaders in the private sector
continued to protest that previous government policy was too centralist, and that
every decision a regional government made had to be endorsed by the central
government. There was agitation among activists and academics in the regions for
more autonomy, and the risk of dissolution of the Republic of Indonesia was a
serious concern following the recent history of the Soviet bloc (Carey 2001; Siagian
1998).

The move to greater regional autonomy in Indonesia in the mid 1990s accorded
with a global trend. Decentralisation was seen as the key to stronger economic
performance (Devas 1997). Indonesian people had become disillusioned with existing
systems of government and the declining effectiveness of the state in the face of
globalisation. They believed them to be “inequitable, unrepresentative, poorly
performing, and failing to provide them with a voice to influence decisions which
affect them” (Turner and Podger 2003: 5). Dissent was emerging in both the public and
private sectors. Student leaders and academics had long advocated an end to the economic and political role of the military, and the liberalisation of politics (Robison 1990). An undercurrent of change was also emerging in the villages. By the early 1990s there were calls for government to be made more accountable to the people; for an independent judiciary; and for constitutional protection of human rights to protect ordinary people from rampant abuse of power (Schwarz 1994; van Tuijl and Witjes 1993). Opposition to restrictions on freedom of speech and political organisation became much more open. The staggering mal-distribution of wealth aroused growing criticism of the Suharto regime and its cronies (Niessen 1999). The political reforms which began in Indonesia with the collapse of Suharto’s New Order government in 1998 created new prospects for the relationship between the state and the community (Antlov 2003b: 192).

Decentralisation programs are meant to facilitate participation by local governments in the democratic process, and ensure greater benefits from development. Successful decentralisation should increase the opportunities for participation by placing more power and resources at a local level of government (Fritzen 2001). Greater public participation can unite those who share commitments to more equitable and compassionate forms of social and political economic organisation, but who differ greatly on strategy (Bebbington 2004).

Cooke and Kothari (2001: 5) suggested that the focus on participatory development can be seen as emerging from the identification of the deficiencies of top-down development programs. While the broad aim of participatory development is to increase the involvement of marginalised peoples in decision-making over their own lives, Cooke and Kothari are concerned that participatory development programs, nonetheless, have potential to lead to the unjust and illegitimate exercise of power; in ways that can be identified in many of the welfare and development programs examined as part of this research.

Participation has to be understood in the context of power relations between elite groups and the less powerful. “Participatory goals including ideas about ‘people’s knowledge’ and ‘participatory planning’ are significantly (if not primarily) oriented upwards (or outwards) to legitimise action, to explain, justify, validate higher policy goals, or mobilise political support rather than downwards to orientate action.”
Furthermore, participatory ideals were often operationally constrained to meet formal and informal bureaucratic goals (Mosse 2001: 21).

Much of the literature on community participation overstates the cohesion of communities, treating them as natural social entities characterised by solidarity. It is assumed that ‘community’ can be represented and channelled in simple organisational forms (Cleaver 2001: 44). More realistically, the community is a complex entity of “shifting alliances, power and social structures” (Cleaver 2001: 45).

A simplistic notion of ‘community’, further masks biases in interests and needs based on, for example, age, class, caste, ethnicity, religion and gender. Participation can result in political co-option, and can require contributions from participants in the form of labour, cash or kind and thus transfer some of the projects costs on to the beneficiaries, and those who challenge the rhetoric of participation, arguing that it masks continued centralisation in the name of decentralisation (Cooke and Kothari 2001: 6). Cleaver (2001: 53) suggested the time was ripe for critical re-analysis of ‘participatory approaches’. 4

Cornwall (2004: 81) identifies ‘spaces’ in which citizens are invited to participate, as well as those they create for themselves. Such spaces are never neutral, but are infused with existing relations of power. “Yet the ‘strategic reversibility’ (Foucault 1991: 5) of power relations means that such governmental practices and ‘regimes of truth’ in themselves are always the sites of resistance; they produce possibilities for subversion, appropriation and reconstitution” (Cornwall 2004: 81).

On that premise, Hickey and Mohan (2004) seek to build on ‘more and better participation’. They say:

the past decade witnessed a growing backlash against the ways in which participation managed to ‘tyrannise’ development debates without sufficient evidence that participatory approaches were living up to the promise of empowerment and transformative development for marginal people (Hickey and Mohan 2004: 3)

Gaventa (2004: 25) says that “nowhere is the intersection of concepts of community participation and citizenship seen more clearly than in the multitude of programs

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4 For further discussion on ‘participation as the new tyranny’ see Francis 2001; and Hilyard, Hegde, Wolvekemp and Reddy 2001.
for decentralised governance”. At the same time, the call for new forms of engagement between citizens and the state involves placing an emphasis on inclusive participation as the very foundation of democratic practice (Gaventa 2004: 28).

The mainstream form of ‘participation in development’ from the 1980s asserted the importance of placing local realities at the heart of development interventions. There was seen a need to transform agents of development from being directive ‘experts’ to ‘facilitators’ and ‘enablers’ (Hickey and Mohan 2004: 11).

Hickey and Mohan (2004: 159) argue that:

participatory approaches are most likely to achieve transformations where (i) they are pursued as part of a wider (radical) political project; (ii) where they are aimed specifically at securing citizenship rights for marginal and subordinate groups; and (iii) when they seek to engage with development as an underlying process of social change rather than in the form of discrete technocratic interventions.

Democratic decentralisation is associated with the institutionalisation of participation at the local level through regular elections, council hearings, and more recently, participatory budgeting. The devolution of power “creates incentives for increased local civil society activity” (Hickey and Mohan 2004: 161).

An endeavour to adopt this ‘more and better participation’ is evident in the Kecamatan Development Program (PPK) in Indonesia. The Kecamatan Development Program, later expanded through the national government’s national community empowerment program (PNPM), was designed to enable villagers to participate in decision making effecting local programs.

The successful functioning of decentralisation depends upon ongoing local participation. It is argued that in communities where participation in the democratic process is encouraged, evidence of a growing accumulation of social

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5 In Indonesia, the governance of the Village Representative Council (Badan Perwakilan Desa: BPD) between 1999 and 2004 is an excellent example of participation through regular elections, council hearings, and participatory budgeting.

6 For further discussion on ‘more and better participation’ see also Brown 2004; Cooke 2004; Henry 2004; Kelly; Masaki 2004; Mitlin; Vincent 2004; and Williams 2004.

7 PPK: Program Pengembangan Kecamatan. In World Bank literature, Program Pengembangan Kecamatan is referred to as KDP, the Kecamatan Development Program, is discussed in Chapter 9.

8 PNPM: Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan
capital can be observed. With the implementation of the 1999 Regional Autonomy Laws, Indonesia embarked on simultaneous programs of political, fiscal and administrative decentralisation, moving the country from one of the most centralised political systems in the world to one of the most decentralised. This process was not uncontested. Law No. 32 of 2004 concerning Regional Government was promulgated to restore greater power and authority to central and provincial governments and restricted many of the programs initiated with the promulgation of the 1999 Laws.

This thesis examines the impacts of decentralisation policies and participatory development programs with a case study of a number of villages in Kabupaten Cirebon, West Java. It endeavours

- To examine the impact on regional government of the Regional Autonomy Laws of 1999 and 2004;
- To assess the implications of these changes in law and policy for the democratic process and community participation; and
- To investigate whether the implementation of decentralisation policies have resulted in better development outcomes, particularly in the fields of education and health.

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10 Undang-Undang Republik Indonesia Nomor 32 Tahun 2004 tentang Pemerintahan Daerah
Methodology

This research began with the objective of examining local government in Indonesia. At the end of 1998, the newly-appointed Bupati of Cirebon, H Sutisna SH., approved my request to carry out fieldwork in Kabupaten Cirebon, West Java. A number of significant events influenced the focus for conduct of the research on the implementation of the decentralisation laws and the participation of the communities of Kabupaten Cirebon in the decentralisation program. These were:

- the fallout from the 1997 - 1998 financial crises (*Krismon*);\(^{11}\)
- the establishment in 1998 of the Social Safety Net program (*JPS*);\(^{12}\) and
- the promulgation of the 1999 Regional Autonomy Laws.

The approach to the research has been primarily qualitative involving fieldwork in Kabupaten Cirebon during 1999, 2000 and 2002 toward a case study\(^{13}\) of decentralisation and participation. Information was collected through interviews with elected officials and bureaucrats at all levels of regional government; district (*kabupaten*), sub-district (*kecamatan*) and village (*desa*). Focus group discussions\(^{14}\) were held with villagers and especially with members of the Village Representative Council (*BPD*);\(^{15}\) and The Family Welfare Empowerment Movement (*PKK*).\(^{16}\) I participated in many gatherings of the Integrated Service Posts (*Posyandu*).\(^{17}\) Wide-ranging interviews were carried out with representatives of political parties, NGOs, and local workers of the National Family Planning Coordinating Agency (*BKKBN*).\(^{18}\)

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\(^{11}\) *Krismon*: *Krisis Moneter*

\(^{12}\) *JPS*: *Jaring Pengaman Sosial*

\(^{13}\) Case study research refers to the collection and presentation of detailed information about a particular participant or small group. Yin (2012: xix) says that the case study research continues to be an essential form of social science inquiry, but warns of generalisation beyond the case study (Yin 2012: 18). The purpose of this case study was to draw on several communities in Kabupaten Cirebon to understand how the 1999 and 2004 Regional Autonomy Laws affected the people in the ten villages it comprised. An effort was made to identify problems and to assess if the implementation of the Laws brought lasting benefits to the villages.

\(^{14}\) Focus groups methodology provides concentrated amounts of data, in participants’ own words, on the topic of interest. The interaction of participants adds richness to the data that may be missed in individual interviews. The responsibility of the researcher is to create an environment that encourages participants to share perceptions and points of view, without being pressured to vote or to reach a consensus (Krueger and Casey 2000: 4).

\(^{15}\) *BPD*: *Badan Perwakilan Desa* later changed to *Badan Permusyawaratan Desa*. See chapter 4 on the importance of this change.

\(^{16}\) *PKK*: *Pemberdayaan Kesejahteraan Keluarga*

\(^{17}\) *Posyandu*: *Pos Pelayanan Terpadu*

\(^{18}\) *BKKBN*: *Badan Koordinasi Keluarga Berencana Nasional*
Bearing in mind that the research was initiated following the 1997 - 1998 political and financial crises and at a time when the Social Safety Net Programs (JPS) and decentralisation laws were being implemented for the first time, the context of the fieldwork was in considerable flux.

Due to serious health problems and family circumstances I was unable to complete the field research in Cirebon, and from 2003 relied on research assistants to collect and update data. I acknowledge the invaluable contributions of Agung Gumilang who collected information and data for me over many years; and Uzair Fauzan who not only collected data but also conducted a series of follow up interviews, in all of the ten study villages, on my behalf.

Documentary sources, both in English and in Bahasa Indonesia, relevant to governance, decentralisation and participation were used. These include:

- Reports and articles from AusAID\(^{19}\) RAND Corporation\(^{20}\) SMERU\(^{21}\) USAID\(^{22}\) and World Bank, especially on the Kecamatan Development Program (PPK).
- Official Indonesian central government documents 1998 – 2010 which included Republic of Indonesia Laws and Regulations (Undang-Undang / Peraturan Pemerintah); Presidential Decisions (Keputusan Presiden); and Ministerial Decisions and Regulations (Keputusan Menteri / Peraturan Menteri). Each year the kabupaten administration publishes a report ‘Kabupaten Cirebon dalam Angka’ which is produced by the Kabupaten Bureau of Statistics and contains quantitative data from the kabupaten for that year. Each kecamatan publishes similar reports of varying content and reliability. Government departments, for example, agriculture, development, education, fisheries, health, trade, water and so on, publish annual reports.

\(^{19}\) AusAID: The Australian Government agency responsible for managing Australia’s overseas aid program.

\(^{20}\) Since 1948, the RAND Corporation is an American, non-profit research organisation which presents monographs of major research findings on political and socio-economic subjects (http://www.rand.org/about/history.html accessed March 2012).

\(^{21}\) SMERU: Social Monitoring & Early Response Unit, a Jakarta-based research unit with support from the World Bank, AusAID, the ASEM Trust Fund, and USAID.

\(^{22}\) USAID is the United States Agency for International Development, a government agency, providing economic and humanitarian assistance worldwide.
Introducing Kabupaten Cirebon

Geography

Kabupaten Cirebon is situated on the north-eastern coast of West Java, about 250 kilometres east of Jakarta, the capital of the Republic of Indonesia.

Map 1 Kabupaten Cirebon, West Java (Jawa Barat)

Source: Google Maps 2013
Kabupaten Cirebon is located between longitude 108° 40’ and 108° 48’ east meridian, and latitude 6° 30’ and 7° 00’ south of the equator (Pemerintah Kabupaten Cirebon 2000b). At its maximum length, from north-west to south-east it extends for 54 kilometres and 39 kilometres from north to south, covering 989.70 square kilometres (Pemerintah Kabupaten Cirebon 1997: 1-3). The region is bounded in the east and northeast by the province of Central Java; in the south by Kabupaten Kuningan; in the West by Kabupaten Majalenka; and in the north by the oil rich Kabupaten Indramayu; Kotamadya Cirebon and the Java Sea.

Kabupaten Cirebon has 54 kilometres of coastline. The plains which centre on Indramayu in the north and Losari to the east were formed by alluvial sand mixing with clay carried seaward by the Cimanuk and Cilosari river systems. Both these rivers have their sources in the mountains and flow northward. The alluvial deposits add up to 100 metres annually to the coastline of the kabupaten (Yayasan Mitra Budaya Indonesia 1982: 12). In total, there are eighteen rivers which rise in the southern mountains and flow north into the Java Sea. The Citanduy River flows south and forms the boundary between West Java and Central Java.

An active volcano, Gunung Ceremai, rises to a height of 3,070 metres and is surrounded by limestone hills and low fertile plains. Gunung Ceremai is central to the kabupaten and is the highest mountain in West Java. On its slopes are a number of sulphur and hot water springs. The most prominent feature of the landscape is a chain of jagged limestone hills, west of the mountains. These are extensively quarried. Most of the northern part of Kabupaten Cirebon is a flat, fertile and marshy plain, less than 20 metres above sea level. This plain comprises about 80 percent of the kabupaten. This tropical region has a temperature range of 24°C to 33°C averaging 28°C. Precipitation lies between 4,000 mm and 4,500 mm per year (Pemerintah Kabupaten Cirebon 1997: 6-7).

Kabupaten Cirebon has few natural resources. Unlike its neighbour, Kabupaten Indramayu, Cirebon has no oil. Cirebon is a relatively dry district and must acquire much of its water from another neighbour, Kabupaten Kuningan. Kabupaten Cirebon is predominately an agricultural region which surrounds, but is not part of, the port city of Cirebon (Kotamadya Cirebon). Kabupaten Cirebon has a strategic location serving as a link between the port and the remainder of West Java.
Because of its juxta position to the city, the kabupaten benefits considerably from the urban and industrial development of Kotamadya Cirebon.

What is traditionally known as the ‘Cirebon region’ was the former Dutch Residency of Cirebon which comprised the city of Cirebon (Kotamadya Cirebon) and the four districts or regencies (kabupaten) of Indramayu, Majalengka, Kuningan and Cirebon. Administratively, the region of Cirebon was a part of the province of West Java headed by a governor (gubenur) seated at Bandung, the capital of West Java. The province of West Java occupies a strategic location, surrounding the nation’s capital, Jakarta. West Java is bounded on the north by the Java Sea; south by the Indian Ocean; the Sundra Strait to the west; and the province of Central Java to the east. The province covers approximately 43,117 square kilometres. Until 2000, Kabupaten Cirebon was one of 25 Districts (kabupaten) in West Java. Since 2000, following the breakaway formation of the Provincial Government of Banten, the Province of West Java consists of 16 kabupaten, and six municipalities (kota)\(^{23}\) (Usman et al 2002: 4). Kabupaten Cirebon comprises 29 sub-districts (kecamatan); 412 villages (desa) and twelve urban wards (kelurahan). The administrative capital of Kabupaten Cirebon is Kota Sumber which is situated twelve kilometres southwest of the city of Cirebon. In 1995 the kabupaten had a population of 1,776,798 which rose to 2,170,374 by 2009 (Kabupaten Cirebon dalam Angka 2010).

### History

The earliest human settlements in the Cirebon region were in the mountain districts south and west of Kuningan. At the time of the Hindu kingdoms of Java,\(^{24}\) Sunda settlements such as Dermayu and Muara Jati already existed, and there was an established pattern of trade and subsequent social intercourse between the plains and the mountains (Yayasan Mitra Budaya Indonesia 1982: 12). According to legend, Cirebon was founded by Sunan Gunungjati in 1552. It was subject to the rulers of Banten, and later to those of Mataram, before submitting to the Dutch from 1609, during the reign of Panembahan Sed-ing-Krapyak. For centuries a

\(^{23}\) Cities (kota) headed by a mayor (walikota), and regencies or districts (kabupaten) headed by a regent (bupati), have equal status. Kota and kabupaten are divided into kecamatan which are headed by a camat. A kecamatan consists of a variable number of villages (desa or kelurahan) which in turn are headed by kepala desa or lurah.

\(^{24}\) The Period of Hindu Kingdoms lasted from ancient times until the 16\(^{th}\). Century AD. Building of the Prambanan temple near Yogyakarta began in 856 AD and was completed in 900 AD.
centre of Islam, this regency generated much of the opposition to Dutch rule (Yayasan Mitra Budaya Indonesia 1982: 65).

**Economy**

Most of the arable land is appropriated to agriculture, 63 percent to wet rice paddies (sawah). Other crops include: cassava, cinchona, coffee, corn, essential oils, peanuts, pulses, rubber, sugar-cane, tea, tobacco and assorted fruits and vegetables. The special Cirebon mango is widely marketed. There are two small forests in the kabupaten. They measure only 4000 square meters and are mixed forests, though predominantly teak. The forest is of very low productivity. The central government owns the forest and the tax on felling the timber is claimed by the central government. In the villages, poultry, especially ducks, are produced for meat and eggs. Fish breeding is widespread in the villages, and many Cirebonese are ocean fishermen. Most of the population is engaged in agriculture and this sector is the largest contributor to the local GDP. Trade, which includes the burgeoning rattan industry, is the second largest contributor to the local economy (Pemerintah Kabupaten Cirebon 1999i: 32).

**Towards Independence**

The beginning of the twentieth century saw the rise of the Indonesian nationalist movement. People from Cirebon became leaders of organisations working for independence and many of Cirebon’s leading activists were exiled by the Dutch after the 1926 - 1927 rebellions. In the late twenties and early thirties the whole residency was in turmoil, with the nationalist parties maintaining roots in the Cirebon district and in the neighbouring kabupaten of Indramayu. In this way an early nineteenth century tradition of militancy and protest emerged. During World War II, after December 8, 1941, the coast of Cirebon at Eretan, close to Indramayu, was the location for the Japanese invasion of Indonesia. Invading Japanese troops landed there and proceeded to occupy Cirebon. With little opposition the occupation was extended to all of Java and subsequently the remainder of

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25 Interview at Department of Agriculture Kabupaten Cirebon, July 2002
26 Interview with Drs. Rony Rudyana, May 1999.
27 In 1928 the Indonesian Socialist Party (PSI) was established in Waled, followed by the Indonesian Communist Party (PKI) at Lemahabang, and the Indonesian Nationalist Party (PNI) at Ciledeg.
28 Interview R.A. Abdurahman, July 2002. R.A. Abdurahman is a respected amateur historian and former Head of the Department of Fisheries (Kanwil) in West Java.
Indonesia. At first, the Japanese were welcomed by the Indonesian as liberators, although this reaction was gradually reversed as the occupation was intensified and extended (Yayasan Mitra Budaya Indonesia 1982: 65).

Following World War II, the Republic of Indonesia was proclaimed on August 17, 1945. The victorious Allies, unaware of much that had transpired within Indonesia during the war, were speedily arranging their return to accept the Japanese surrender and to re-establish their former colonial administration. However, the Japanese occupation had produced an environment of such chaos and uncertainty; had so politicised people at every stratum of society; and had encouraged both older and younger Indonesian leaders to take the initiative; that the allies found themselves confronted by a revolutionary war of independence (Ricklefs 1993: 211). True to Cirebon’s traditions of political and social unrest, coups and take-overs characterised its history (Yayasan Mitra Budaya Indonesia 1982: 66). In November 1946 a treaty between the Dutch and the Republic of Indonesia was finalised at Linggadjati, a resort village just south of Cirebon (Ricklefs 1993: 224). Finally, on the fifth anniversary of the declaration of independence, the political structures of the revolutionary years were eliminated and the Republic of Indonesia established.

**Culture**

Because Kabupaten Cirebon is strategically located on the north coast of Java and on the border between West and Central Java, it is not only the gateway between two provinces but is also the melting pot for Sundanese and Javanese sub-cultures. The Sundanese kingdom was first established at Galuh (now Ciamis) and was later moved to Pakuan Pajajaran (now Bogor). From the time of their inclusion in the Sundanese kingdoms, the mountain areas were Sundanese-speaking. As reminders of the Hindu period, some of the mountain villages still have Sanskrit based names. Similarly much of the music and local tradition in the mountain areas have a Hindu character (Yayasan Mitra Budaya Indonesia 1982: 12). On the other hand, the plains between Losari and Indramayu have long been strongly influenced by their ties with the coast and with the interior of Central and East Java. Consequently they have received and absorbed elements from various cultures.

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29 The Republic of the United States of Indonesia, the Republic of Indonesia as a constituent within it, and the states of East Sumatra and East Indonesia were replaced by a new Republic of Indonesia with a unitary (but provisional) constitution (Ricklefs 1993: 233).
Javanese is the language most spoken in the plains (Yayasan Mitra Budaya Indonesia 1982: 13). Overall in the kabupaten 99.62 percent of the population are Muslim.³⁰

West Java was the centre of Sundanese culture. In October 2000, the region of Banten in West Java, which includes the Sukarno-Hatta international airport, was the first of Indonesia’s post-New Order breakaway provinces to be created on Java since 1950.³¹ Banten had considerable economic resources and potential, but one of the main provocations in the desire for provincial status was resentment of neglect by the provincial capital, Bandung (Quinn 2003: 165-166). The breakaway of the region sent a tremor of uncertainty through the Sundanese community in the rest of West Java. For some Sundanese the new province was an affront to the authority and distinctiveness of Sundanese culture and sparked debate about the identity of a suddenly reduced Sundanese heartland. The debate aroused indignant response in the Cirebon region, where there was a strong sense of a distinct, coherent local identity very different from that of the Sunda highlands (Quinn 2003: 167). In 2002, an unsuccessful attempt was made to form the greater Cirebon region into another breakaway province (Media Indonesia August 7, 2002).

In Kabupaten Cirebon changes brought about by modernisation, have generated an awareness of the need to preserve customs and habits which, if not protected, could disappear. Traditional centres for ceremonies and the arts such as the courts (kraton), and the communities of Plumbon, Trusmi, Gegesik, and Arjawinangun, have played an important role in the preservation movement fostered by people with a profound understanding of the culture of the Cirebon region. This awareness

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³⁰ Of the population, 99.62% are Muslim; 0.19% Catholic Christian; 0.15% Protestant Christian; 0.03% Buddhist; and 0.008% Hindu. In the kabupaten there are 5,691 mosques or Muslim prayer rooms, 22 Christian churches, four Hindu pura, and two Buddhist wihara (Pemerintah Kabupaten Cirebon 2000b).

³¹ Banten stretches along the coast from the western outskirts of Jakarta to the Sundra Strait, encompassing the complex of steel and chemical plants at Cilegon and the light manufacturing area of Tangerang. The major highway connecting Jakarta with Merak, the busy crossing point to Sumatra, runs through Banten. According to Quinn (2003: 165) the desire for a separate province of Banten was not new. “A widespread perception in the region that Banten is a distinct cultural and administrative entity had been inherited from Dutch colonial times when it was a separate residency and was officially regarded as having unique attributes of character, history and social organisation. In the late 1960s, during the turbulent early years of the New Order, a campaign was mounted to establish a province of Banten, but it failed. With the downfall of Suharto in May 1998 and the drafting of the autonomy laws under the Habibie administration, the issue of provincial status for Banten returned to the agenda. After the general election of 7 June 1999 and the subsequent convening of a new, democratically elected national parliament, a special committee (pansus) was set up within the national parliament to draft an act for the formation of a province of Banten.”
of the district’s cultural heritage has brought a revival in branches of the arts such as dance, batik making and painting, which preserve the unique style and symbols of the region. The arts of Cirebon remain distinctly different from other parts of Java. Wood-carving, wall-hangings, textiles, music, dancing, even traditional cuisine are forged from many different traditions. Cirebon batik is unique and differs markedly from batik made in other parts of Indonesia.

**Choice of Field Work Sites**

In 1999, with the cooperation of the *Bupati*, two diverse sub-districts (*kecamatan*) within the *kabupaten* were selected for field work. One, Kecamatan Beber, is a dry and under-resourced region; while the economic activity in Kecamatan Plumbon is augmented by its proximity to the City of Cirebon. Each of the two *camats* was asked to suggest five mainstream villages in each *kecamatan* who might be willing to participate in the research.

**Kecamatan Beber** is situated in the southern, hilly part of the *kabupaten*, and is 152 metres above sea level. By radius it is seven kilometres from Sumber, the administrative capital of Kabupaten Cirebon; but by the long winding mountain roads it is seventeen kilometres (*Pemerintah Kabupaten Cirebon 1997: 5*). Indeed the *kecamatan* office is situated high on a ‘pass’ through the mountains. With only 7.28 kilometres of all-season sealed roads, the main form of transport is by motor bike. Although five rivers flow through this *kecamatan*, this resource is not efficiently exploited nor adequately harnessed and the *kecamatan* remains a very dry area. Most of the farmers receive only enough rain to grow one crop of rice each year. In the dry season vegetables are grown. Kecamatan Beber is well-known for the production of distinctive high-quality mangoes. Until the expansion of the rattan industry in the *kabupaten*, Kecamatan Beber was an important centre for growing bamboo and manufacturing bamboo furniture, handicrafts and artefacts. Both the burgeoning rattan industry and the established bamboo manufacturing industry witnessed a dramatic decline in the 1997 – 1998 financial crises. Kecamatan Beber covers an area of 43.64 square kilometres and has a population of 59,451. With a density of 1,362 persons to the square kilometre, it is one of the least dense localities in the *kabupaten* (*Pemerintah Kabupaten Cirebon 1999i: 30*). There are 18 villages in the *kecamatan*. The five villages which joined this research were Desa Ciawa Gaja, Desa Cikancas, Desa Jatipancur, Desa Kamarang Lebak, and
Desa Sindangkasih. Only three individuals in the kecamatan are non-Muslim (Monografi Kecamatan Beber 1999). From 2006 Kecamatan Beber was divided into two and one part was renamed Kecamatan Greged.

Kecamatan Plumbon is situated on the flat and marshy plain in the north of the kabupaten. It is only 3 metres above sea level. This kecamatan is also within a seven kilometre radius of the administrative capital, Sumber, but 12 kilometres along much better roads (Pemerintah Kabupaten Cirebon 1997 5). With 122,100 people Kecamatan Plumbon has the largest population of the kecamatans in the kabupaten and the highest density - 3,378 people to the square kilometre (Pemerintah Kabupaten Cirebon 1999i: 30). The kecamatan covers an area of 36.15 square kilometres and consists of 29 villages (28 desa and one kelurahan). The villages which took part in this research were Desa Cikeduk, Desa Getasan, Desa Karangasem, Desa Karangmulya, and Desa Purwawungangun. Plumbon is a complex and diverse kecamatan, a centre for trade and industry in an otherwise rural kabupaten. It is the centre for many of the more than 900 rattan factories and is the hub of a cottage industry which makes rubber sandals for export to Africa. Because of the proximity to the city and the existence of its many factories, unemployment is relatively low. With 103 kilometres of all weather roads this kecamatan has easy access to the city of Cirebon, 12 kilometres away. Kecamatan Plumbon also draws labour from adjacent rural areas which have high levels of unemployment. One village in the kecamatan, Desa Karangmulya, has established a vibrant market place. Consumers and traders come, not only from the village, but from neighbouring villages and kecamatan. In Kecamatan Plumbon, 31 people are non-Muslim (Monografi Kecamatan Plumbon 1999). From 2005 Kecamatan Plumbon was divided into two and one part was renamed Kecamatan Depok.
The Thesis

The Concept of Decentralisation is examined in Chapter 1. In its simplest form, political decentralisation involves the transfer of authority and resources from the centre to regional administrations. Decentralisation programs play an important role in enabling more direct participation by civil society in democratic decision-making. If ‘decentralisation’ and ‘participation’ can be described as having a synergistic relationship, ‘civil society’ and ‘social capital’ are argued to have a similar, mutually beneficial association. Decentralisation should increase popular participation. An active civil society building its social capital should provide the link that makes the relationship between decentralisation and participation work.

In Chapter 2, Decentralisation in Indonesia during the New Order is discussed. The most appropriate structure for local governance is a subject of continuing debate in the political life of many countries. In this chapter the relationship between the central and regional governments in Indonesia is examined. During the New Order programs were executed by the central government through deconcentration, which implied a delegation of implementation responsibilities from the central government to its own central government officials, and its own departments, Kanwil,32 established in the regions. Regional governments remained under the control of the central government through deconcentration rather than devolution which would have involved delegation of greater authority for decision making and program initiation.

The implementation of Law No. 5 of 197433 provided for the expansion of a formidable bureaucratic hierarchy which directed a chain of central government control through the provinces (propinsi), regencies or districts (kabupaten) and municipalities (kota); right down to subdistricts (kecamatan). This control was further entrenched in the villages by the implementation of the 1979 Village Government Law.34 Through this structure, the state manipulated “political parties, universities, students and intellectuals, unions, the media, trade associations, religion, the judiciary, mass organisations, and other groups” (Holland 1999: 207). Of fundamental

32 Kanwil: Kantor Wilayah
33 Undang-Undang Republik Indonesia No. 5 Tahun 1974 tentang Pokok-Pokok Pemerintahan di Daerah. For further discussion on its impacts, see Antlov 1995; Holland 1999; MacAndrews 1986; and Warren 1993.
34 Undang-Undang Republik Indonesia Nomor 5 Tahun 1979 tentang Pemerintahan Desa.
importance to central government dominance was its control of the armed forces which, during the New Order, included the police.

The thrust towards Regional Autonomy in the Reform Era, which is examined in Chapter 3, was for greater scope for regional and local decision making. In particular the demands of local people for more benefits from development programs urgently needed to be addressed. As a result of combined democratisation and decentralisation policies in the immediate Post-Suharto period, Antlov (2003a: 80) indicated that more than half a million democratically elected village council members were in a position to act politically. Village councils, citizens’ forums, social movements and civil society organisations mobilised millions of people to become involved in local politics, people who during the New Order were excluded from meaningful participation.

Local Governance in an Era of Reform is discussed in Chapter 4. This chapter considers some of the impediments to achieving the political reforms envisioned in the early Reform Era. These include the politicisation of village government; problems of resourcing local development; and conflicting authorities between regional and central governments. The main impacts of the 2004 revisions in decentralisation legislation, which reversed some of the provisions for democratisation and decentralisation at village level, are also examined.

Two Welfare and Development Programs in Kabupaten Cirebon are discussed in Chapter 5. The programs are: The President’s Backward (‘left behind’) Village Program35 (IDT)36 and DAKABALAREA, a special provincial government policy to rescue the people of Kabupaten Cirebon from the effects of the 1997 - 1998 Financial Crisis. The top-down funding decisions for the President’s Backward Village Program (IDT) were ceded to village administration for implementation in the manner of deconcentration (dekonsentrasi). There was no guarantee which poor families were to participate in the program. DAKABALAREA was different. This program was instigated by the provincial government of West Java. The criteria for determining who would receive funding were at the discretion of the Bupati. The dilemma of targeting recipients of welfare programs is examined in this chapter.

35 Instruksi Presiden R.I. Nomor 5 Tahun 1993 mengenai Program Inpres Desa Tertinggal
36 IDT: Program Inpres Desa Tertinggal
In Chapter 6 the Social Safety Net Program (JPS) and related welfare programs are appraised. The tragic consequences of the monetary crisis (Krismon), which began in mid-1997, were graphically portrayed by researchers from SMERU. Indonesian people had never been able to depend on government welfare programs. Without external support, the country had neither sufficient economic resources nor the political apparatus to provide comprehensive welfare programs. The JPS programs were introduced to relieve the severe social impacts of Krismon which forced the government to act rapidly to preserve real incomes and to safeguard access to social services for the poor. From 2003, the Subsidised Rice Program (OPK Beras)\(^ {37} \) was replaced by the Raskin\(^ {38} \) Program which continued to supply subsidised rice to impoverished families. The Social Safety Net program (JPS) was used as a model for a Direct Cash Transfer Program (BLT)\(^ {39} \) in 2005 and 2008. The Health and Education components of JPS are discussed in following chapters.

The Decentralisation of the Health Sector is examined in Chapter 7. The administrative approach to healthcare in Indonesia, during the New Order, was unambiguously centralised and dependent upon a forcefully imposed authoritarian hierarchy (Hull and Adioetomo 2002: 243). However, during the New Order a number of organisations were established which remained an integral part of healthcare in Indonesia post-1999. Of special mention are the local health centres (puskesmas)\(^ {40} \) and the integrated service posts (posyandu). Posyandu, with support of the members of the PKK and the participation of a local volunteer network of kaders, brought primary healthcare and family planning services to every village.

This chapter also considers the implementation of the health component of the Social Safety Net Program (JPS-BK)\(^ {41} \) following Krismon, and the continuing measures to provide healthcare for the people. A move towards meeting Indonesia’s ambition for universal health insurance was made in 2005 with the introduction of the Health Insurance for the Poor (Askeskin)\(^ {42} \) program, a subsidised social health insurance program for the poor and the informal sector (Sparrow 2010: ii; Sumarto and

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\(^{37}\) OPK: Operasi Pasar Khusus  
\(^{38}\) RASKIN, Beras untuk Rakyat Miskin, rice for the poor  
\(^{39}\) BLT: Bantuan Langsung Tunai (SMERU refers to the Direct Cash Transfer as SLT: Subsidi Langsung Tunai)  
\(^{40}\) Puskesmas: Pusat Kesehatan Masyarakat  
\(^{41}\) JPS-BK: Jaring Pengaman Sosial - Bidang Kesehatan  
\(^{42}\) Askeskin: Asuransi Kesehatan untuk Masyarakat Miskin
This chapter traces the implementation of these programs in Kabupaten Cirebon and the general effects of the decentralisation of the health sector for local communities.

The **Decentralisation of the Education Sector** is discussed in **Chapter 8**. During the New Order, the Ministry of Education and Culture\(^{43}\) was one of the most centralised of all government departments. Since the introduction of regional autonomy (OTDA), *kabupaten* and *kota* governments employ the teachers; pay their salaries; and adjust the curricula for their schools. This chapter also surveys the introduction of the BOS\(^{44}\) education program which could be seen as a partial re-centralisation of education policy. However, BOS funding is directed to individual schools, and the *kabupaten* and *kota* administrations continue to employ teachers and remain responsible for the construction and maintenance of school buildings. This chapter reviews policy changes and the role of local communities that are meant to give local people the opportunity to participate in the development of local education.

**The Kecamatan Development Program: PPK**\(^{45}\) is discussed in **Chapter 9**. This World Bank - sponsored program began in 1998 in the dying days of the New Order. Implemented by the Ministry of Home Affairs, the Kecamatan Development Program (PPK) aimed at alleviating poverty in rural communities and strengthening local government and community institutions. The Kecamatan Development Program encouraged communities to select and manage a broad range of economically productive development investments (Guggenheim 2004: 5). The implementation in 2001, of the 1999 Regional Autonomy Laws, provided a positive environment within which PPK could operate, and presented an opportunity to replace standardised national development programs with more relevant community driven programs (World Bank 2001b: 28-29). This chapter assesses the implementation and effectiveness of PPK and its successor program, the National Community Empowerment Program for Self-Reliant Rural Villages (PNPM)\(^{46}\), which the Indonesian government rolled out across the country since 2007 as the main

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\(^{43}\) *Kementerian Pendidikan dan Kebudayaan Republik Indonesia*

\(^{44}\) *BOS: Bantuan Operasional Sekolah*

\(^{45}\) *PPK: Program Pengembangan Kecamatan* In World Bank literature, *Program Pengembangan Kecamatan* (PPK) is referred to as KDP, the Kecamatan Development Program.

\(^{46}\) *PNPM: Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan*
focus of community development programs. Attention is given to the effects of Law No. 32 of 2004 concerning Regional Government on the PNPM.

**Chapter 10 Conclusion:** The anticipation that the accomplishment of the 1999 Regional Autonomy Laws would deliver a more equitable society where the people’s voices could be heard, and decentralisation and democratisation were paramount, was dissipated by the implementation of the 2004 Laws. As Turner and Podger (2003: 23) explain “democratisation and participation are the leading objectives” of Law No. 22 of 1999. But the 2004 Laws consolidated ‘money politics’; the people were marginalised and many of the restrictive practices of the New Order were reinstituted. In particular, the 2004 Law circumvented participation by the elected members of the Village Representative Council (BPD) in the democratic process, and the unchecked authority of the village head was restored.

The outcomes for the decentralised health sector are disappointing. Despite the vast amount of funding invested in the health sector and the quantum leap in the number of healthcare sector employees, the healthcare indicators remain much as they were in 1999. The biggest disappointment in this sector is the decline in the voluntary workforce, the *kaders* in the *posyandu*. The strong focus on public participation and economic downturn from 2005 should have provided many more volunteers to participate in community activities. This did not eventuate. The decentralisation of the education sector produced better results. Although serious issues regarding the informal costs of schooling have arisen, the percentage of people who never went to school and those who did not finish primary school decreased, while those who continued their education increased significantly. At the same time, the multi-level committees within the *kabupaten* encourage the participation of the community in schools’ activities.

Law No. 32 of 2004 concerning Regional Government was promulgated to restore greater power and authority to central and provincial governments and restricted some of the authorities that had been transferred to the Districts. It also reduced the role of the village council (BPD) as a representative body and the balance of authority between council and village head initiated with the implementation of the 1999 Laws. The 1999 decentralisation legislation emphasised the principles of

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47 Health Indicators: Infant Mortality (AKB) per 1,000 live births; Maternal Mortality; Crude Birth Rate; Life Expectancy (AHH); and adequate nutrition in children.
democracy, equitable distribution, and public participation in development. Despite significant steps in the democratisation and decentralisation process, this study finds that much of the promise of the reform program has yet to be realised.
Chapter 1

The Concept of Decentralisation

Political decentralisation, in its simplest form, emanates from a central administration, transferring authority and resources to administrations on the periphery. Decentralisation programs play a fundamental role in enabling more direct participation by civil society in democratic decision-making. Concomitantly, by enabling civil society to participate in the democratic process, the effectiveness of decentralisation programs can be enhanced. Decentralisation is, nonetheless, a complex process involving many stakeholders.

A World Bank report (Litvack, Ahmad, and Bird, 1998: 5) observed that, in some instances, the complete collapse of central economic systems provided an impetus for the emergence of more powerful regional and local governments. However, regional administrations usurping autonomy often failed in their objectives because of an inadequate tax base. It is the central government which retains the most responsible and enabling role in the process of implementing decentralisation programs. Without the support and encouragement of the central government decentralisation programs are seldom sustained.48

1.1. Decentralisation and Centralisation

In the 1950s, control over the development process in most Third World countries was centralised in national government administrations, inherited from post colonial policies (De Guzman and Reforma, 1993: 5; Manor 1998). Global investment in developing countries was encouraged to implement policies for the effective use of scarce resources in the expectation that benefits would ‘trickle down’ and spread throughout society. Central planning was encouraged by international assistance agencies to accelerate and foster social and political change; to generate employment; and to marshal capital for further investment. According to a World Bank report, by the end of the 1960s it was widely recognised that these goals were not being achieved (World Bank 1975). Rondinelli and Cheema (1983: 13-14) were critical of this centrist planning:

Central planning was not only complex and difficult to implement, but may also have been inappropriate for promoting equitable growth and

48 Kulipossa (2004: 768) suggests that flaws occurring in the implementation of decentralisation programs are the result of poor design of decentralisation policies, procedural weaknesses and a lack of implementation strategies; and not flaws inherent in the concept of decentralisation.
self-sufficiency among low-income groups and communities within developing societies. Through central planning, it was charged, an elite group of political leaders, economists, technicians, and administrators attempted to pre-empt decision making and prescribe for government agencies, private organizations, and local communities, courses of action that reflected their own values and priorities. They used central planning to set criteria that others would follow rather than to promote and facilitate courses of action that would be planned and carried out by those who were to benefit from development.

An entrenched resistance to restructuring the bureaucracy is part of the colonial legacy. Scott (1996: 6, 7) describes three ubiquitous features which existed in classical colonial government. All remained impediments to reform. Firstly, dominating colonial governments were highly centralised, especially in the areas of finance and human resource management. Officials in the field were often given some degree of discretion but this was delegated authority. Secondly, the colonial system was strictly hierarchical, a feature that endured well beyond colonial times. Thirdly, colonial administrators were dependent upon traditional rulers and elites. As Scott observes, reform within such a system is particularly difficult to achieve especially where entrenched bureaucratic elites have much to lose if the level of popular participation within the administration is increased.

Manor (1997: 3) excludes ‘decentralisation by default’ from his discussion of decentralisation. He suggests that ‘decentralisation by default’ happens... when government institutions become so ineffective that they fail almost entirely to make the influence of central authorities penetrate down to lower-level arenas, and people at the grass roots become heartily cynical about government. When this occurs in countries with lively civil societies, voluntary associations or nongovernmental organizations (NGOs) at lower levels sometimes step in to generate development projects. Resources for such projects – which are either mobilized at the local level or obtained from nongovernmental sources higher up – accrue to these groups and a kind of “decentralization”, unintended by government, takes place (Manor 1997: 3).

During the 1970s many governments in Africa, Asia, and Latin America began experimenting with new approaches to development programs, and also with new political and administrative procedures for implementing those programs. As societies became more complex and government activities expanded, it became increasingly difficult to plan and administer all development activities effectively from the centre (Rondinelli and Cheema, 1983: 12). Subsequently, and to satisfy the
requirements of international donors, a growing willingness emerged to decentralise authority to regional administrations (Devas and Grant, 2003).

Nevertheless, strong central governments are important. Fundamentally, a central government must retain control over certain key national sectors such as defence and external affairs; monetary and fiscal policies; trade; the judiciary; the environment and so on. Given these areas remain exclusive to central government, a robust central administration can devolve other responsibilities to lower levels of government without diminishing the status of the centre. In other words, centralisation and decentralisation are not either – or conditions. An appropriate balance of centralised and decentralised administration is fundamental to the successful functioning of government (Kulipossa 2004: 768; Turner and Hulme, 1997: 151-152)

1.2. Decentralisation

Decentralisation enables the development of regional or local autonomy through the transfer of powers and responsibilities away from national bodies (Heywood 2000: 237). Within government, decentralisation can be described as the transfer of authority and responsibility from the central government to intermediate and local governments; to quasi-independent government organisations; or to the private sector.49 The World Bank distinguishes between political, administrative, fiscal, and market decentralisation (World Bank 2001d: 1). Jütting, et al., (2005: 2) discuss the relative importance of these aspects:

- Political: commitment of the elites/central government as well as the establishment of a transparent and participative process is crucial.
- Administrative: a clear division of functions between different actors should be assured; time for capacity building at local/regional level should be allowed.
- Fiscal: A secure resource flow to local government is crucial.
- Role of local governments: entry points for establishing and improving pro-poor policies; but the central state has still a role to play.

O’Dwyer and Ziblatt, (2006: 339) suggest that “decentralisation itself is a multifaceted concept that has an uneven impact on quality governance; the relationship hinges on whether one is interested in fiscal, administrative or political decentralisation.” Political decentralisation embraces a variety of concepts and meanings, and can be

49 Frerks and Otto (1996: 9) suggest that the most far-reaching form of decentralisation is privatisation.
divided into four categories: deconcentration, delegation, privatisation and devolution (Rondinelli and Cheema 1983: 18).50

Political changes world-wide have acknowledged the need to bring economic and political systems closer to local communities. Technological change and a greater global integration of markets have necessitated the modification of government administrations to meet the challenge of more complex economic systems. If local governments and non-government organisations are to perform decentralised functions effectively, they must have an adequate cash flow – either raised locally or transferred from the central government. Treisman (2006: 319) notes that economic development increases the decentralisation of expenditure but not of revenue-raising powers. Manor, who in 1999 wrote that regional governments must have the authority to make significant fiscal decisions, supports Treisman’s theory (Manor 1999: 7; 2006: 284). In many developing countries local governments possess the legal authority to impose taxes. However, the tax base is often weak and the dependence on central government subsidies so ingrained that little attempt is made to exercise this authority. Decentralisation has potential benefits, but they can only be fully realised when complementary policies are in place at the centre and in the regions (Kulipossa 2004: 768). Kulipossa (2004: 771) argues that

The benefits of decentralisation are contingent on certain favourable conditions. These include: strong enabling legal frameworks, political will, the allocation of substantial resources to local governments, a high degree of central state capacity, a well developed civil society, a free press, a well established multi-party system, a long experience with democracy, and high adult literacy.

1.2.1. Deconcentration

Deconcentration involves the redistribution of administrative responsibilities within the central government, or within regional offices of the central government. Responsibilities of the central government officials can be transferred to colleagues working in the provinces, regions or districts; or it can create strong field administration using local bureaucrats under the supervision of central government ministries. Although deconcentration does not transfer authority to individuals or organisations that are outside the structure of the central government, it can be argued that when central government administration is brought closer to the

50 Other commentators such as Sherwood (1969) define decentralisation and devolution as separate phenomena. Niessen (1999) argues that decentralisation is the opposite of deconcentration.
people, the people then have a better understanding of government policies (Manor 1997: 4-5; Rondinelli and Cheema 1983: 20). This view is endorsed by Haden (1980-cited in Friedman 1983: 44) who uses the term ‘controlled decentralisation’. The position remains that the redistribution of administrative responsibilities within a central government or within the government’s regional offices, whilst the centre maintains control, is the type of decentralisation identified as ‘deconcentration’ by Rondinelli and Cheema (1983: 18).

1.2.2. Delegation
Delegation is a more extensive form of decentralisation than deconcentration. Through delegation, local governments act as agents for the central government, performing services on its behalf. Central governments may also transfer responsibility for decision-making and administration of public functions to semi-autonomous organisations not wholly controlled by the central government, but ultimately accountable to it. Under the system of delegation, public corporations have been used extensively in developing countries in Asia and Africa... to finance, construct, and manage physical infrastructure projects such as highways, dams, hydroelectric facilities, railroads, and transportation systems and to organize and manage large-scale agricultural activities and integrated rural development projects (Rondinelli and Cheema 1983: 22).

Rondinelli and Cheema (1983: 21) maintain further that some lending agencies, and in particular the World Bank, have used their influence to encourage delegation to semi-autonomous units to prevent development revenues being “co-mingled” with a government’s own funds.

1.2.3. Privatisation
Whereas delegation is the process of delegating decision-making and management responsibilities to government and quasi-government administrations, privatisation passes those decision-making and management powers to organisations not under the control of the government. The private developers recoup their investment by charging for the use of the facilities – for example tolls on roads and bridges.

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51 Rondinelli and Cheema (1983: 19-20) submit further sub-categories of deconcentration as ‘field administration’, ‘local administration’, ‘integrated local administration’ and ‘unintegrated local administration’. In each example all government representatives or bureaucrats are responsible to the central government.


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A World Bank report (Litvack, Ahmad, and Bird, 1998: 19) suggests that, in one sense, privatisation is the ultimate form of decentralisation. Conversely, Manor (1997: 4) considers that privatisation entails the transfer of tasks independent of political systems. Private sector firms undertaking such responsibilities are often very large. Therefore privatisation often entails a shift of resources and power from one form of concentrated authority to another. Nevertheless, a distinct trend is the increased involvement of the private sector in the delivery of public services. In developing countries, private delivery of services is important in loosening the traditional monopoly of public service providers which has often led to inefficient and lacklustre services (Litvack, Ahmad, and Bird, 1998: 19).

1.2.4. Devolution

Any discernible degree of regional autonomy is only achieved through devolution, which Manor (1997: 2) describes as enabling ‘democratic decentralisation’. Devolution creates the maximum degree of decentralisation within a unitary system of government. In a devolved system, local governments have clear and legally defined geographical boundaries over which they exercise authority and within which they execute their public responsibilities. When governments devolve functions, they transfer the authority for decision-making in finance and management to autonomous units of local government with corporate status. Fiscal independence is an important aspect of devolution, although the central government may retain some supervisory powers. The arrangement between the central government and local administrations should be mutually beneficial, so that local governments can discharge obligations in a reciprocating manner as part of a national system and not as dependent elements of a central hierarchy.

Heywood (2000: 239) regards its implications for the integrity of the state, as a central issue in appraising devolution policies. He states that protagonists who support devolution argue that devolution meets the aspirations of regional or ethnic groups for a distinctive political identity while upholding the unity of the state by maintaining a single source of sovereignty. On the other hand, devolution may strengthen centrifugal forces by reinforcing regional and ethnic demands for even more autonomy. Kulipossa (2004: 769) suggests that devolution distributes political power more broadly: “Accountability is enhanced because local representatives are more accessible to the populace and can thus be held more closely accountable for their policies and outcomes than distant national leaders (or public servants)”. 
1.2.5. Asymmetrical Decentralisation

Asymmetrical Decentralisation is practiced when central governments decentralise to different degrees in different areas, rather than implementing a blanket program (Fritzen 2001). It may be feasible to decentralise political, fiscal, administrative and market responsibilities to larger urban areas or to only some provinces or regions (World Bank 2001d: 3). In other cases, it may be feasible to decentralise responsibilities directly from the central government to the private sector rather than going through local governments (Litvack, Ahmad, and Bird, 1998: 22).

Asymmetrical decentralisation - treating different units differently - may raise a fundamental political predicament. That is the need to have laws that are perceived to treat all units equally, when in reality there are significant differences between the units. A proposal from a World Bank discussion paper is that an option may be to decentralise responsibility only to those provinces that show the capacity to manage such services (Litvack, Ahmad, and Bird, 1998: 22). Politically, this option may be too complex to be practical. It requires some elected representatives consenting and accepting, on behalf of some of their constituents, a lesser degree of autonomy than others.

1.3. Decentralisation and Federalism

Federalism differs from devolution in that devolved bodies have no share in sovereignty. Federal governments encompass constitutionally protected sub-national governments which require two distinct areas of government, neither of which is legally or politically subordinate to the other. Each government is allocated a range of sovereign powers, defined and guaranteed by the constitution (Heywood 1992: 30). The central feature of federalism is the notion of shared sovereignty. The possibilities for independent decision making are clearly stronger under federalism.

1.4. Decentralisation and Development: the World Bank

Two international organisations, of fundamental importance and influence in the formation of decentralisation policies in developing countries, are the World Bank and the International Monetary Fund (IMF). Both were formed towards the end of World War II to assist with the reconstruction of Europe.

53 The example is given of South Africa, where a growing political debate emerged about the capacity of many newly formed provinces – especially those that inherited significant administrative problems from the previous apartheid system – to manage the delivery of social services such as health and education (Litvack, Ahmad, and Bird, 1998: 22).
The World Bank was incorporated into the United Nations system in 1947. Since its creation the World Bank has dealt primarily with central governments. Indeed its Articles of Agreement require it to lend to member governments or under a guarantee of a member government (Ayres 1998: 70). In the 1950s and 1960s, with the application of Keynesian principles substantial economic gains were achieved. The centralised strategies proving successful for industrialised countries subsequently became the models for development of emerging nations in Africa, Latin America and Asia (Manor 1998). Donor agencies, including the World Bank, buttressed the centralising propensity by choosing to work with central governments to facilitate large projects - dams, roads, ports - felt to be essential for development (Ayres 1998: 71). Loans from the World Bank were usually long-term.

From the 1970s an increasing portion of World Bank lending was allocated to Third World development programs in agriculture, education and family planning. Many of these programs met with little or mixed successes in their goal of pulling developing countries out of poverty and increasing self sufficiency, and consequently engendered controversy. Huntington (1996: 184) chides the Western World for using international lending agencies in their attempt to integrate the economies of non-Western societies into a global economic system which was subject to Western domination.

In due course the World Bank accepted that the top-down approach had failed to promote development and reduce poverty (Ayres 1998: 71). The Bank acknowledged disappointment was particularly high in rural development programs, many of which were instigated, designed and implemented by central government representatives with little or no input from local communities. Central government agents were too far removed from communities to know local priorities; and local people felt little sense of ownership of the projects. Consequently local participation was not sustained (Ayres 1998: 71). Eventually the Bank agreed that decentralisation could improve the efficiency, effectiveness and equity of government programs.

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54 Keynesian principles refer to the economic theories of John Maynard Keynes (1883-1946) who advocated a remedy for economic recession based on central government ‘pump-priming’ the economy to achieve full employment. His most notable work, The General Theory of Employment, Interest and Money (1935-36), was a highly technical, even abstruse, exposition of new ideas that had been partly foreshadowed in his Treatise on Money (1930). He advocated a remedy for economic recession based on a government-sponsored policy of full employment.
Decentralisation could empower under-represented groups to be politically active; and give communities control over resources to invest in the projects they chose (Binswanger and Deininger 1997 cited by Ayres 1998: 71-72).

The World Bank decentralised its own activities. Formerly its homogeneous staff of engineers and financial analysts were based solely in Washington, USA. Subsequently, it has a multidisciplinary staff including economists, public policy experts, sectoral experts, and social scientists. Forty percent of its staff is based in country offices (World Bank no date 'b'). The Bank assists governments to retain their vital central role while devolving many of their functions to lower levels of government which are better positioned for their execution (Ayres 1998: 84). Although the World Bank altered the way it implements projects, there was little evidence of change in the scale or scope of development projects. An OECD report suggests “to fully reap the potential benefits of decentralisation, donors’ intervention … should focus on providing technical support and improving the co-ordination of the aid policies at both the local and national level” (Jütting, et al., 2004: 7).

A major departure prompted by the economic and political failures of development policies, which coincided with the ‘Era Reformasi’ in Indonesia, was the attempt to link decentralised governance to local development programs through the Kecamatan Development Program (PPK). But these programs were also linked to a private sector market-driven agenda. Carroll (2007; 2010) describes this new way in which the World Bank’s promotion of market-led development in undeveloped countries, and particularly in Southeast Asia, impacts on society. He suggests that rather than expanding the representation of the poor, the Bank’s mission is actually designed to constrain politics in the interests of implementing a new institutional market order. Li (2007: 16) asserts that through the neo-liberal development

55 PPK: The Kecamatan Development Program, Program Pengembangan Kecamatan is sometimes called KDP. During 2007, the Kecamatan Development Program was formally renamed Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan: PNPM Mandiri Perdesaan (The National Community Empowerment Program for Rural Villages). The program is discussed in Chapter 9.

56 Heywood (2000: 68) explains Neo-liberalism as “an updated version of classical liberalism and particularly classical political economy. Its central pillars are the market and the individual. The principal neo-liberal goal is the ‘roll back the fronties of the state’, in the belief that unregulated market capitalism will deliver efficiency, growth and widespread prosperity. In this view the ‘dead hand’ of the state saps the initiative and discourages enterprise; government, however well intentioned, invariably has a damaging effect upon human affairs. This is reflected in a preference for privatisation, economic deregulation, low taxes and anti-welfarism.”
program now promoted by the World Bank, it seeks to render target groups in the local domain “entrepreneurial, participatory, responsible, and corruption-averse”. Li (2007: 43) compares the Kecamatan Development Program (PPK) in Indonesia with the 1906 Ethical Policy.57 Within both of these programs authority and funding were devolved to lower levels of government allowing the central government to disengage from its welfare responsibilities.

Both the World Bank and the other arm of the international monetary policy, the IMF, have been focal points of contention because of their role in promoting market-oriented policies aimed at reducing the dependence of developing country economies upon the state. One of the key strategies of the IMF is insistence upon 'structural adjustment' of economics to make them more market oriented and less dependent upon government. Both agencies are powerful players on the international economic scene and both have endorsed the concept of decentralisation in developing nations, largely because it is regarded as facilitating deregulation of investment controls, elimination of subsidies and other free-market oriented approaches to development (Carroll 2007: 40-41).

1.5. Decentralisation, Local Government and Regional Autonomy

All political systems depend upon some degree of local government, which indicates that local government is administratively expedient, and decisions enacted locally are more readily understood and endorsed by the public (Heywood 2000: 250). In the context of decentralisation, a central government assigns responsibility to a lower level of government which encompasses a smaller jurisdiction. The lower level of government is assumed to have some degree of autonomy (Friedman 1983: 35). Local government, embraces a diversity of administrations which range from elected local members and their leaders who vary considerably in their attributed independence; to non government organisations; semi autonomous organisations not wholly controlled by the central government but ultimately accountable to it; in addition to agents and bureaucrats of the central government. Local government encompasses

57 When a liberal government was elected in the Netherlands in 1901, the Ethical Policy was devised to initiate economic development in Java through programs of improved health care, education, agriculture, irrigation, and so on. The Ethical Policy had roots both in humanitarian concern and economic advantage. Although these programs were well-intended and in some cases well conceived, they encouraged paternalism among the colonial officials and were perceived by many as another example of unwanted intrusion into Indonesian life. According to Ricklefs (1993: 151) there was more promise than performance in the Ethical Policy.
a wide variety of structures and roles, and accepts responsibility for an extensive range of public services which can include education, garbage collection, health, local trade and transport, recreation facilities, roads, sanitation, social services, and water supplies.

The strengthening of local governments and their eventual transformation into autonomous units of administration assumes that the local-level governments acquire decision-making powers and accept attendant responsibilities. An important part of such decentralisation is through fiscal devolution. Another important factor is the support of local institutions whose members are elected by citizens. Obviously it is necessary for regional administrations to attain the requisite skills to accomplish this transformation. Indeed, Clark (1999: 16) stresses that the most fundamental inadequacy of decentralisation programs is that local governments are, “with few exceptions, unable to immediately and effectively assume the new duties and responsibilities they have been given”.

The task of monitoring and assessing sub-national finances can be strengthened considerably through improvements in financial accounting and reporting, and the establishment of analytical systems capabilities of monitoring and evaluation. But the need for careful monitoring goes well beyond finance. For example, different aspects of decentralisation may have different effects on the construction and maintenance of various types of infrastructure, healthcare programs, or education. A case in point is where the objective of an exercise is to extend safety net programs to reach the poor, information is needed to define who are the poor; where they are located; and how much of the benefit is reaching the target group.

The World Bank (1999: 111) noted that “local official and community groups are better placed to identify and reach the poor than central authorities”. However, an OECD report (Jütting et al. 2005: 2) says that: while decentralisation should have a positive impact on poverty, as it is likely to (i) make the voice of the poor better heard; (ii) improve their access to and the quality of public services; and (iii) reduce their vulnerability ... the reality looks less promising.

The World Bank advocates that a combination of national and sub-national effort is needed to target the poor more successfully:
In general, the bulk of the funding needs to remain a central government responsibility, but the better information available to local officials can be tapped by involving local governments in the delivery and management of social services (World Bank 1999: 111).

In this manner, the central government’s supervisory function ensures that redistributive goals are satisfied. Manor (1999) has shown that decentralisation can improve government effectiveness and accountability when elected bodies at the local level have adequate funds; they enjoy substantive autonomy from higher-level bodies; and lines of accountability exist between non-elected bureaucrats and elected representatives.

Be that as it may, the argument for regional autonomy goes well beyond the capacity of regional administrations to provide an expedient and practical system of delivering public services. Local government has been extolled both as a means of guaranteeing liberty by checking the excesses of central power, and as an apparatus through which popular participation, and thus political education, can be strengthened.

As regional administrations gain greater autonomy they must also acknowledge increasing responsibility. The parameters of such responsibility are often an area of contention between central governments and regional administrations. Difficulties arising when demarcation lines are not clearly drawn are described by Otto (2000: 1) in his account of the disaster in the industrial town of Enschede in East Netherlands. In the year 2000, a fireworks factory exploded killing 20 people and destroying hundreds of houses in the town. Who was to be held accountable? Who was responsible? The local government had issued the licence for the factory. The assumption was that local government was thereby responsible for its enforcement. But should the control of such potentially dangerous enterprises be left in the hands of local government? Certainly there must be accountability and legal obligations between all levels of government; regulations which may affect the lives and livelihoods of citizens. This is especially applicable to the fields of health and safety, the environment and so on.58

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58 Otto (2000: 9) cites other examples of man-made disasters - Bhopal in India; Indorayon in North Sumatra, Indonesia; and the forest fires in Kalimantan, Indonesia- where different levels of government could not agree on the level of responsibility.
Achieving autonomy for regional administrations is a complex issue. There needs to be checks and balances between various levels of government. However, while many models of decentralisation have been introduced into developing countries, in the opinion of Otto (2000: 7) results have been disappointing. Frerks and Otto (1996) examined sixteen comparative case studies of decentralisation programs. Their conclusions show:

... the record of decentralisation on the whole is disappointing and beset by a series of problems. Though incidental successes are reported, the overall tenor is rather gloomy. Recipes for successful decentralisation are not available (Frerks and Otto 1996: 7).

Otto considers the only option is to acknowledge that decentralisation is exceedingly complex, and there is a need for countries to experiment to discover “what does work, and what doesn’t, and why” (Otto 2000: 8). The World Bank (1999) catalogued scores of decentralisation projects in the previous 15 years calculating their impacts against four major yardsticks – political stability; public service performance; equity; and macroeconomic stability. The emerging pattern was inconclusive. The Bank considered that some decentralisation programs can be seen to have contributed to political stability, but had little or no positive impact on equity. Other programs have improved the provision of social services but caused a drain on fiscal resources and contributed to central government deficits (World Bank 1999).

As yet, no-one holds the formula for successful decentralisation. Each country must determine the most appropriate procedure according to its own needs. A decisive factor remains: if central governments devolve powers to regional administrations, those powers only have the potential to become effective if sub-national governments have the fiscal, political and administrative capacity to exercise that responsibility.

1.6. The Role of the Centre in Decentralisation Programs

The role of the central government in decentralisation programs has changed over the years. Scott (1996: 4-5) maintains that it is “scarcely in the best interests of the centre to strengthen the periphery”. However, in an overview of decentralisation in Asian countries until the early 1980s, Mathur (1983: 68) observed that

59 Scott (1996: 4) gives Tamil demands for autonomy in Sri Lanka and East Timorese demands for independence from Indonesia as examples.
deconcentration policies usually emanated from the centre; that it was central
governments who recognised the need for a decentralised administration; and that
central governments designed the institutions and processes to suit its interests.
This model of decentralisation was primarily seen as a mechanism to increase the
central government’s effectiveness. Central government supervision and control
accompanies the process. With such control it is debatable whether this type of
decentralisation can be considered as ‘strengthening the periphery’. On the other
hand, such decentralisation programs could be considered appropriate development
policy.

While acknowledging a perceived reluctance of some governments to decentralise,
the World Bank (1999: 107) observes that some 95 percent of the world’s democracies
have elected sub-national governments, and countries everywhere – large and
small, rich and poor, - are devolving political, fiscal and administrative powers to
sub-national levels of government. The Bank concurs that decentralisation typically
takes place during periods of political and economic upheaval. Consequently, a
sudden impetus for decentralisation, such an economic crisis that precipitates a
regime’s collapse, the political reaction to the end of an authoritarian regime, and
the subsequent jockeying for power of new interest groups; often work against a
careful and orderly process of decentralisation (World Bank 1999: 122). There are times
when the policy makers do not retain full control of the decentralisation process.
Without a careful and orderly process responsibilities may not be precisely defined.
Consequently, accountability is not adequately addressed, exposing the system to
abuse.

The challenge is to design a decentralisation process that creates incentives which
will hold each entity accountable, as well as identifying the institutional
relationship between each entity. As Frerks and Otto (1996: 7) observe, successful
decentralisation policies cannot simply be replicated: each country must define its
individual needs. Indeed a World Bank discussion paper (Litvack, Ahmad, and Bird,
1998: 23) stresses that “to avoid moral hazard problems, the local government must
not have the luxury of passing on the buck to another tier of the public sector at
least not without facing the appropriate cost for such actions”. Detailed central
control over local use of funds is seldom appropriate. But there is a need for policies
to be developed to strengthen central government monitoring to maintain an over
view of fiscal performance of lower levels of government. A key to designing good
policy is a clear understanding of what outcomes are important to each level of government. The central government should retain control over those functions for which certain outcomes are desired by the centre and should relinquish control only of local issues not important to the centre (Litvack, Ahmad, and Bird, 1998: 10). It follows that local government must be held accountable to the centre for nationally mandated services; while for other devolved functions, local government is held accountable to local constituents. There does remain the potential for institutionalised conflict between the national government and regional administrations.

It is unreasonable to expect local governments will become efficient, autonomous administrations at the stroke of a pen, or as regional autonomy legislation is promulgated. According to Heywood (2000: 240):

What is clear is that devolution is a process and not an event, in the sense that it sets in train re-working of political identities and relationships whose ultimate shape may not emerge for several years or maybe generations.

Of primary importance during the decentralisation process, is that good and stable government be maintained, both at national level and regional levels. Governance issues are central to decentralisation. While governance is a broad concept with no universally accepted definition, Fritzen (2000a: Ch.6) proposes transparency, accountability, predictability, competence, community participation, and effective use of resources as fundamental indicators of governance.

Decentralisation leads to the dispersion of political, fiscal, administrative and market responsibilities across different levels of government and between the public and the private sector. Whether services are being decentralised through deconcentration, delegation or devolution it is the central government which must be responsible for the overall coordination of the delivery of public services to its citizens. No matter how efficient are the various administrations, there can be no enduring success of decentralisation programs without good and stable government at the national level.

1.7. Decentralisation and the Civil Service

Every level of government needs a capable, motivated, and efficient workforce to deliver quality services to its constituents. Into the 21st century, administrative
reform finds its rationale in the need for old-style administration to be adapted to a new set of tasks in a multi-sectoral economy. Administrative reform began in developed countries under the labels ‘New Public Management’ or ‘New Development Management’ and was subsequently applied in a number of developing countries (Fritzen 2001). Fritzen explains that these ideas grew out of a convergence of influences and pressures within the public sectors of developed counties. Fritzen also identifies increasing calls by citizens for a greater control over the quality of public services. These citizens define themselves as active clients of government services rather than passive recipients (Fritzen 2001). Accordingly, channels for citizen-civil servant communication need to be upgraded.

When civil service functions are decentralised, existing bureaucratic patterns must be adjusted as roles and accountability are shifted (Livtack no date: 1). The process of decentralisation changes the location of both power and employment. It follows that many civil servants face relocation, which is usually from the centre to the regions. This procedure brings with it the dislocation of the lives of civil servants and of their families. In the view of Wahyudi and Santos (1996) this is one of the fundamental difficulties of decentralisation programs. Many civil servants believe that working in the national headquarters is far more prestigious and empowering than working in regional offices (Wahyudi and Santos 1996: 150). Others, with firm attachments to their place of living, resent relocation away from extended families. They may have property or second jobs or businesses which they choose not to leave (Wahyudi and Santos 1996: 149). Decentralisation can therefore become a dislocating and expensive venture.

Although little empirical research exists, reference to the awareness of corruption within the civil service is acknowledged by Fisman and Gatti (2000). In response to this lack of research, the Development Research Group of the World Bank embarked on some across-countries studies on bureaucratic corruption. Special emphasis was given to the relationship between decentralisation and corruption. This research suggested that fiscal decentralisation in government spending is

60 Scott (1996: 13) says that the objective in New Public Management is for the centre to retain ultimate control while devolving responsibility to regional bureaucracies. He describes this as ‘functional decentralisation’ which involves the transfer of powers and functions to lower levels of government or to other departments, while control remains with the centre.

61 The case study by Wahyudi and Santos (1996) concerned plans by the Indonesian National Service Administration to establish more regional offices.
significantly linked with lower-level government corruption (Fisman and Gatti 2000: 3). The research initially considered the earlier study of Huther and Shah (1998) who found a negative relationship between corruption and decentralisation. A comprehensive examination of this issue of corruption by Bardhan and Mookherjee (mimeo 1998) concludes that

a centralised bureaucracy creates incentives to divert resources to the nonpoor, owing to their willingness to pay bribes. This effect is traded off against the vulnerability of local governments to ‘capture’ by the local wealthy, who seek to appropriate the lion’s share of local supply. In general, they find that the relationship between decentralisation and the extent of rent extraction by private parties is ambiguous.

The World Bank report concluded that while there is a sense that decentralisation and government corruption are closely linked, there is disagreement as to the direction of the net relationship (Fisman and Gatti 2000: 3). Bardhan and Mookherjee (2006: 124) point out that while bribery by central government bureaucrats in the regions was tolerated, local governments are subject to capture by elites.62

A workforce of capable, motivated, and efficient personnel to deliver quality services to their citizens is fundamental to successfully decentralised administrations. To achieve this there needs to be ‘checks and balances’ between the various levels of government, and an active civil society at local and national level. Experiments with the Kecamatan Development Project63 in Indonesia were aimed at achieving both.

1.8. Decentralisation and Participation

Decentralisation and participation have a symbiotic relationship. Successful decentralisation is dependent upon local participation to ensure the consolidation of decentralisation plans. The progression of decentralisation can itself increase the opportunities for participation by placing more power and resources at a local, and consequently more accessible, level of government.64 Participation, therefore, can be seen both as a means to successful decentralisation and also as a goal of

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62 Following the implementation of the 2004 Regional Government Laws in Indonesia while the expectation was that control of local politics would pass to the people, control in fact shifted to the elite of the political parties, and the people remained marginalised (Pratikno 2005: 30; Rasyid 2003: 65).

63 The Kecamatan Development Program is discussed in Chapter 9.

64 The historic root of the concept of ‘participation’, participer, lies with the bourgeois emancipation in Europe in the eighteenth and nineteenth centuries. ‘Participation’ was the benchmark of the political movement of the emerging bourgeoisie claiming its share in the economic and political sphere (Henkel and Stirrat, 2001: 173)
Fritzen (2000a: Ch.6) describes participation as a continuum: there are many different levels on which it can and does operate. A typology of degrees of participation is presented below by Pretty (1995: 173):

### Table 1.1  A Typology of Participation

<table>
<thead>
<tr>
<th>Typology</th>
<th>Characteristics of each type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Passive participation</td>
<td>People ‘participate’ by being told what is going to happen. It is a unilateral announcement by program management without any listening to people’s responses.</td>
</tr>
<tr>
<td>2. Participation as information giving</td>
<td>People participate by answering questions posed by extractive researchers using questionnaire surveys or similar approaches. People do not have the opportunity to influence proceedings, as the findings are neither shared nor checked for accuracy.</td>
</tr>
<tr>
<td>3. Participation by consultation</td>
<td>People participate by being consulted and external agents listen to views. These outsiders define both the problems and the solutions. While people may contribute their views, no decision-making power is shared with them – the outsiders make all important decisions.</td>
</tr>
<tr>
<td>4. Participation for incentives</td>
<td>People participate by providing resources, for example labor, in return for material incentives. People have no interest in prolonging activities when incentives end.</td>
</tr>
<tr>
<td>5. Functional participation</td>
<td>People participate by forming groups to meet predetermined objectives related to the project, which can involve the development or promotion of externally initiated social organization. This happens usually after major decisions about the program have been made. These groups are not self-dependent, but may become so under the right conditions.</td>
</tr>
<tr>
<td>6. Interactive participation</td>
<td>People participate in joint analysis, which leads to action plans and the formation of new local institutions or the strengthening of existing ones. These groups take control over local decisions and can continue without external support.</td>
</tr>
<tr>
<td>7. Self-mobilization</td>
<td>People participate by taking initiatives independent of external institutions to change systems. They develop contacts with external institutions for resources and technical advice they need, but retain control over how resources are used.</td>
</tr>
</tbody>
</table>

Source: Pretty 1995 p.173

How do communities prepare themselves to achieve the optimum degree of participation – self mobilisation? How is authority devolved so that people can participate fully in the democratic process? Rising political pluralism, the growth of civil society and greater public pressure for democratisation has increased the pressure for political devolution (Scott 1996: 11). Clark (1999: 11) observes that the driving force behind government decentralisation movements is ‘people empowerment’, which is characterised by the desire of the average citizen to

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65 World Bank, ‘Political Decentralization’ 2001  
assume a larger role in determining government policy and more equitable participation in the fruits of economic development.

A strong and well-developed civil society facilitates a meaningful interactive participation by the people in democratic decision-making. Easily identifiable conditions, which may improve the capacity of local governments to support an active civil society, include regular elections; local referenda; permanent participatory public-private councils; and other institutional structures. Successful decentralisation programs depend on participation of civil society, in addition to the support of local and national governments and their administrations.

Participatory development is seen as emerging from the identification of the deficiencies of top-down development (Cooke and Kothari 2001: 5). On the one hand participation refers simply to people taking part in decision-making processes. In this sense it contrasts with the heavy-handed ‘top-down’ approaches to development that imposed policies upon people. On the other hand, participation has much more far-reaching connotations involving a specific vision of society as ‘communitas’ (Henkel and Stirrat 2001: 172).

Participation is a significant approach to project implementation, policy-making and governance in developing and developed countries alike. However, according to Hickey and Mohan (2004), it has become popular to dismiss participation as more rhetoric than substance, and subject to manipulation by agencies and social change agents intent simply on pursuing their own agendas under cover of community consent.

Participatory ideals are often operationally constrained by institutional demands that require bureaucratic goals to be met (Mosse 2001: 24). Within decentralised development programs, the operational demands of a project can become separated from its participatory methods and goals. These methods and goals have usually been established and promoted by donors, rather than the implementing bureaucracies. The project planning emphasises local-level integrated planning and local capacity building. The emphasis is on participation and sustainability. However, the operational logic of the project agency emphasises “upward accountability, proper use of funds, and the planning and delivery of quality programs” (Mosse 2001: 25).
1.9. Decentralisation and Civil Society

The concept of civil society alludes to the existence of an ordered public life and free associations beyond the auspices of state, yet oriented toward influencing public policies (Roniger 1998: 67). Originally civil society meant a ‘political community’, that is a society governed by law, under the authority of the state (Heywood 2000: 17). Today, civil society is distinct from the state and includes organisations outside government institutions. In the conventional liberal view, civil society is identified as a “realm of choice, personal freedom and individual responsibility” (Heywood 2000: 17). Whereas the state operates through obligatory and coercive authority, civil society allows individuals to chart their own courses. Civil society also inhabits the space created by the not-for-profit sector between the state and the market (Porio 2002: 111). An empowered civil society can be regarded as an essential feature of a liberal democracy.66 Facilitating civil society to participate in, and contribute to, the democratic process will always play an important role in ensuring the effectiveness of decentralisation programs.

1.10. Decentralisation and Non-government Organisations (NGOs)

The term ‘non-government organisation’ came into use with the establishment of the United Nations Organisation in 1945.67 The term is used world-wide in a variety of ways, and can refer to many different types of organisations. In its broadest sense, a non-government organisation is one that is not directly part of government. The NGO sector is sometimes known as the ‘third sector’, emphasising the important role voluntary organisations play as an independent force outside the realm of government and private business, and are widely regarded as essential to the effectiveness of civil society (Betsill and Corell 2008: 4; Jordan and van Tuijl 2007: 8). Non-government organisations require vigorous relationships with the public to advance their goals. They use sophisticated public relations campaigns to raise funds and employ standard lobbying techniques with governments. Such interest groups may be of political importance because of their ability to influence social and political outcomes. People who work for NGOs are not only volunteers; those in paid

66 Democracy comes from the Greek words demos meaning ‘people’ and kratos meaning ‘authority’ or ‘power’.
employment typically receive lower pay than in the commercial private sector and are usually committed to the aims and principles of the organisation. 68

Non-government organisations are generally seen as associated with both charitable and humanitarian work or with small-scale local developmental projects. The micro-scale nature of their work is one of their greatest strengths (Eldridge 1995: 5) Korten (1990), however, suggests that their strength lies in the range of roles which they play. At the same time, Eldridge advocates that “while their grass-roots strength is based on flexible adaptation to local contexts, the diversity of organisational forms which they have proved capable of adopting has enabled them to retain a measure of autonomy from bureaucratic control” (Eldridge 1995: 5).

Budiman (1988) argues that while NGOs have become a legitimate channel for social and political participation, otherwise blocked by the government under the repressive political atmosphere of the New Order, very few of them have actually formulated any political ideas. However, Eldridge disputes Budiman’s argument:

The emphasis of NGOs on popular participation has provided the basic link between their development and political field of action. For example, local groups which have developed a capacity to manage their own local programs tend also to acquire skills and confidence in negotiating with outsiders, including state agencies. NGOs have acted as agents of change and intermediaries in the process. By extension, local organisations and groups which they have fostered often go on to demand legal rights and services to which they feel entitled. On the wider national stage, NGOs which began by promoting developmental and policy goals derived from their specific field experience have increasingly sought to articulate democratic and participatory aspirations and values as norms for the conduct of public life. The process has worked in reverse, as those initially concerned with legal and human rights have sought to reach out to a wider range of people by supporting local social and economic struggles (Eldridge 1995: 1)

It is difficult to disagree with Eldridge’s summation. Non-government organisations can play a vibrant role in encouraging civil society to participate in both development programs and decentralisation endeavours.

68 Apart from the term NGO, alternative idioms such as grassroots organisation, independent sector, private voluntary organisations, self-help organisations, volunteer sector, and non-state actors (NSAs) are used. NGOs in Indonesia rarely refer to themselves as “non-governmental organisations” except in discussions with foreigners, because of its “anti-government” connotation. These organizations prefer the terms lembaga pengembangan swadaya masyarakat (LPSM) self-reliant community development organization, or lembaga swadaya masyarakat (LSM) self-reliant community organization (Eldridge 1995: 12-13).
1.11. Civil Society and Social Capital

If ‘decentralisation’ and ‘participation’ can be described as having a synergistic relationship, ‘civil society’ and ‘social capital’ have a similar, mutually beneficial association. Social capital may be seen in relation to the concept of civil society in the following way: if we say ‘civil society’ describes the non-governmental institutional arrangements of society, then ‘social capital’ describes the underlying social relationships from which these institutional arrangements emerge. Social capital is not just the sum of the institutions which underpin society; it is the “glue” that holds them together (Harris 2002: 1; Stone and Hughes 2002: 1; World Bank 1998b). Chen (2000: 269) describes social capital as both glue and lubricant.

The origins of notions of social capital are found in the 18th Century enlightenment philosophies and economic theories of David Hume (1739), Edmund Burke (1757) and Adam Smith (1776). They not only considered the institutional basis of what they called the ‘social contract’ but also some of the characteristics of networks of reciprocity and mutual obligation. Subsequently, Marx and Engels (1848) proposed the concept of ‘bounded solidarity’ to describe the relationships so developed, and cooperative action which arises, when groups are in oppressive situations (Kilby 2002: 4). Weber (1903) developed the concept of ‘enforceable trust’ which illustrated the approved rules of conduct for compliance within a group (Woolcock 1998: 161).

Classical theorists used terms such as ‘social bonds’ or ‘social cohesion’ while the notion of ‘social solidarity’ as a product of social relationships gained acknowledgement with the publication of Durkheim’s The Division of Labour in Society in 1893 (Harris 2002: 3).

Pierre Bourdieu (1930 – 2002) built on these theories, and the modern use of the term ‘social capital’ is attributed to him, first used in 1977 in his Outline of a Theory of Practice. Bourdieu, a French sociologist, employed methods drawn from a wide range of disciplines: from philosophy and literary theory, to sociology and anthropology. In ‘The forms of capital’ (1986) Bourdieu distinguishes between three forms of capital: economic capital, cultural capital and social capital. In the 1980s he defined social capital as the “aggregate of the actual or potential resources

69 For a general discussion of the history of ‘social capital’ see Van Rooy 1998
which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition” (Portes 1998: 3).

Robert Putnam applied the concept of social capital in his landmark study of local government in Italy, Making Democracy Work: Civic Traditions in Modern Italy (1993)\(^{71}\) which drew scholarly attention to the argument that the success of democracies is dependent largely on the horizontal bonds that make up social capital. Looking for reasons why Northern Italy outperformed its Southern counterpart on every indicator of government efficiency in that country’s decentralisation program, Putnam found only one convincing cause: Southern Italy’s much lower accumulation of social capital. Putnam argued that “effective government is related to associational life in the community” (Kilby 2002: 3). Putnam, assigning the term to Coleman,\(^ {72}\) drew on the notion of social capital to more fully explain the impact of civil engagement, defining it as “features of social organisation such as networks, norms, and social trust that facilitate co-ordination and cooperation for human development” (Putnam 1995: 67).

Social capital is a metaphorical way of applying the notion of economic capital in some analogous way to community structures and assets (Coleman 2007: 1). Putnam (2000: 19) explains:

Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called “civic virtue.” The difference is that “social capital” calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital.

Putnam (1993: 152-162) argued that, the economic health of communities may depend on underlying social networks of friends, co-operators, neighbours who espouse

\(^{71}\) With Robert Leonardi and Raffaella Nanetti.


and embody reciprocity, trust, solidarity and engagement. As Coleman (2007: 2) says, the notion of social capital is, in fact, an attempt to measure that elusive sociological reality, ‘community’.

The World Bank (2001f: 128) suggests that social capital can be arranged into:

- ‘Bonding’ social capital describes robust links between family, friends and work colleagues.
- ‘Bridging’ social capital describes weaker links between individuals from different occupations and different ethnic backgrounds.
- ‘Linking’ social capital refers to linkages between people from diverse strata of society – for example, the poor and the influential.73

An active civil society building its social capital should theoretically provide the missing link that makes the relationship between decentralisation and participation succeed. The fundamental importance of social capital lies in the forging of ties which strengthen and bind within and across communities; and in so doing recognises and catalyses the capacity of the various social groups. According to Scanlon (2003), societies rich in social capital are characterised by dense and extensive networks of trusting and cooperative relationships underscored by a heightened ethic of social reciprocity. Increased social capital has been linked to many things including “a vibrant civil society, economic efficiency, reduced crime and poverty rates, higher educational achievement, and better health.”

For Kilby (2002:13), “At its simplest the idea of social capital is important as it recognises the importance of social interactions which rule our day-to-day lives, ... effect socio-political and economic outcomes and can even have some effect on the quality of government”. Collective action is based on interpersonal trust, which is held to have synergistic relationships to participation in civic life and finally leads to the state being made more accountable (Putnam 1993: 90). In developing countries, where often the state is perceived to be weak, social capital can be used to provide support, and to provide goods and services, which the state is too weak or too corrupt to provide (Kilby 2002: 4).

Social capital is an evolving concept. It relates to the social norms, networks and trust that facilitate cooperation within or between groups. It can affect both

73 Wilkinson and Bittman, (2001: 19) believe that linking social capital can be achieved through participation in volunteering. They suggest that volunteering forges links across socio-cultural differences; builds bridges between strangers; and can enrich public participation.
commercial life and civic life. Indeed, among its controversial aspects is the extension of the economic concept to social relations. The self-interested nature of capital relations illustrated by Putnam (1995: 66), by ‘network capitalism’ in which business cartels are established for production or marketing purposes is at least partly antithetic to the positive associations he wishes to tie to the concept. Such cartels do not benefit society as a whole, and may limit open and transparent governance (Harris 2002: 17). Fukuyama (1995: 356), on the other hand, places a new perspective on the relationship between economic and social relations. He suggests that the market itself might constitute “a school for sociability, by providing the opportunity and incentive for people to co-operate with one another for mutual enrichment”. An Australian Productivity Commission Research Paper (2003) suggests that social capital can generate benefits in many ways and proposes that a dearth of social capital may retard social and economic opportunities, and result in markets working less efficiently. The report further suggests that “low social capital in depressed communities can reinforce existing inequalities” (Productivity Commission 2003: xii).

Social capital is a nebulous, contested and empirically elusive concept (Stone and Hughes 2002: 1). Nevertheless, according to the Productivity Commission research, some government programs and regulations have the potential to enhance the positive collective action potential associated with the concept while others risk eroding social capital. The basic assumption is still widely held that if a community encompasses established patterns of trust, cooperation, reciprocity and social interaction, it can be anticipated there will be a more vigorous economy and a more democratic and effective administration. Facilitating the participation of civil society, and its contribution to the democratic process should play an important role in ensuring the effectiveness of decentralisation programs.

1.12. Summary
Into the 21st century, the debate concerning the effectiveness and efficiency of decentralisation agenda persists. In its broadest sense, decentralisation programs play an important role in encouraging civil society to participate in the democratic process. At the same time, local governments and their bureaucracies become part

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74 See, for example, Bardhan and Mookherjee, 2006; Jüttling 2004; Kulipossa 2004; Li 2007; O’Dwyer and Ziblatt, 2006; Pratikno 2005; and Treisman 2006.
of the decentralisation process as they negotiate with the central government and its administration.

Decentralisation can be separated into areas of political, administrative, market and fiscal decentralisation as delineated by the World Bank (no date ‘a’) and elucidated by Clark (1999: 3). Political decentralisation can be divided into the categories of deconcentration, delegation, privatisation and devolution as suggested by Rondinelli and Cheema (1983: 18). Different types of decentralisation should not be seen as mutually exclusive. While the degree of decentralisation depends on the measure conferred by the central government, a complex range of decentralisation powers can be passed from the centre to the periphery. Decentralisation is not a panacea - it does have potential deficiencies. No-one has the formula for faultless decentralisation. Each country must determine the most appropriate program to match its individual needs and provide adequate resources for its implementation. However, a decisive factor remains the political space and effective response of civil society to the opportunities decentralisation provides.
Chapter 2

Regional Government in Indonesia during the Old and New Orders

The most appropriate structure for local governance is a subject of continuing debate in the political life of many countries. The relationships and fiscal arrangements between central and local governments remain constant variables (Devas 1989: 10). Since Independence, this relationship has been a recurrent theme in Indonesian political discourse. The New Order government of President Suharto imposed a strong and ruthlessly effective central government administration on a sprawling and densely populated archipelago undergoing continuous transformation.

Prior to the implementation of legislation concerning Regional Autonomy (OTDA), regional government in Indonesia was regulated by Law No. 5 of 1974. This chapter examines the decentralisation policies of the New Order government, implemented by Law No. 5 of 1974 and Law No. 5 of 1979 concerning Village Government. Although the 1974 Law provided for decentralised administrations, the central government devolved very few powers to the regions. The tax base of the regions was inadequate for underwriting development programs. Such programs were executed by the central government through deconcentration (dekonsentrasi), which implied a delegation of authority from the central government to its own central government officials, and its own departments, Kanwil, established in the regions. The anomaly, arising from Law No. 5 of 1974, is that whilst the law espoused both decentralisation and deconcentration, regional governments were, in fact, controlled by the central government through the process of deconcentration.

The implementation of Law No. 5 of 1974 provided for the expansion of a formidable bureaucratic hierarchy which directed a chain of central government control through the provinces (propinsi), regencies or districts (kabupaten) and municipalities (kota) (Law No. 5 of 1974 Art 72.2); and subdistricts (kecamatan) right down to the villages.

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75 The term “New Order” was coined after 1965 when Suharto came to power, to distinguish his presidency which he claimed was the antithesis of the Sukarno regime, which from then on was labelled as “Old Order” (Bebbington, et al., 2006: 1973).
76 OTDA: Otonomi Daerah
77 Undang-Undang Republik Indonesia No. 5 Tahun 1974 tentang Pokok-Pokok Pemerintahan di Daerah, Law No. 5 of 1974 concerning the Basic Principles of Regional Government
78 Undang-Undang Republik Indonesia Nomor 5 Tahun 1979 tentang Pemerintahan Desa
79 Kanwil: Kantor Wilayah
This control was further entrenched in the villages by the implementation of the 1979 Village Government Law which was systematically implemented through the 1980s. Through this structure, the state manipulated “political parties, universities, students and intellectuals, unions, the media, trade associations, religion, the judiciary, mass organisations, and other groups” (Holland 1999: 207). Of fundamental importance to this total dominance was the central government’s control of the armed forces which, during the New Order, included the police.

2.1. Background

Indonesia is a nation of immense geographic, demographic, social and cultural diversity. Physically, Indonesia is an archipelago consisting of more than 1,300 islands. Culturally, the people who live on these islands inherit a wide diversity of ethnic and cultural backgrounds (Devas 1997:354). As Legge (1961: 13) wrote:

There is a need to satisfy feelings of broad local consciousness related sometimes to ethnic identity, sometimes to economic identity, sometimes to distance from the centre or to population distribution, or to a combination of these. And there is a need to provide general government.

To understand the Indonesian decentralisation stratagem, decentralisation policies are best examined within their historical context. In particular, the memories of the strong secessionist struggles of 1957 and 1958 remained deep-rooted and were reflected in the limited degree of decentralisation under the New Order.

The concept of modern local government in Indonesia was instigated by the Dutch through the Decentralisation Act of 1903, although its character represented deconcentration rather than devolution. By the early part of the twentieth century, the basic pattern of regional administration, of provinces, districts, sub-districts, and villages, had been established over part of the archipelago. There were attempts, particularly during the 1920s, to bring about a certain measure of decentralisation, with the establishment of representative institutions in some of the more developed provinces and regencies (Legge 1961: 6). Subsequently, elected councils were introduced with local members. Nevertheless, a strong centralised administration remained, with the head of each region appointed by the Dutch (Suwandi 2001: 2).

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80 See for example, Antlov 1995; MacAndrews 1986; and Warren 1993
The nationalist leaders, Sukarno and Hatta, declared Independence on the 17th of August 1945 although the struggle for total independence continued for another four years. While the Republic of Indonesia was established as a unitary state, demands always existed for a greater role and scope for local participation in government. Two days after the Declaration of Independence, the division of the Indonesian territory into eight Provinces, each headed by a Governor, was announced. The status of existing residencies (residensi), municipalities (kota), and regencies (kabupaten) was maintained (Niessen 1999: 61).

The 1945 Constitution is the basis for all valid legislation in the Republic of Indonesia. Nonetheless, many matters of concern to regional governments were not regulated in the 1945 Constitution. Article 18, which remains the basis for regional decentralisation, simply says:

> The division of the territory of Indonesia into major and minor units and the structure of administration thereof shall be established by legislation, by observing and considering the foundation of consultation in the State Government system, and the historical rights of the units having special nature.

However, the Elucidation of Article 18 states further that because Indonesia is a unitary state, there should be no separate states within its boundaries, but rather a system of autonomous or administratively autonomous regions.

**2.1.1. The Period of Dutch Re-occupation (1945 - 1949)**

The outlines of regional government in Indonesia were apparent during the revolutionary period of 1945 – 1949. The Dutch favoured a federal state to which sovereignty might be transferred. They argued that only a federal constitution would secure justice for the peoples of an independent Indonesia; and the more sparsely populated and scattered outer regions be balanced against the power and might of Java (Legge 1961: 3-4). Following the Japanese surrender, in August 1945, allied Australian and British forces were in command of East Indonesia, but administration of civil affairs was assigned to the Netherlands Indies Civil Administration (NICA) officials. During this interlude, Indonesia was separated into two areas: those controlled by Indonesians in Sumatra and Yogyakarta known as the Provisional Government of the Republic of Indonesia (PDRI);^81^ and areas under the rule of the Netherlands-Indies Civil Administration (Malo 1997).

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^81^ PDRI: *Pemerintahan Darurat Republik Indonesia*
During 1946, the allied forces withdrew and the Netherlands attempted to rebuild their colonial administration. In so-doing, they tried to expand the pre-1942 structure of territorial decentralisation. Strengthening the self-governing lands was part of the objective of creating a federal state. Once the Dutch government finally accepted the reality that Indonesia would never again be a Dutch colony, Dutch policy was directed towards establishing a Dutch - Indonesian union that would administer Indonesia in due course (Niessen 1999: 66). This union would have a federal structure of which the constituent parts would be states.

2.1.2. Law No. 22 of 1948  
**Basic Principles Concerning Regional Government**

By 1948 the circumstances of the fledgling republic were very different from those in 1945. The nation no longer depended on spontaneous and popular participation to maintain the revolution. The Indonesian Republic had evolved and bore many of the accoutrements of any state, “its own armed forces, central administration and a regional administrative hierarchy” (Buising 1998: 82). In 1948 a working party was established to review legislation pertaining to regional government. Law No. 22 of 1948 concerning the Basic Principles of Regional Government, to establish uniform regional government throughout Indonesia, was promulgated. This 1948 Law was based largely on the colonial administrative districts and still maintained a centralised approach (The Liang Gie 1993: 97).

The 1948 Law defined and divided Indonesia into three tiers of regional administration: provinces, regencies (which included major cities) and villages. Article 3 of the Law required the establishment of a Regional People’s Representative Council (DPRD) and a Regional Government Board (DPD) in every district and city. The intention in promulgating this law was centrally managed dualism in government, using the principle of deconcentration by the central

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82 As Ricklefs (1981: 213) says, this was the third time the Dutch had tried to conquer Indonesia. Their first effort, in the seventeenth and eighteenth centuries, ended in “partial withdrawal in the face of Indonesian resistance and their own inadequacies”; and finally their defeat by the British, who were the colonial power from 1811 until 1816. The 1942 invasion by the Japanese terminated their second attempt which spanned the nineteenth and early twentieth centuries. In this third attempt, the Dutch confronted the dilemma of subjugating the whole archipelago at once.

83 Undang-Undang Republik Indonesia Nomor 22 Tahun 1948 tentang Pokok-pokok Pemerintahan Daerah

84 DPRD: Dewan Perwakilan Rakyat Daerah

85 DPD: Dewan Pimpinan Daerah
government through its territorial administration *Wilayah Administratif* in addition to a role for autonomy in regional governments. Niessen (1999: 64) explains the law:

Law 22 of 1948 stipulated that in conjunction with the creation of a Region by law, the affairs that must be regulated and performed by the region itself (*urusan rumah tangga daerah*) would be defined (Art.23). This category of matters was designated full delegation (*penyerahan penuh*) or autonomy (*otonomi*), and concerned the region’s individual responsibility and initiative in managing these affairs. Apart from the region’s own affairs, other affairs could be delegated (*diharmonikan*) separately to the region (Art.24). The latter category called partial delegation (*penyerahan tidak penuh*) or co-governance (*medebewind*).

While the 1948 Law showed a swing towards decentralisation, in reality, central power was “concentrated to a phenomenally high degree” (Feith 1967: 378). Regional heads were appointed by the President, and assigned dual roles as local representative and as a central agent (Suwandi 2002: 4).

At the time of the promulgation of the 1948 legislation, the government was distracted by a communist uprising in Madiun (Mortimer 1976: 184; The Liang Gie 1993: 97) whilst the conflict with the Dutch was not yet concluded. The 1948 Law concerning regional autonomy was never implemented, and is of interest because it formed the basis of a 1957 attempt to regulate regional government. Not until December 1949, did the Dutch transfer sovereignty of the country (excluding Irian Jaya) to the Indonesian people (Ricklefs 1993: 232). At the insistence of the Dutch government, Indonesia became a federal state. The Republic of Indonesia became a constituent member of the federation alongside fifteen smaller states created under the auspices of the Dutch (Holland 1999: 201). The federal system, foisted on Indonesia by the departing Dutch, survived for less than a year but left a lasting distaste in Indonesia for federalism (Devas 1997: 354; Feith 1962: 58-59; Holland 1999: 201). Anderson (1972: 23) suggested that this was not just because the federated states were seen as puppets of the colonial regime, but also because such a model did not accord with Javanese perceptions of the unified nature of power and authority. Strong objections to a federal state saw the conversion of the federation into a unitary republic on August 17th 1950 (Cribb 1995: 24). Subsequently Article 131 of the 1950 Provisional Constitution established the concept of deconcentration of state power and authority as well as a degree of autonomy for local affairs (The Liang Gie 1994: 7-9).
2.1.3. Period of the Provisional Constitution (1949 – 1959)

The following decade in Indonesia was politically turbulent and strong regional sensitivities were apparent. The status of contemporary regional governments in Indonesia is significantly shaped by the legacy of the sporadic regional rebellions in the 1950s. The government had, to a large extent, lost control of the outer islands. The secessionist movements voiced their discontent with national politics. The dominating and continuing grievance, that most of the wealth of the country, particularly its export income and tax revenues, was being drained from the outer islands, while most public expenditure was benefiting Java, and specifically the capital, Jakarta (Devas 1989: 11; Feith 1962: 26-27). Attempting to rectify this injustice, Law 32 of 1956 was introduced with the intention of increasing the share of national wealth and export revenue to regional governments. This law contained three basic elements:

- assignment of new taxing powers,
- sharing of certain central revenues, and
- a system of grants to cover local budget deficits.

According to Legge (1961: 197), it was expected that the revenues from the newly assigned taxes would cover seventy percent of the expenditure of all regional governments in 1958.

These provisions were never fully introduced, in part because of the implementation costs of the new taxes, and partly because of the problems of arriving at an acceptable formula for allocation. Export revenues were shared, with allotment based on the original sources of export commodities. This arrangement created a marked disparity between regions with substantial exports and those without (Devas 1989: 12). In response, the government introduced new legislation in 1957 with the intention of granting a greater degree of local autonomy, thereby assuaging the degree of discontent (Legge 1961: 52).

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86 These included a pro-federalist uprising in the South Moluccas persisting until 1950; the Darul Islam insurgency in West Java from 1948; a rebellion in Aceh from 1953; a revolt in South Sulawesi from 1951; and the PRRI-Permesta rebellions of 1957-1958.

87 The provisions for tax-sharing were radical, involving the distribution of 75 – 90 percent of certain taxes, including duties on imports and exports (Devas 1989: 11-12).
2.1.4. Law No. 1 of 1957
Concerning the Principles of Regional Government

Law No. 1 of 1957 concerning the Principles of Regional Government unified two laws: Law No. 22 of 1948 of the Republic of Indonesia and Law No. 44 of 1950 of the State of East Indonesia. The body of the 1957 law was almost identical with the 1948 Law. However, it was the first law on regional government effectively encompassing the entire Indonesian archipelago. MacAndrews (1986: 13) perceived the 1957 Law to be “a set of principles governing relationships between the centre and the provinces, as well as for local government within the provinces”. Buising (1998: 11) described this law as “a means to acknowledge but contain regional political ambitions within a unitary state”. With the coming into effect of Law No. 1 of 1957 all other legislation and regulations giving Regional Government the right to regulate and organise their own affairs were revoked and invalidated. Because the 1948 Law was never implemented, the 1957 Law stands as the first attempt to introduce a system of local administration in the Republic of Indonesia.

Rebellions in the Outer Islands continued, and in 1957 President Sukarno declared martial law, which, effectively reassigned authority from provincial civilian leaders to the military (Holland 1999: 204). The 1957 Law was subsequently revoked when President Sukarno introduced ‘Guided Democracy’ (Demokrasi Terpimpin) in 1959. Sukarno’s concept of Guided Democracy was designed to replace the system of Western liberal democracy. Accordingly, the regional autonomy and

88 Undang-Undang Republik Indonesia Nomor 1 Tahun 1957 tentang Pokok-pokok Pemerintahan Daerah
89 Undang-Undang Republik Indonesia Nomor 44 Tahun 1950 Pokok tentang Pemerintahan Daerah Negara Indonesia Timur
90 A side effect of this Law was an increase in the number of provinces from ten, plus two special regions, in 1950 – to twenty in 1958 (Schulte Nordholt and Van Klinken 2007: 10).
91 Demokrasi Terpimpin was a general term for the political system from 1959 – 1965 during which Indonesia was politically dominated by Sukarno, and during which enormous political tension arose between the army and the Indonesian Communist Party (PKI). Guided Democracy was initially a reaction to the divisiveness of parliamentary governments in the 1950s, and to the fact that the parties were unable to agree on a cabinet after the fall of the second Ali Sastroamijoyo cabinet in 1957. Nor could any agreement be reached on a constitution to replace the Provisional 1950 Constitution. Parliamentary democracy was further discredited by the inability of the central government to maintain control in the provinces and by the participation of some members of political parties in the rebellions in the Outer Islands. The transition to Guided Democracy began with a declaration of martial law, followed by Sukarno’s appointment of himself as prime minister and ended with Sukarno’s restoration of the country’s original 1945 Constitution on July 5th 1959 (Cribb 1992: 177). From 1959 political parties were rigorously constrained in their activities and were subjected to a huge variety of army-implemented controls. Senior public servants were debarred from holding party membership (Feith 1962: 593).
democratisation which had been promised in the 1957 Law was never fully operational (Holland 1999: 206).

From 1957 to 1959 the change in the form of government was gradual. In 1959 President Sukarno dissolved the Constituent Assembly, after it had failed to give a two-thirds majority to a government proposal to reintroduce the 1945 Constitution. This Constitution was then re-enacted by Presidential Decree (Feith 1962: 592). Parliament and the political parties lost their power, and the president and the military emerged as the two dominant forces (Feith 1962: 602; Holland 1999: 206; Legge 1961: 204). An alarming omission of the 1945 Constitution was its failure to place any distinct limits on the powers of the President.92 Presidential Directive (Penpres) No. 6 of 195993 concerning regional government was soon issued, which consolidated central authority.

The 1959 Presidential Decree stipulated that the autonomous regions would be headed by one government-appointed official, who would have the dual function as a regional representative and as the representative of the central government. New executive bodies were established and the secretariats of autonomous regions and the central government apparatus at regional level were integrated. In the elucidation of Penpres No. 6 of 1959 the intention for continued political deconcentration and decentralisation was expressed. This was to be implemented by giving the regions the right to regulate and direct their own administration, thereby raising the levels of efficiency and capability of the regions (Situmorang and Sitanggang 1993: 76). Even so, funding for regional development remained with the central government, and regional governments continued to be stifled by inadequate local revenue. A further Presidential Decree No. 5 of 196094 initiated the appointment of regional councillors and converted legislative councils into advisory boards. These changes heralded the death knell for Law 1 of 1957 (Niessen 1999: 77). The period of Guided Democracy (1957 – 1965) witnessed the strengthening of the power and control by the central government over the regions.

92 Boetes (2002: 102) notes that the Indonesian Constitution “was short – with just 37 articles - and provided for a powerful president and a very weak legislature”.
93 Penetapan Presiden R.I. Nomor 6 Tahun 1959 tentang Pemerintah Daerah
94 Penetapan Presiden R.I. Nomor 5 Tahun 1960 tentang DPRD Gotong Royong dan Sekretariat Daerah
2.1.5. Law No. 18 of 1965
Concerning the Principles of Regional Government

In early September 1965 a further attempt was made by President Sukarno, to alter the status of regional administrations. His intention was to boost mass support for his presidential office and central authority. The President legislated to transfer authority to villages as a third level (*tingkat tiga*) of regional government. Law 18 of 1965 concerning the Principles of Regional Government would have transferred significant powers to the villages, investing those powers in greatly strengthened village councils (*desa praja*) (Holland 1999: 209; Sullivan 1992: 38). These proposed radical changes to regional government were part of an eleventh-hour attempt by President Sukarno to defuse a growing opposition to his regime which reached its bloody climax in the Movement of 30th September (G30S). This law was never implemented. The New Order regime wrested control from those who sought to seize power from Sukarno and the regional government laws were revoked shortly afterwards.

Many of the pre-1957 arrangements were revived as a result of the demise of Law 1 of 1957, effectively blocking the trend towards decentralisation. To a significant degree, Law 18 of 1965 meant to formalise the regional government structure as laid down in the 1959 Presidential Decree. This law suffered the same fate as its predecessor and soon after its enactment it was rendered inoperative. The New Order government of President Suharto abrogated Law 18 of 1965 and replaced it with the New Order Law No. 6 of 1969.

2.2. The Launch of the New Order Era

The 1965 coup terminated Guided Democracy. General Suharto, backed by the army, became President of Indonesia with virtually dictatorial powers. In the months after the coup, known or suspected communists were persecuted and more than half a million were killed and many thousands imprisoned without trial. Cribb (1991: 3) reported the massacres:

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95 *Undang-Undang Republik Indonesia Nomor 18 Tahun 1965 tentang Pokok-pokok Pemerintahan Daerah*

96 The province (*propinsi*) is the first level (*tingkat satu*), while the second level (*tingkat dua*) is the district or regency (*kabupaten*) and the city (*kota*).

97 It is interesting to note the parallels with the downfall of the New Order government in 1997 – 1998 which are discussed in Chapter 3.

98 G30S: Gerakan September 30

99 *Undang-Undang Nomor 6 Tahun 1969 tentang Pernjataan Tidak Berlakunja Berbagai Undang-Undang dan Peraturan Pemerintah Pengganti Undang-Undang*
The killings began a few weeks after the coup, swept through Central and East Java and later Bali, with smaller scale outbreaks in parts of other islands. In most regions, responsibility for the killings was shared between army units and vigilante gangs. In some cases the army took direct part in the killings; often, however, they simply supplied weapons, rudimentary training and strong encouragement to the civilian gangs who carried out the bulk of the killings. The massacres were over for the most part by March 1966, but occasional flare-ups continued in various parts of the country until 1969.

Initially, the New Order government experienced overwhelming financial problems. Some months before the 1965 coup, President Sukarno decreed the takeover of all foreign businesses in Indonesia, thus making comprehensive what had already been done by his former expropriation of Dutch and British enterprises in 1957 and 1958 [Ricklefs 1993: 261]. Just six weeks before the 1965 coup Sukarno had withdrawn Indonesia from the World Bank and the International Monetary Fund (IMF) [Ricklefs 1993: 280]. Reversing these acts was a matter of urgency, if the New Order government was to re-establish the collapsing network of foreign investors. The nation was bankrupt. Inflation soared in excess of 600 percent; the currency became almost worthless [Ricklefs 1993: 291]. Towards the end of 1967 there was a major rice shortage and the US, Britain and others organised a food-aid program.

To overcome the economic malaise, President Suharto coordinated a team of Indonesia economists, technocrats known as the ‘Berkeley Mafia’ after the university from which many of them held degrees. These new economists forced many changes on the regime [Lindsey 1999: 8; Ricklefs 1993: 291]. They turned immediately to the spurned IMF and World Bank, whose advisors were quickly on the scene. A program was ordained introducing “budgetary restraints, high interest rates, stricter export controls and anti-corruption measures” [Ricklefs 1993: 291].

The establishment of a new government in 1966 provided opportunity for a fresh start, and ushered in an era of relative stability in relationships between the centre and the regions. Efforts were made to develop a sense of national unity. *Pancasila*, a philosophy developed by Sukarno, was established as the state

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100 *Pancasila*, the five basic principles of the Republic of Indonesia:
- the belief in one God Almighty;
- humanity that is just and civilised;
- the unity of Indonesia;
- democracy guided by the wisdom of representative deliberation; and
- social justice for all Indonesians (Echols and Shadily 1989).
ideology and as a bulwark against political and religious extremism. The People’s Provisional Consultative Council (MPRS),\(^{101}\) at a general session in 1966, announced a decision ‘Granting Extensive Autonomy to the Regions’.\(^{102}\) The decision to implement autonomy as broadly as possible meant that, except for matters of a national character, all administration, together with all apparatus and finance, would be handed to the regions and would be regulated and determined according to Article 2 of the 1945 Constitution (Situmorang and Sitanggang 1993:80). This decision was never implemented. Indeed, there was a marked change of attitude concerning regional autonomy as the New Order government worked towards promulgating Law No. 5 of 1974.

In 1973,\(^{103}\) ‘the widest possible measure of regional autonomy’\(^{104}\) was to be replaced with ‘real and responsible local autonomy’\(^{105}\) for the regions. The legislation, regulating local government was passed in 1974, which “marked a step in the establishment of a definite comprehensive system of central-provincial relations and of local government” (MacAndrews 1986: 13). Article 11 of this legislation stressed the concept of the provision of services at the second level of local government, that is, the municipalities (kota) and regencies or districts (kabupaten).

The Regional Government Law of 1974 emphasised national unity and political stability (Basic Provisions ‘e’) to which regional autonomy and regional development were subordinated. In view of past experiences of regional unrest, it was argued that granting the widest measure of regional autonomy was not yet appropriate (Niessen 1999: 81). New legislation, based on the new definition of regional autonomy, was submitted in July 1974 and became Law No. 5 of 1974. This law was described as a movement towards greater decentralisation and regional autonomy.\(^{106}\) In fact, as Sullivan (1992: 39) notes, the 1974 Law ratified and extended central government control at the provincial and district levels. Gradually large parts of the populace

\(^{101}\) MPRS: Majelis Permusyawaratan Rakyat Sementara

\(^{102}\) MPRS Nomor XXI/MPR S/1966

\(^{103}\) By Decision No.IV/MPR/1973 concerning the Main Lines of State Policy (Garis-garis Besar Haluan Negara) and Decision No.V/MPR/1973 concerning Review of MPRS RI Decisions (Peninjauan Produk-produk yang Berupa Ketetapan-ketetapan MPRS RI)

\(^{104}\) Otonomi yang riil dan seluasluasnya

\(^{105}\) Otonomi yang nyata dan bertanggungjawab

\(^{106}\) Niessen (1999: 314) observes that under the 1974 Law “…uniform regional government throughout the Indonesian archipelago took shape”. 
were excluded from the political realm, which was limited to exigent factions within a small political elite (Schulte Nordholt and Van Klinken 2007: 4).

### 2.2.1. The Regional Government Law No. 5 of 1974

The early 1970s were a volatile and disruptive period throughout South-east Asia. In Indonesia, in March 1973, the newly formed People’s Consultative Assembly (MPR) re-elected President Suharto for a second five-year term. According to Ricklefs (1993: 299), the governing elite were not as firmly in power as they, and their external supporters, had hoped and believed. Early in the 1970s the extravagant wealth and profligate behaviour of some of the elite, and of their ethnic Chinese allies (cukong), produced widespread criticism, student demonstrations and anti-Chinese violence. The overthrow of the Thai government of Thanom Kittikachorn by student demonstrations in October 1973 emboldened critics of the Suharto government and inclined its supporters to adopt a more moderate stand (Ricklefs 1993: 300). The Malari riots of January 1974, protesting the visit of the Japanese Prime Minister, Kakuei Tanaka, marked a turning point in Indonesian governance. The 1974 revolution in Portugal signalled the end of Portugal’s decrepit colonial empire and new indigenous political parties emerged in East Timor. In December 1975, Indonesia invaded East Timor. The conquest of East Timor rounded off Indonesia’s territorial boundaries but also gave rise to serious and ongoing problems for the Indonesian government (Ricklefs 1993: 300-303). The Regional Government Law No. 5 of 1974 was intended to consolidate and ensure control of the sprawling Indonesian archipelago by the central government.

The regime of the New Order was operating in a rapidly changing global economic environment. The Arab-Israeli war of October 1973 produced an upheaval in oil prices. The Indonesian government experienced a massive financial inflow from increased oil prices. These funds, augmented by increasing foreign aid for the new regime, made it possible for the government to embark on ambitious and extensive national development programs. These ubiquitous projects enhanced the role, the strength, and the prestige of the central government (MacAndrews 1986: 1; Schulte Nordholte and Van Klinken 2007: 11). The programs also bolstered the role of the provincial governments as the central government sought to decentralise authority

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107 MPR: Majelis Permusyawaratan Rakyat
108 Cukong: well to-do financial backer usually of ethnic Chinese background.
109 Malari: Malapetaka Januari
by transferring its bureaucratic apparatus into the provinces. But this decentralisation process reinforced deconcentration and did not constitute regional autonomy. The Indonesian bureaucratic hierarchy remained a top-down structure with rigid control enforced by the central government.

It is important to recognise the hierarchical character of government in Indonesia during the New Order. The territory of the Unitary State of the Republic of Indonesia was divided into Provinces and the Capital City. A province was called Daerah Tingkat I (DATI I). The province was divided into districts called kabupaten or kota which were described as Daerah Tingkat II (DATI II). A kabupaten or kota was divided into sub-districts called kecamatan. Kecamatan comprised a varying numbers of villages (desa and kelurahan). In line with the growth and development of a kabupaten, an administrative centre (Kota Administratif), similar in function to a capital city, could be set up within a kabupaten by the central government. Provincial governments (DATI I) were subordinate to the central government, and second level local governments (DATI II) were subordinate to the provincial government. Central government directives were passed by the provincial governors to the bupati or walikota heading the second level administration, who in turn passed them to the camats of the sub-districts (kecamatan), and through the camats to the village heads (kepala desa and lurah).

Article 18 of the 1945 Constitution prescribed the division of the Republic of Indonesia into large and small territories. According to the 1974 Law, each defined geographic area was subject to

- Central government (Wilayah) administration based on the principle of deconcentration (Art. 72); and
- Regional government (Daerah) administration based on the right of autonomy and on the principle of decentralisation (Art. 7, 8, and 11). This administration was carried out by local government with the proviso that regional legislation may not be in conflict with central or provincial government legislation.

Law No. 5 of 1974 proclaimed the basic principles of administration in the regions as well as the basic rules for the functioning of the central government.

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110 DATI I: Daerah Tingkat I is often also referred to as Tingkat I. Similarly, DATI II is referred to as Tingkat II.

111 Kota Administratif are devoid of any powers and do not have a town council. They could become an autonomous unit and be considered an urban municipality at a later stage of their development.
administrative apparatus in the regions. It replaced all previous laws regarding regional administration. The elucidation of Law No. 5 of 1974 (1f) stated that

Essentially the Autonomy of the Region is more an obligation than a right, i.e. an obligation of the Region to participate and speed up development to achieve the prosperity of the People which shall be accepted and realised with full responsibility.

While control of the administrative territory (Wilayah Administratif) lay with the provincial governor as head of DATI I, the 1974 Law theoretically placed the centre of autonomy for the autonomous regions at DATI II, the kabupaten or kota (Art. 11). The intention of the 1974 Law was to bestow some local decision making and autonomy while retaining the central government’s overall control.

2.2.2. Decentralisation (Desentralisasi)

Theoretically, decentralisation implied regional government based on the principle of regional autonomy. In a decentralised administration the central government devolved certain functions to a local administration. Services transferred to a region became the full responsibility of that region. Implicitly, decentralisation mandated the national government to create local autonomous institutions with enhanced capacity to mobilise local resources which could be utilised at the discretion of the regional government for local development. For decentralisation to function, the transfer of autonomous responsibility to a region must be accompanied by adequate finance to ensure the regional government’s capacity to fulfil its responsibilities. However, under the 1974 Law, local governments experienced little tax autonomy. The tax base was minimal and inadequate, and central government priorities imposed rigid constraints on funding from the central treasury.

2.2.3. Deconcentration (Dekonsentrasi)

Deconcentration entails the delegation (pelimpahan) of decision-making powers and management authority from the central government to its own officials in the regions, and not to local decision makers. According to Law No. 5 of 1974, deconcentration was the opposite of ‘centralisation’ (pemusatan). The vertical offices of the central government executed these services which were co-ordinated by the heads of the territories (Kepala Wilayah). As noted by Ranis and Stewart (1993: 53), many local decisions made by central government nominees, did not necessarily reflect local preferences. Funding for programs implemented under the rubric of deconcentration came from the central government. The implementation of the 1974 Law did increase the flow of revenue, in the manner of deconcentration, but it
created a disincentive to modest local tax gathering, thereby reducing the relative importance of locally available funds. In this way real decentralisation (devolution) was retarded (Ranis and Stewart 1994: 41).

### 2.2.4. The Vertical Offices (Instansi Vertikal)

The administrative territories (*Wilayah Administratif*) were designed in an hierarchical manner. The Vertical Offices (*Instansi Vertikal*) were the apparatus of central government departments, and of non-departmental agencies, which were located in the regions to guarantee the seamless implementation of central government policy. The head of the territory (*Kepala Wilayah*) was responsible for the co-ordination of these services (*Law No. 5 of 1974, Art. 85.1*). Since the regional government dealt only with local affairs, the vertical agencies remained invulnerable to either directions from, or control by, the regional government.\(^{112}\)

Most central government ministries had a regional office at provincial level (*Kanwil*). Some ministries also had offices at the district (*kabupaten* and *kota*) level. These offices corresponded with the relevant department (*Dinas*) of the local authority and were called *Kantor Departemen: Kandep*. This dual function (*dui fungsi*) concept meant the head of a local department (*Kandep*) was also head of the local office of the equivalent ministry (*Kanwil*) (*Devas 1989: 4*). While this system guaranteed the implementation of the central government’s policies, the intention was to streamline the provision of services to the regions. However, it complicated the apportionment of the areas of responsibility, and obscured “the boundaries of financial accountability” (*Devas 1989: 4*). Ranis and Stewart (1994: 41) conclude that central government transfers for health, education and infrastructure departments did significantly improve social and economic indicators in the regions during the New Order.

### 2.2.5. Co-Administration (Tugas Pembantuan) \(^{113}\)

The mandate to execute co-administration was embodied in the 1974 Law (*Art. 12*). The Law opened the prospect for provision of services in the regions, within the

\(^{112}\) The Regional Services (*Dinas Daerah*) were executive units of the regional government and were services of regional responsibility. In the execution of their function, the regional service divisions were fully supervised by and responsible to the *Kepala Daerah*. Regional services were inferior compared with the vertical agencies (*Instansi Vertikal*) in conditions of authority, financial support, equipment and qualified human resources (*Niessen 1999: 317*).

\(^{113}\) *Tugas Pembantuan* is often called by the Dutch term *Medebewind*. 
parameters defining principles of joint or co-administration. Little use was made of co-administration during the New Order period, the most significant being the running of national elections.

2.2.6. Autonomous Region (*Daerah Otomon*)

The stated philosophy of granting autonomy to the regions was to ‘support the aspirations of the people’ (Law 5 of 1974 Basic Principles i (1)). The objective in granting autonomy to the regions was to raise the level of efficiency and effectiveness of the administration, especially for the purposes of implementing development programs, and the delivery of services to the community. Regional ‘autonomy’ meant the right, the authority and the obligation to manage one’s own region according to the existing statutes (Law 5 of 1974 Art. 1c). The regions, at both levels, had elected representative councils (DPRD) which had insignificant powers. Often regional legislation simply replicated national laws. The reality was that according to Law No. 5 of 1974, decentralisation was actually no more than a policy of deconcentration. At any time the government could withdraw services already transferred as regional services (Law 5 of 1974 Art. 9). This law also enabled the central government to abolish autonomous regions at its discretion (Law 5 of 1974 Art. 5).

2.2.7. The Head of the Territory (*Kepala Wilayah*)
And the Head of the Region (*Kepala Daerah*)

During the New Order, the senior bureaucrat in each geographic area had two functions. Firstly, he was head of the territory (*Kepala Wilayah*) and organised the overall administration of the central government in that region (Law No. 5 of 1974 Art. 76). Secondly, he was also head of an autonomous region (*Kepala Daerah*) and fully responsible for the functioning of the regional administration (Law No. 5 of 1974 Art. 13). As such it was important that he could command the support of the people of the region. The understanding of the principle that the senior bureaucrat in each geographic area had two functions (that is ‘he wore two hats’) is fundamental to the understanding of the principle of deconcentration, which is the essence of Law No. 5 of 1974 (The Liang Gie 1995: 95).
The powers of the head of the territory (Kepala Wilayah)\textsuperscript{114} were considered of greater importance than those as head of the autonomous region (Kepala Daerah). Because of these powers the head of the territory was called Penguasa Tunggal, the single authority, and was the highest civil administrator in the region (Podger 1994: 7). He was required to guide and nurture the state’s ideology; to defend and implement the Pancasila and the 1945 Constitution; and to safeguard internal politics and the unity of the nation through ‘Unity in Diversity’ (Bhineka Tunggal Ika). The regional head was explicitly and deliberately made a functionary of the central government rather than an independent leader of the region, in contrast to the roles envisioned in the 1957 legislation (Holland 1999: 210).

\textbf{2.2.8. Regional Government: the Regional Legislative Assembly (Dewan Perwakilan Rakyat Daerah: DPRD)}

The Regional Legislative Assembly (DPRD) represented the people of the region (Law No. 5 of 1974 Art. 30d). The 1974 Law stipulated that regional government (pemerintah daerah) consisted of the head of the region (Kepala Daerah) and the members of the Regional Legislative Assembly (DPRD) (Law 5 of 1974 Art. 13.1). There was a DPRD at both DATI I and at DATI II levels. At the provincial level, the governor who was the Kepala Daerah DATI I, together with the DPRD level I, was responsible for the general policy of the regional provincial government. Similarly, at the district level the bupati or walikota, who was the Kepala Daerah at DATI II, together with the DPRD level II, had the task of implementing policy at regional level.

In the execution of regional administration, there was theoretically, a clear division of tasks and equal status conferred on the head of the region (Kepala Daerah) and DPRD. The Kepala Daerah was responsible to the President of the Republic of Indonesia through the Minister for Home Affairs (Law No. 5 of 1974 Art. 22.2). This was the only line of responsibility. The Kepala Daerah was not responsible to the DPRD.

\textsuperscript{114} These powers, called the General Governance Powers are:
- maintaining peace and order within the territory;
- guarding state ideology and guiding domestic politics including national unity;
- controlling and supervising Regional Government;
- coordinating the activities of all government institutions;
- exerting continuous effort so that all laws and regulations were properly implemented by the (deconcentrated) institutions and officials and taking all possible measures to have government affairs well run;
- executing all other government tasks assigned to him by regulation or order of the central government;
- executing all other government tasks not falling under the authority of any other government institutions (Podger 1994: 6).
The DPRD was the legislative body but could not usurp executive decisions. Nevertheless, the Kepala Daerah was obliged to inform the DPRD of his execution of the regional administration at least once a year, through the annual accountability speech (Law No. 5 of 1974 Art. 22.3). The preparation of a regional regulation was executed jointly by the Kepala Daerah and the DPRD. Such regulations were confirmed and signed by the Kepala Daerah and co-signed by the chairman of the DPRD. The region also established a Regional Advisory Board\textsuperscript{115} (Law No. 5 of 1974 Art. 10.2).

2.2.9. Election of Head of Region (Kepala Daerah)

The governor of the province, head of DATI I, was nominated by the Provincial House of Representatives (DPRD I), from amongst at least three and at the most five candidates. Their candidatures were discussed by the leaders of the DPRD together with leaders of factions within the DPRD and with the Minister for Home Affairs. From the candidates, two names were forwarded to the President through the Minister for Home Affairs, one of whom was appointed. Upon installation, the new governor swore his oath of office to the President.

Similarly, the head of DATI II (bupati or walikota) was nominated by the kabupaten or kota DPRD. His candidature was discussed and agreed upon with the governor of the province. Two names were forwarded to the Minister for Home Affairs by the provincial governor, one of whom was appointed. Upon the installation, the new bupati or walikota swore his oath of office to the Minister for Home Affairs. All heads of regions were appointed for five years and were eligible for re-appointed for a second five-year term.\textsuperscript{116}

2.3. The New Order and the Regional Government Law of 1974

With the implementation of the Regional Government Law No. 5 of 1974 a uniform regional government system was established throughout Indonesia. Excluding hostilities in Aceh, Irian Jaya and East Timor, there was an absence of vociferous demands for regional separation at that time. The central government was aided significantly in dealing with regional resurgence by the dramatic increase in available financial resources in the 1970s, a result of increasing oil prices. The oil

\textsuperscript{115} Dewan Pertimbangan Otonomi Daerah

\textsuperscript{116} Criteria for candidates for election as Kepala Daerah are attached as Appendix ‘a’. The way the heads of regions are elected has changed significantly since the implementation of Law No. 32 of 2004. See Chapter 4.
bonanza made possible attention to many regional demands, through additional funding to local government, but more significantly by direct financing of infrastructure developments, by the central government. The rapid fall in oil revenues from mid 1980s slowed the pace of national development (Devas 1989: 13; MacAndrews 1986: 36; Niessen 1999: 86). While effects of the oil boom may have highlighted regional inequalities, it was clear that ordinary people throughout Indonesia were considerably better off; they had gained access to vastly improved facilities, compared with those existing previously. Nevertheless, there remained an ever-present dilemma of how best to distribute national resources between regions. According to Niessen (1999: 316) a lack of trust existed on the part of the central government, induced in part by anxiety concerning national disintegration, and in part by suspicions pertaining to the capabilities of those responsible for regional administration. Most central government departments were not entirely comfortable with genuine regional autonomy and chose, whenever possible, to strengthen their own authority in the regions.

A salient feature of the New Order was the central role of the armed forces in the Indonesian government and their relationship with civil society. Martial law had been proclaimed in 1957 under Sukarno. Henceforth the armed forces enjoyed a dominant and intimidating role in Indonesian society. From 1958, active officers were included in the central government cabinet. After 1965, the doctrine of the armed forces (ABRI), Operasi Karya, was formally recognized and became an enduring component of the national ideology. This doctrine afforded the military dual functions (dui fungsi) “defending national security and participating in community development” (Antlov 1995: 38). Dwi fungsi was the institutionalisation of military intervention in society, and meant that the military played an active role in political life, held key positions in the government, and were represented in the civil service (Nordholte and Van Klinken 2007:11). The presence of military personnel among senior government officials was indicative of the pervasive influence of the central government. The Suharto regime was brought into being and maintained through military power, exerting a profound control over citizens, with a highly visible army

117 ABRI: Angkatan Bersenjata Republik Indonesia, the Armed Forces of the Republic of Indonesia. President Sukarno, suspicious of army power, promoted the distinctive identities of the navy, army, air force and police. Under Suharto, during 1967 – 1970 the four separate forces were united to become ABRI (Cribb 1992: 23-26).

118 Operasi Karya, Civic Mission

119 In 1983, 21 of the 27 provincial governors were recruited from the military, as were 40 percent of the bupati (Ranis and Stewart 1993: 43).
presence in most villages. Many village headmen were retired military personnel and assisted in extending the arm of central government to village level.

2.4. Law No. 5 of 1979 concerning Village Government

The Regional Government Law No. 5 of 1974 was restricted to two levels of regional government, provincial (DATI I) and district (DATI II). The control which was manifested by the implementation of the 1974 Law was further entrenched in the villages by the implementation of Law No. 9 of 1979, the Village Government Law. The ensuing bureaucratisation brought with it greater control of village government by the state as the law was systematically implemented through the 1980s (Antlov 2003b: 195; Holland 1999: 209). This law curtailed participation by villagers in the political process.

Law No. 5 of 1979 dealt specifically with village government in rural villages (desa) and urban wards (kelurahan). Before the implementation of the 1979 Law, desa were legally defined as settlements with semi-autonomous administrations. The village head managed the internal affairs of the village (Podger 2004: 77). The 1979 Law was intended to achieve governmental uniformity at village level by integrating village administration into the central government apparatus (Antlov 2003b: 195; Bebbington et al 2006: 1960; Holland 1999: 209). Under Law No. 5 of 1979, village governments had to conform to a standardised pattern. Traditional governance structures were sidelined or replaced. According to Antlov (2003b: 195) “It was a regimentation of village life that would deeply and negatively affect communities for decades – it destroyed community institutions and traditional social security mechanisms”. Villages had little autonomy and were under direct authority of the subdistrict head (camat), who in turn, was directly responsible to the bupati or walikota.

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120 One Village Guidance Army Soldier (Bintara Pembinaan Desa: BABINSA) and a Community Guidance Police Officer (Bimbingan Masyarakat Desa: BIMMAS) were posted in the majority of Indonesian villages to ‘guide’ the population (Antlov 1995: 38).
121 Schulte Nordholt and Van Klinken (2007:11) describe “an even more powerful state structure was formed by the military presence running from the centre, through the province, district and sub-district down to the village level”.
122 The 1979 Law was based on Article 18 of the 1945 Constitution and on Article 88 of Law No. 5 of 1974.
123 The distinction between rural villages (desa) and urban wards (kelurahan) is important. Throughout history, Indonesian villages (desa) enjoyed a large measure of local autonomy, and to a minor degree village autonomy was maintained in Law No. 5 of 1979. Urban wards (kelurahan) possessed no measure of autonomy (Art. 1). Unlike the kepala desa, the kepala kelurahan was not elected.
The Department of Internal Affairs criticised the variety of forms and styles of village government throughout the Indonesian archipelago. The department claimed that such diversity was a hindrance to the central government’s organised improvements to increase the standard of living in the villages (Holland 1999: 209; Warren 1993: 266). Consequently, under the 1979 Law, villages were made uniform (diseragamkan) and synchronised (disinkronisasikan) (Antlov 1995: 43). More efficient government and an opportunity for popular participation in development were given as the rationale for the legislation. However, as Warren (1993: 238) says:

The rhetoric of participation is contradicted by ingrained assumptions in bureaucratic circles regarding the limited capacities of a 'traditionally oriented' rural populace to deal with modern social change and by the higher priority given to social control over against genuine local participation in the political process.

Even before the 1979 Village Government Law was promulgated, Emmerson (1978: 130) described this top-down authority and one-way communication as characteristic of the Indonesian bureaucracy both internally and in relation to the society it administered.

2.4.1. The Formal Village Administration

In Indonesia the desa is the legal entity acknowledged by the national government as the lowest level of organised government (Law No. 5 of 1979 Art. 1a). The local government had authority to regulate and manage village affairs in accordance with existing national laws and regulations while respecting local customs and traditions. During the New Order, the village government consisted of the village head (kepala desa) and the village bureaucrats (perangkat desa) who were appointed by the village head. In exchange for their subordination and loyalty, village heads as ‘clients of the state’, were invested with wide-ranging powers. They were the sole

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124 In some parts of Indonesia there was concern that the 1979 Law meant imposing a ‘Javanized’ village structure on the rest of the country. There was considerable resentment at the use of the Javanese terms of desa and dusun.

- In West Sumatra many Minangkabau criticised the law as undermining their traditional (adat) law when the negeri, the local unit over which the local adat leaders had political clout, was disbanded (Kato 1989: 105).
- In Bali there was similar concern over the substitution of the term dusun for banjar. Dusun had “pejorative connotations of backward rusticity” in Bali, but in practice were overlaid and depended upon the traditional banjar institution (Warren 1993: 266).
- In Riau traditional (adat) leadership was also considerably undermined, as people began to bring adat problems to the bureaucrats who were the desa heads, and whom they saw as having more political clout than the adat leaders (Kato 1989: 105).

125 Before 1979, village government varied by region, and its organisation was based largely on local custom (adat), tradition, and religion (Niessen 1999: 85).
recognised authority (*kuasa tunggal*) in the village (Antlov 2003: 79). Although officially the *kepala desa* was elected by the people of the village, it was usually with the endorsement of *Golkar*, or with the backing of the military; and certainly with the approval of the district and sub-district heads (*bupati* and *camat*) who were appointed by the central government (Antlov 1995: 7-8; Suryakusuma 1987: 52).

Candidates for the position of village head were first screened by the *camat* before they were set a written examination by the *bupati* (Antlov 1994: 86). The *skrining* system at elections, described by Husken (1994: 14, 125) was one of the measures through which higher authorities insured compliance. Without devotion to the cause of the New Order, a rural leader could get nowhere on the ladder of official authority.

### 2.4.2. Village Elections

The criteria to nominate for the position of *kepala desa* included: to be between 25 and 60 years old, to have graduated from Junior High School (SMP), to have resided in the village for a minimum of two years, to be of good behaviour, to demonstrate a devotion to God, and obedience to the philosophy of the *Pancasila* and the Indonesian Constitution. The candidates could not, in any way, have been associated with any prohibited organisation such as the Indonesian Communist Party (PKI) (Law No. 5 of 1979 Art. 4). The *kepala desa* could be elected for only two eight-year terms (Law No. 5 of 1979 Art. 7). At least two candidates must contest elections for village head. Warren (1993: 121) explains further:

> Government policy discourages single candidate elections for office of desa head and requires a minimum of two nominations or some method of ensuring that the single candidate does represent the majority of the village. When there is only one nominee, this is normally accomplished with the addition of an unmarked ballot box, (*kotak kosong*) for protest votes. It is not unknown for the blank box to

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126 *Golkar: Golongan Karya* was conceived as a grouping of functional groups, not as a political party (Ufen 2006: 9), but was subsequently the ‘party’ endorsed by the Suharto government.

127 The *skrining* system gave opportunities to abandon unwanted candidates. Through local campaigning and pressures from the army hierarchy and *Golkar* representatives, voters were told what candidate would be the best for the village to elect. Candidates, who had not lived up to people’s expectations of beneficial leaders, found it hard to be elected. Although the practices were questioned, there were few alternatives and Husken (1994: 14, 125) argued that the procedure was probably a reasonable compromise between acceding to local preferences and ensuing election of someone with whom the central government could work.

128 Although a village head had to be resident of the village for two years, for army members and civil servants exemption permits were easy to obtain (Galizia 1994: 146).

129 See Appendix ‘c’ for detailed criteria for candidates for *Kepala Desa*
win the elections, supporting the view that nomination processes are not always reflective of public opinion.

If the kotak kosong won, or if less than a quorum of the eligible voters cast their ballot, the election was repeated. If ultimately no satisfactory candidate was found the subdistrict head (camat) was free to recommend someone from the civil service (Husken 1994: 131; Warren 1993: 266).

Village heads were usually from families of long-established rural elites, who had the financial means to contest an election. The advantages of being a village headman diminished during the New Order. Many of the traditional ruling families who had benefited from their position continued to maintain access to the best village land by renting the service fields from future village headmen (Husken 1994: 127). A village headman, who dutifully fulfilled his prescribed role, was considered by the villagers primarily to be a representative of the administration. Some tried a strategy to support a weak person for the post. The administration preferred retired military personnel or civil servants as village heads. They were considered to be better organisers, and more malleable in the hands of their superiors (Galizia 1994: 146).

During the New Order, elections in Indonesia, whether they were at national or village level, were a complex process not limited to the actual casting of the ballot (Galizia 1994: 145). The New Order policy was to ban all party-political activities, except for a short election campaign preceding the national general elections held every five years. If national elections were the government’s festival, the election of village headmen were the festival of the people. Village elections were occasions for village people to show their loyalties and local preferences (Antlov 1995: 182). The nomination of the candidates was open to pressure from both inside and outside the village. Villagers could be influenced by promises of funding for new infrastructure. Conversely they could be threatened with the withdrawal of such funds. On the other hand it was possible for persons and strategic groups from a village to exert some pressure. In exchange for personal and sometimes even

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130 National elections were touted as the great democratic festival (pesta demokrasi) of the Indonesia State during the New Order. Held every five years, they offered orchestrated opportunities for the government to confirm its mandate. Elections were basically rituals of order and not genuine parliamentary events in the Western democratic sense (Antlov 1995: 170).
131 The system of election for village heads on Java, which was introduced by the colonial government in 1810, remained more or less stable for over a century (Antlov 1995: 182).
communal advantages they might for instance promise to organise an overwhelming victory for Golkar at general elections (Galizia 1994: 146).

The 1979 Law provided all villagers over the age of 17 the opportunity to participate in the election of a new village head every eight years (Law No. 5 of 1979 Art. 5). After the elections, participation became a one-way street. Although his administration was answerable to the Department of Internal Affairs, upon election the kepala desa became the arm of government authority within the village. Income from communal land in Javanese villages (tanah bengkok) was used to pay the salaries of the village bureaucracy, who were employed by the village head. The duties of the village administration were to keep records; to collect tax; and to act as a harbinger of instructions from the central government to the villagers. They also issued identity cards (KTP) and the iniquitous permits and licenses (izin) which dominated village life (Antlov 1994: 80-82). The bureaucracy also signed loan applications and registered land sales.

In 1963 Geertz observed that the village heads were local men, unlike the camat who was their superior. She portrayed the camat as a townsman and described his relationship with the villagers as:

...generally some combination of traditional priyayi paternalism and bureaucratic formalism. The tjamat [camat] and the lurah together endeavor [sic] to bridge the gap between the central administration and the local peasantry, one reaching up from the desa and the other down from the subdistrict office (Geertz 1963: 45).

As the 1979 Law was gradually implemented, the administrative structure of villages changed. The role of village leaders became more disciplined and the ‘bureaucratic formalism’, portrayed by Geertz in 1963, became even more

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132 Usually the number of people employed in the village office depended on the allotment of available tanah bengkok (Tjondornegoro 1984: 27). Income from other communal land, tanah titisari, was used for village development projects.

133 KTP: Kartu Tanda Penduduk

134 Antlov (1994: 80-82) succinctly describes the multitude of official letters and permissions that are required by people who wish to do business with the outside world. All applications for employment, permission to marry, to enter school or to move on, required identity cards (Kartu Tanda Penduduk) and letters of good behaviour (Surat Kelakuan Baik) and of Political ‘cleanness’ (Surat Bersih Diri) all of which were obtained from the village office, and must be paid for. Achmad (1999: 75) writes: “As the doctor in charge...I never saw a poor patient come with a letter [to the puskesmas] of recommendation from the village headman to ask for free service from the health centre. Perhaps the effort to get the letter would have cost more than the health centre service fee itself”.

135 Lurah was the name of the village head in Java. After the implementation of Law No. 5 of 1979 the term was used only for heads of villages or wards designated as kelurahan.
pronounced. Government agencies increased their importance in village affairs and village leaders gained an unambiguous administrative authority (Antlov 1995: 5). The conversion of local government into an arm of the central bureaucracy was expedited as village administrations were modernised and their status ‘upgraded’ from desa to kelurahan. A civil servant, the lurah, was appointed by the bupati to head the kelurahan.136

When the desa was changed to kelurahan, the village leader ceased to be elected. These 'modernised' villages relinquished the right to conduct their own affairs (Law 5 of 1979 Art.1b). Income from communal land in the village (tanah bengkok) was ceded to a higher level of government and the central government accepted responsibility for the salaries of the lurah and his staff. Consequently the lurah became a salaried civil servant, a career bureaucrat, with unlimited terms of office and whose obligations rested entirely with the central government hierarchy (Law 5 of 1979 Art. 24; 31). Guinness (1994: 274) claimed that in this way, the lurah’s position was no longer vulnerable to local censure, but was “ratified and enforced” by the authority of the state. Antlov (1994: 77) asserts that the moral power of traditional authority was replaced by “a material and authoritarian rule, based on direct commands and sanctions”.137 The lurah appointed other members of the village administration. Even so, the lurah’s duties remained much as Geertz described the duties of the village head in 1963: record keeping, tax collection, the transmission of instructions from the central government, and the informal arbitrator of local disputes (Geertz 1963: 45).

Changes to the bureaucracy in the village from the time of Geertz’ 1963 report made little difference to the day-to-day lives of villagers. Pre-1979 the control of the village government lay with the central government through the bupati and the camat and the rural elite among whose number was often the kepala desa. Post-1979, tighter control of village affairs was achieved and management of the village, prima facie, remained with the kepala desa or lurah. But the central government control continued directly through the bureaucrats, the bupati and the camat. Accordingly

136 Villages in urban areas together with villages that were the seat of regional or subdistrict (kabupaten or kecamatan) administration were the first to be classified as (kelurahan) (Warren 1993: 241). The majority of villages, especially rural villages remained desa, largely because the government could not afford the cost of converting their administration to full civil servant positions
137 Antlov suggests that with this process, the political vocabulary changed, from the revolutionary words of freedom (merdeka), struggle (perjuangan), and justice (keadilan), to the smooth terms of national (nasional), development (pembangunan) and stability (stabilitas) (Antlov 1994: 77).
the camat endured; a figure of authority, aloof from the village - as Geertz described him in 1963.

2.4.3 Village Councils under the New Order: The LMD and LKMD

The principle objective of the 1979 Village Government Law was to bring village affairs under tight central government control. The Village Social Councils (LSD) was established in the late 1950s and operated under the aegis of the Department of Social Affairs. LSDs established direct contact between the central government and the village communities (Antlov 1995: 32). Participation was voluntary, activities were planned, and groups formed in accordance with felt needs at the grass roots level (Schulte Nordholt 1986: 49-51). The aim was not to control the population, as the replacement organisations strove to do, but to promote welfare, primary health-care and education (Antlov 1995: 32).

Under the 1979 Law, village government was defined as having two parts: the kepala desa and the Village Consultative Council (LMD) which replaced the LSD (Law 5 of 1979 Art. 3.1). Members of the LMD were appointed by the village head and vetted by higher authorities. Decisions taken by the LMD had to be approved by the camat before acquiring legal status (Law 5 of 1979 Art. 10.2). Representatives of the camat attended LMD meetings. In 1980 Village Community Resilience Councils (LKMD) were introduced as the state’s vehicle for rural development. It was originally intended that villagers’ voices would be heard in the LKMD and forwarded upwards through the bureaucracy (Schulte Nordholt 1986). It was to be a means of communication and participation with emphasis on participation in development. Rather it became the main channel for local-level corruption, since development projects and their funds were routed through it (Antlov 2003b: 211).

The members of the LKMD were nominated through deliberations (musyawarah mufakat) but members, in fact, were appointed directly by the head, in consultation with the camat and typically the Village Guidance Army Officer (Babinsa) (Antlov 2003: 197). It served as a body for mobilising the villagers for central government

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138 LMD: Lembaga Musyawarah Desa, the Village Consultative Council, was gradually phased out and did not operate in villages which were designated kelurahan.
139 LKMD: Lembaga Ketahanan Masyarakat Desa, Village Community Resilience Council
140 LSD: Lembaga Sosial Desa
141 Keputusan Presiden R.I. Nomor 28 Tahun 1980 tentang Penyempurnaan dan Peningkatan Fungsi Lembaga Sosial Desa menjadi Lembaga Ketahanan Masyarakat Desa
142 Babinsa: Bintara Pembina Desa
programs. The chairperson (ketua umum) of the LKMD was the kepala desa or lurah. Only the first deputy chairperson (ketua II) was elected. While his election appeared to be democratic, it required the approval of the kepala desa. Often there was no election; the appointments were made by the village head (Suryakusuma 1987: 53). There were ten sections of the LKMD; the Family Welfare Movement (PKK) is the tenth section. The wife of the kepala desa is head of PKK and is automatically ketua III of LKMD. Some PKK leaders saw this as an enhancement and strengthening of their status in the government hierarchy. But as Suryakusuma (1987: 55) noted, this also ensured control of PKK by both male dominated institutions: the formal village administration and the LKMD. The LKMD’s source of funding was a grant emanating from a Presidential directive (Inpres) as well as a self-generated (swadaya) component from village sources. Neither the activities of LKMD nor LMD diminished the exercise of authority by the kepala desa or lurah. The consequence of the 1979 Village Government Law was the expansion of central government bureaucratic power at the expense of local political strength, which had once dominated village government (Holland 1999: 210).

2.4.4 The Role of Women in Village Government:
The Family Welfare Movement
(Pembinaan Kesejahteraan Keluarga: PKK)
During the New Order Era, women in Indonesia were not encouraged to participate in village government. Even with adult franchise, few women were elected kepala desa. The Family Welfare Movement (PKK) was established as a ‘women’s organisation’. The stated objectives of PKK were to develop human resource support for sectoral policies and programs, and to promote the welfare of women.

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143 PKK: Pembinaan Kesejahteraan Keluarga
144 The ten sections of the LKMD are:
1. Religion;
2. P4: Pedoman Penghayatan dan Pengamalan Pancasila (Guidelines for carrying out the Principles of Pancasila);
3. Security;
4. Education and Information;
5. Environment;
6. Development, Economy and Cooperatives;
7. Health and Family Planning;
8. Youth, Sport and Art;
9. Social Welfare;
10. PKK.
(Cited by Warren 1993: 243
Source: Attachment to Keputusan Menteri Dalam Negeri No. 27, 1984)
The official description of PKK was that of a non-government, community-based movement of village-level development working under the aegis of the Department of Home Affairs (Office of the State for the Role of Women 1985: 15-16). PKK was the primary channel through which the central government's programs reached women, especially rural women (Suryakusuma 1996: 101).

**Box 2.1 The Establishment of The Family Welfare Movement**

*Pembinaan Kesejahteraan Keluarga (PKK)*

The Family Welfare Movement, *Pembinaan Kesejahteraan Keluarga* (PKK), was founded in Central Java in 1957, when it was called *Pendidikan Kesejahteraan Keluarga*, a program 'the education of family welfare'. With the support of UNICEF, by 1961 PKK groups were established throughout Central Java, and courses to train volunteer workers or *kaders* were organised. Interest in the PKK spread to other parts of Indonesia, and the PKK became a national organisation in 1973 when its title was changed to *Pembinaan Kesejahteraan Keluarga* (Family Welfare Movement) (Office of the State for the Role of Women 1985: 55; Tjokropranolo 1981: 10-12). For a short time in 1970 and 1971, PKK in Central Java was known as *Pembangunan Kesejahteraan Keluarga* (Foundation for Family Welfare) (Office of the State for the Role of Women 1985: 113). The Family Welfare Movement, *Pembinaan Kesejahteraan Keluarga* (PKK) was formally established according to *Garis-garis Besar Haluan Negara* (GBHN) and *Pelita III TAP MPR No. IV/MPR/1978*. Prior to the enactment of the 1979 Village Government Law, the local PKK was a component of the Village Social Council (*Lembaga Sosial Desa: LSD*), and commonly called the Women's Section (*Seksi Wanita*). This effectively made every woman a member of the PKK. Although LSD and *Seksi Wanita* ceased to operate under the 1979 Law, all female villagers were still automatically members of the PKK. Since 1998 the PKK is known as *Pemberdayaan Kesejahteraan Keluarga* (Empowerment of Family Welfare).

**2.4.4.1. Organisational Structure of PKK**

While all Indonesian women were automatically members of PKK, their leaders were not elected. The PKK organisation corresponded with that of the state-administrative hierarchy. Each PKK group was headed by the wife or close female relative of the chief executive at each level of government. The leader of each PKK group organised a consortium of women who supervised local programs and reported back to the government official who, in most instances, was her husband (Office of the Minister of State for the Role of Women 1985: 56). Since 1981, by Ministerial decree, activation teams (*Tim Penggerak PKK*) were appointed to motivate PKK.

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145 PKK is formed according to *Garis-garis Besar Haluan Negara* (GBHN) dan *Pelita III TAP MPR No. IV/MPR/1978*

146 *Instuksi Menteri Dalam Negeri Nomor 10 Tahun 1980 Mengenai PKK Part 5, Article 1*
membership. At each administrative level the teams selected and trained voluntary workers (kaders) and set up activity groups to guide, inform, implement and monitor PKK activities (Kantor Menteri Negara Urusan Peranan Wanita 1991: 114; Tjokropranolo 1981: 3). However, the success of PKK at village level usually depended on the enthusiasm, motivation and capability of the wife of the kepala desa or lurah and on the support of her husband.

While the PKK was known as a non-government organisation (NGO) and was officially described as ‘non-political’ and ‘non-governmental’ (Kantor Menteri Negara Urusan Peranan Wanita 1991: 105; Office of the Minister of State for the Role of Women 1985: 51), it was more accurately expressed as a GONGO, a ‘Government – Organised’ NGO.\(^{147}\) The PKK hierarchy was linked with the state-administrative hierarchy and with two other officially approved women’s organisations which were also GONGOs. The first of these was Dharma Wanita,\(^{148}\) the association of wives of the members of the Indonesian civil service and of female civil servants. In addition Dharma Pertiwi,\(^{149}\) the organisation of wives of armed services personnel was also an influence in the PKK. Both of these organisations enabled wives to further their husbands’ careers, while serving as an important vehicle for diffusion of development policy and government propaganda (Parawansa 2002: 71).

Although Dharma Wanita and Dharma Pertiwi were both nationwide organisations, and their general aims and activities were similar, Dharma Wanita had the dominant, all pervasive, mediating role between the state bureaucracy and the PKK. At national level, Dharma Wanita was chaired by the President’s wife (Murdiati et al 1985: 29). While membership of Dharma Wanita was obligatory, positions were stratified according to the husbands’ positions. A wife’s educational background, or organisational skills, and political leanings were of no consequence, only the husband’s position counted (Suryakusuma 1996: 99). Since the fall of the Suharto government Dharma Wanita has been transformed into a voluntary organisation and renamed Dharma Wanita Persatuan (Robinson 2002: 9).

\(^{147}\) The term ‘GONGO’ was attributed by Eldridge (1989: 5; 1990: 531) to Professor Rajni Kothari, (1986). Todd (1989: 17) describes the GONGO as ‘...that peculiarly Indonesian contradiction...’ but similar organisations are widely found, sponsored and promoted by developing country governments, to carry out their programs (Riker 1995: 26).

\(^{148}\) Dharma Wanita, which literally means ‘the duty of women’, was established in 1974. This organisation covered, by definition, all the wives of the members of the Indonesian civil service, and all female civil servants. Its membership was spread over the whole country down to the smallest government administration-unit, supporting the government’s programs. Dharma Wanita was also active in every Indonesian Representative Office abroad (Murdiati et al 1985: 29). While membership of Dharma Wanita was obligatory, positions were stratified according to the husbands’ positions. A wife’s educational background, or organisational skills, and political leanings were of no consequence, only the husband’s position counted (Suryakusuma 1996: 99). Since the fall of the Suharto government Dharma Wanita has been transformed into a voluntary organisation and renamed Dharma Wanita Persatuan (Robinson 2002: 9).

\(^{149}\) The special objectives of Dharma Pertiwi were to promote and maintain the welfare, family spirit, fraternity, sense of unity and solidarity, as well as the national consciousness among the wives of the Indonesian armed forces personnel (Office of the Minister of State for the Role of Women 1985: 55).
The General Chair of PKK was the wife of the Minister for Home Affairs (Office of the Minister of State for the Role of Women 1985: 58). The relationship between these women’s organisations became very complex at the provincial level and below, because often the wife of the most senior public servant was automatically head of *Dharma Wanita* as well as being the leader of the PKK. During the Suharto era, many former military officers were appointed civilian administrators which meant that their wives also owed allegiance to *Dharma Pertiwi*. The leader of the PKK was answerable to her husband, who was the most senior public servant. She was, however, also responsible to both PKK and to *Dharma Wanita*, and possibly also to *Dharma Pertiwi*, at the administration level above her. All of this created horizontal ties and vertical ties, which consolidated state control of PKK and of *Dharma Wanita* and *Dharma Pertiwi*.

While the PKK operated and was implemented at village level, the organisation was coordinated from above by an entire government hierarchy. The Department of Internal Affairs was the national centre for directing the PKK as part of its responsibility for village affairs. The PKK was aligned with the bureaucracy by its Jakarta-based central executive, the head of which was the Minister of Internal Affairs. At the provincial level and below, the Bureau of Village Development within the Department of Internal Affairs, had offices in all of the regions, and advised PKK executives at each level on general administration and technical matters (Sullivan 1983: 151; 1994: 61). The ties that bound the village administration to the central government were further strengthened when the head of the PKK in each village automatically became the second deputy chairman (*ketua II*) of the LKMD.
PKK programs were planned, funded and implemented by government departments, co-ordinated by the Minister of State for the Role of Women and the Minister for Home Affairs, who was PKK adviser. PKK branches were established throughout the entire country where PKK meetings and programs stressed Western urban middle-class values (Guinness 1994: 283).

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150Women’s issues were co-ordinated by the Office of Women’s Affairs (*Kantor Peranan Wanita: Kantor UPW*). An Associate Minister for the Role of Women was appointed in 1978, and elevated in 1983 to Minister of State for the Role of Women (Office of the State for the Role of Women 1985: 3). The Minister had no ministry, but served to co-ordinate various programs for women which were implemented by other departments (Suryakusuma 1987: 26). In 1999 the name of the ministry was changed to the State Ministry for Women’s Empowerment (*Kementerian Pemberdayaan Perempuan*) (Parawansa 2002: 73).
The ten–point program\textsuperscript{151} espoused the concept of a good wife and mother and manager of the household (Parawansa 2002: 69). The Marriage Law of 1974\textsuperscript{152} supported this convention. It stipulated that the husband was head of the family and the wife was the mother of the family, a view linked to the priyayi tradition of ibuism,\textsuperscript{153} where women as mothers were supposed to serve their husbands, their children, the community and the state. They contributed their labour on a voluntary basis and without expectation of either prestige or power (Postel-Coster 1993: 133). Such platitudes are in marked contrast to the role of most women in Indonesia who toil for long hours in arduous jobs to provide for their families. To ensure that women cooperated in the government’s plans in the development process, one of the criteria for evaluating civil servants’ performance was their wives’ degree of participation in \textit{Dharma Wanita} and PKK (Buchori and Soenarto 2000). By conforming to this ‘traditional’ concept of women, the PKK remained a conservative organisation.

\textsuperscript{151} The ten–point plan of the PKK was:
1. \textit{Penghayatan dan Pengamalan Pancasila} (Full and total comprehension and implementation of the \textit{Pancasila})
2. \textit{Gotong Royong} (Mutual help)
3. \textit{Pangan} (Food and nutrition)
4. \textit{Sandang} (Clothing)
5. \textit{Perumahan dan tata laksana tangga} (Housing and the management of the household)
6. \textit{Pendidikan dan Keterampilan} (Education and Training in occupational skills)
7. \textit{Kesehatan} (Health)
8. \textit{Mengembangkan kehidup berkoperasi} (Cooperative Society)
9. \textit{Kelestarian lingkunan hidup} (Preservation of the Environment)
10. \textit{Perencanaan Sehat} (Health and family planning)
(Instruksi Menteri Dalam Negeri No. 10 Tahun 1980)

\textsuperscript{152} \textit{Undang-Undang Nomor 1 Tahun 1974 tentang Perkawinan}

\textsuperscript{153} The root of the term ‘ibuism’ is \textit{ibu} which means mother. The term was identified by Madelon Djajadiningrat and cited in Suryakusuma (1987: 3). The ideology of \textit{ibuism} developed in the late nineteenth and early twentieth centuries as a combination of Dutch \textit{petit-bourgeois} and traditional Javanese priyayi values, whereby women were socially defined as housewives.
The Structures of the PKK During the New Order

Figure 2.1

Sources: Garis-garis Besar Haluan Negara (GBHN) dan Pelita III TAP MPR No. IV/MPR/1978
Office of the Minister of State for the Role of Women 1985; 1991
In 1973 the Minister for Home Affairs stated that, although in the past the state had accepted the whole responsibility for the development of the nation, the time had come for all Indonesians to share that responsibility and become involved in national development. This rhetoric of equality did not change the top-down style of implementation of development programs, in which the ‘floating mass’ of people was incorporated into structures and organisations created and controlled by the government. The PKK assumed a subordinate political and economic position and continued to promote an ideology where the woman’s role was wife, mother and housekeeper. This scenario was more compatible with the state’s interest in social control than in its stated economic objectives of expanding production and improving living standards. People were not free to form or join spontaneous associations. Consequently there was a general absence of genuine grass roots organisations which emerged in other developing countries (Bebbington, et al., 2006: 61; Smyth 1993: 127; van Tuijl and Witjes 1993: 202).

2.5. Towards the Demise of the New Order Regime

Dissent began to emerge in both the public and private sectors. Student leaders and academics had long advocated an end to the economic and political role of the military and the liberalisation of politics (Robison 1990: 53). But the Suharto regime was ruthless in its dealing with dissidents. The signatories of the ‘Petition of Fifty’ (Petisi 50), a group of former military officers and political figures, in May 1980, made a comprehensive statement to the People’s Consultative Council (MPR) warning of the increasing trend of political authoritarianism. The signatories of the petition had their assets frozen and their travel documents restricted. Criticism of the fundamental objectives of the New Order, or of the behaviour of its leaders, by ordinary citizens was deemed subversive. Nevertheless, according to van Tuijl and Witjes (1993), by the early 1990s, an undercurrent of change was emerging in the

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154 The term ‘floating mass’ (massa lepas) was coined in 1971 and the policy was formally encoded in Law No. 3 of 1975 on Political Parties and Golkar (Undang-Undang Nomor 3 Tahun 1975 tentang Parpol dan Golkar). It was intended to ensure that the masses were directed by the government as they implemented national development programs (Cribb 1992: 156). The ideological basis for this containment of political activity was that people should be free from the restraints of party political activities that could prevent them from applying their full energy to economic development. Restrictions were imposed on political activities in the countryside. Political party activities were banned in villages except for four weeks of election campaigning every fifth year (Antlov 1995: 36; Husken 1994: 122). The ‘floating mass’ concept supported the government political party, Golkar, because the government used the formal channels of the village heads, the bureaucracy and the military to continue to marshal votes (Holland 1999: 208).
villages. Many believed changes were necessary; that government should be accountable to the people; that there should be an independent judiciary; that there should be constitutional rights protecting human rights and guarding against dictatorship (Schwarz 1994: Chap. 10).

The tide was turning. The New Order regime never neglected an opportunity to focus on its achievements, regarding the preservation of national unity and economic development. There were limits, however, as to how much the people would naively accept when claims were not matched by everyday experience.\textsuperscript{155} Opposition to restrictions on freedom of speech and political organisation became much more open. The staggering mal-distribution of wealth aroused a growing criticism of the regime and its cronies (Niessen 1999: 341). Corrupt practices, prevalent at every level of every government sector, became a major issue destabilising the New Order’s claims to respect and legitimacy.

Scott (1998) makes a persuasive argument against imperialistic state planning which disregards the values, desires, and objections of its subjects. He argues that centrally managed social plans derail when they impose schematic visions that shatter complex interdependencies that are not fully understood:

\begin{quote}
The very idea of a national plan, which would be devised at the capital and would then reorder the periphery after its own image into quasi-military units obeying a single command, was profoundly centralizing. Each unit at the periphery was tied not so much to its neighbouring settlement as to the command center in the capital … (Scott 1998: 254).
\end{quote}

Scott maintained that the success of designs for social organisation depends on the recognition that local, practical knowledge is as important as formal, epistemic knowledge. He argued that it is “far easier for would be reformers to change the formal structures of an institution than to change its practices” (Scott 1998: 255).

Any policy destined to achieve effective decentralisation in Indonesia must, as a basic tenet, accept and understand the unique conditions of each specific region. Regional planning should always address the needs and aspirations of local people, involving and encouraging their participation. During the era of the New Order the central government devolved very few powers to regional governments. At the same time, the regional tax base remained inadequate to fund regional development

\textsuperscript{155} Asiaweek June 15, 1997
programs. Consequently, local development programs were implemented by the central government by the process of deconcentration.

2.6. Summary
The outlines and subsequent pattern of regional government in Indonesia were already apparent during the revolutionary period of 1945 – 1949. The Dutch strove to champion the concept of a federal state to which sovereignty might be transferred. They argued that only a federal constitution would secure justice for the peoples of an independent Indonesia. The historical legacy of the regional rebellions of the 1950s shaped the status of regional government significantly. Considering these historical experiences of regional unrest, the New Order regime argued that the granting of wide measures of regional autonomy was not appropriate.

In the years between 1948 and 1974, several legislative attempts were made to introduce laws regarding regional autonomy in Indonesia. While some laws were promulgated, none were fully implemented until the Regional Government Law, No. 5 of 1974. This law was proposed as a movement towards greater decentralisation and regional autonomy. However, while the philosophy of decentralisation was espoused, it was the principle of deconcentration that was enforced. The hierarchical design of regional administration (Wilayah Administratif) strengthened central government control throughout the provinces right down to the smallest village. Concurrently, the dual role of the heads of the territories, as also heads of the regions, reinforced that central government control.

The 1974 Law provided for regional parliaments (DPRD), but bestowed few powers. The most powerful positions in regional government were clearly held by the regional heads, the governors, bupati and walikota. Unlike the 1957 system where the focus of power was the elected DPRD, during the New Order the DPRD worked with the governor or bupati and walikota, but had no power of veto over the activities of the regional heads whose obligations and responsibilities rested entirely with the central government. The authority of the central government was further entrenched in villages and standardised by the implementation of the 1979 Village Government Law. The 1979 Law exposed contradictions between the law and policy of the central government towards decentralisation and participation. While the
government proclaimed a policy of participation and decentralisation, the ensuing bureaucratisation increased the control of the centre over the periphery.
Chapter 3
Towards Regional Autonomy (Otonomi Daerah: OTDA)

The New Order regime established a system of government throughout the Indonesian archipelago which bequeathed an exceedingly restrictive devolution of authority to regional administrations. Scant encouragement was extended to the people in the regions to participate in decision making, notwithstanding that Law No. 5 of 1974 (Art. 11) prescribed the focus of regional autonomy to be at the district (kabupaten or kota) level. During the New Order, the primary goal of the deconcentration (pelimpahan) model of decentralisation was not democratisation or political participation, the primary objective was to magnify the efficiency and effectiveness of the central government apparatus. Whether the New Order was ever genuinely poised towards ‘real and responsible’ local government is questionable (Buising 1998: 35). It is difficult to disagree with Ranis and Stewart (1994: 71) who concluded that “the high degree of central government control has kept local autonomy severely limited”.

This chapter traces decentralisation policy during the late New Order, the last decade of the Suharto government and the introduction of Regional Autonomy legislation in the Reform Era following the demise of the New Order.

3.1. The District Autonomy Pilot Program (DAPP)

- **Government Regulation No. 45 of 1992**
- **Government Regulation No. 8 of 1995**

It was almost twenty years before the New Order government sought to regularise the focus on decentralisation at the District level of government (Devas 1997: 359). In 1980, USAID, the World Bank and the West German Government helped the Department of Home Affairs to establish a development program to strengthen the capacities of provincial government, the Provincial Area Development Program (PDP). According to MacAndrews (1986: 73):

> Despite the emphasis on developing innovative programmes designed to meet local needs, many PDP projects differ little from projects which

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156 Government Regulation No.45 of 1992 concerning the Focus of Regional Autonomy at the Regions Level II (Peraturan Pemerintah Republik Indonesia Nomor 45 Tahun 1992 tentang Titik Berat Otonomi pada Daerah Tingkat II)

157 Government Regulation No. 8 of 1995 concerning the Transfer of Certain Government Affairs to 26 Sample Regional Level II, (Peraturan Pemerintah Republik Indonesia Nomor 8 Tahun 1995 tentang Penyerahan Sebagian Urusan Pemerintah kepada 26 Daerah Tingkat II Percontohan)
have been planned, funded and implemented in accordance with the instructions of the national agencies. Although there are some notable exceptions, in many cases PDP funds have been seen not as an opportunity to innovate or experiment, but as an opportunity to provide additional funding to ongoing programmes.  

Oil prices fell in the mid-1980s restricting funds available for regional development. This shortfall provided an opportunity for resource-rich provinces such as Riau and Irian Jaya, to again press for greater autonomy, claiming the central government had exploited their natural resources for too long, without reasonable return of revenues (Booth 1992:30; Richardson 2000). By introducing Government Regulation 45 of 1992, the government initiated a move towards regional autonomy. This regulation stated that some matters, not affecting national interests, could be dealt with by district governments (Malo 1997: Chap. 3).

In an Independence Day speech in 1990 President Suharto quoted the official clarification of the 1974 Law as follows:

In order to raise service to the public and to implement development, this Law places the emphasis of autonomy on second level [District] regions, considering that these local governments are closer to the people and should better understand and be capable to fulfil their aspirations ...The potential, the needs and dynamics of our people are indeed found in these second level regions, so that it is not possible and no longer necessary to have everything decided at higher levels of government (cited by Podger 1994: 4).

Subsequently, the New Order government introduced Government Regulation No. 45 of 1992, designed to devolve greater autonomy to the district (kabupaten or kota) governments. District administrative offices (Dinas Daerah) were already in existence. Their function had been restricted by the hierarchical transfer of authority and funding from the central government to the central government offices in the provinces (Kanwil), and so to the central government offices at district level (Kandep). Central government bureaucrats, however, exhibited little enthusiasm for the new regulation. The regulation did not specify changes in funding to local governments,

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158 The focus and control of the program was with the chosen provinces (West Java, Central Java, East Java, Yogyakarta, West Sumatra, Bengkulu, South Kalimantan, West and East Nusa Tenggara). The program endeavoured to establish horizontal linkages, connecting technical offices with the provincial and kabupaten governments, instead of reinforcing vertical linkages to the central government agencies. However, in practice the PDP programs represented a continuation of standard national programs (MacAndrews 1986: 71-73).

159 Matters deemed to be in the national interest included security and defence, the judiciary, foreign affairs, and fiscal matters.
although a law on fiscal balance was drafted at the same time. With neither fiscal support nor unconditional central government political support, this regulation had minimal impact on the decentralisation process.

Subsequently a new State Minister for Administrative Reform, Silalahi, conceived a plan which could propel the New Order government further along the path of decentralisation. In April 1995 the ministry announced the promulgation of Government Regulation No. 8 of 1995 introducing the District Autonomy Pilot Program (DAPP). The project was based on devolving greater autonomy to 26 selected kabupaten distributed throughout the major islands of the republic. This pilot project was to run for two years, and if successful was to be implemented nationwide (Yusuf 1997). It is an open question whether the real object of the project was to promote regional autonomy, or to encourage greater administrative efficiency by the central government (Devas 1997: 361). Kahin (1994: 204) believed that

Any possibilities for either a federal structure or institution of any real degree of regional autonomy seem to have disappeared over the last 20 years. This is not only because the military has succeeded in centralising control to an extent never dreamed of in the 1950s or 1960s, but also because the administrative authority of the central government permeates the society to an extent that would have seemed impossible in earlier decades.

In the mid-1990s, the move to greater regional autonomy in Indonesia corresponded with a global trend. Decentralisation was seen as the key to stronger economic performance (Devas 1997: 351-352). From the early 1990s, the World Bank and donor countries began assisting decentralisation programs. Turner and Podger, (2003: 5) identified several key imperatives for decentralisation:

- “People have become disillusioned with existing systems of government. They believe them to be inequitable, unrepresentative, poorly performing, and failing to provide them with a voice to influence decisions which affect them. Decentralisation was seen as a way of addressing those shortcomings”.
- “Decentralisation has surfed the ‘third wave’ of democratic expansion (Huntington 1991), which saw the doubling of the number of democracies in the world between 1974 and 1995, and has since continued”.
- “The third imperative for devolution comes from the managerial and economic arguments dating back to Adam Smith [1776] concerning the efficiency of government”.

The essence of DAPP was the empowerment of regional administrations in their relationship with the central bureaucracy. The bupati in each district was given responsibility for the agencies, representing the 24 central government ministries which were to be administered at kabupaten level. Kanwil and Kandep offices were
abolished and most tasks transferred to the district offices (Dinas Daerah) which were not subject to direct control from the central government. The pilot project “set procedures, standards, and schedules for transferring autonomous tasks which were more specific and imperative than those of Law No. 5 of 1974” (Niessen 1999: 109).

The DAPP project was the first apparent effort to genuinely implement the decentralisation aspirations established in the 1974 Law on Regional Government. After a difficult initial phase, most ministries and provincial governors were supportive and co-operative. However, some sectoral departments, and some provincial governments, were reluctant to fund projects which could limit the authority of the central government departments. The inability, or the unwillingness, of the provincial governments to transfer resources was particularly detrimental to the scheme. Moreover, projects selected for the pilot scheme were not necessarily those prioritised by the kabupaten administrations. The consequence of this top-down approach to decentralisation resulted in discontent arising at all levels of government (Yusuf 1997). The top-down approach extended even to the position of organisational structures for Dinas Daerah, the supposedly autonomous district agencies.

The DAPP program was under-resourced. While the central government gave the selected kabupaten greater responsibilities it failed to provide commensurate funding to ensure effective execution of these responsibilities (Buising 2000: 8; Usman 2001: 7). Before the DAPP experiment, while decentralisation was subject to the principle of deconcentration, the transfer of tasks to the district administrations had been accompanied by the transfer of personnel, finance and the necessary equipment from the central government.

In July 1997 President Suharto proclaimed that this program to devolve authority to the regency administrations would continue. He dismissed fears of national disintegration arising from the Indonesian financial crisis (see below), and emphasised that local authorities must have more authority in the development of

160 The areas of responsibility handed over to the kabupaten included animal husbandry, education and culture, fisheries, health, home industries, land transport, manpower, public housing, public works, social services, and tourism (Holland 1999: 217).

161 The ministries of education and culture, information and religious affairs in particular objected to delegating aspects of their authority to the regencies (Holland 1999: 217)
their regions which would leave the central government free to concentrate on strategic affairs.\textsuperscript{162} The following week, these sentiments were supported by the State Secretary, Moediono, who stated that the move towards regional autonomy was essential because he believed that authoritarian regimes were destined to fail.\textsuperscript{163}

Holland (1999:217) suggested that there were three areas which needed to be addressed, if the DAPP program was to be implemented throughout Indonesia:

1. The regional head is not subject to significant responsibility towards the regional legislative council. A more significant political reform may therefore be to strengthen the position and authority of the legislative councils. Another concern is the problem of differing levels of income or economic development between regions. The pilot program was based on more affluent regencies. Even if it had been successful, what implications does it have for less advanced regencies? A third concern with the pilot project is that officials in Jakarta may still perceive autonomy only as a process of the central government turning over limited affairs and resources to local authorities. In particular there has been a reluctance to provide local administrations with sufficient financial powers, quality personnel and adequate infrastructure.

The persistence of top-down decision-making, and the failure to advance requisite funding to the \textit{kabupaten} administrations, was fundamental to the failure of DAPP. However, of even greater significance was the stifling of debate and subsequently the suppression of a more valid institutional approach towards decentralisation at both the central and local level. Certainly, DAPP did provide an important step in promoting decentralisation by creating some political momentum (Beier 1997). In 1997 the Indonesian government reconsidered its decentralisation agenda and deferred the extension of the program to other districts.

\textbf{3.2. Changes in Regional Taxation}

Law No. 5 of 1974 regulated and defined the financial status which existed between the central government and the regions. The main recurring variable of these fiscal arrangements was the dependence of local government on central government grants. Four main income sources were available to district (\textit{kabupaten} or \textit{kota}) governments:

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• **Grants** from the central government constituted the major contribution to regional administrations. Under the taxation system the government collected revenue at the centre; it was then reallocated as Subsidies for Autonomous Regions (SDO)\(^{164}\) to all regions. These grants provided 40 percent of routine expenditure, 95 percent of which was to pay the salaries of all tenured staff employed by the regional governments (Devas 1997: 356; Niessen 1999: 113). In theory, this practice was designed to foster equitable development across the nation. However, in calculating the SDO, the central government chose a demographic formula rather than an assessment of the region’s economic contribution. The consequence was regional governments in resource rich areas with small populations received inadequate funding for development, thus compromising their long term potential.

This distribution of grants was considered discriminatory by people from the outer islands. Most value adding processes occurred in the more developed and populous centres, especially on Java, where the major industrial and service infrastructure was concentrated. The less populated outer islands, despite their abundance of natural resources, developed slowly with their restrictive and smaller subsidies. The wealth of the country, its export earnings and tax revenue, was being drained from the outer islands, while most public expenditure was benefiting Java, and specifically the capital, Jakarta (Booth 1992: 30; Devas 1989: 11). “There were many who felt that they had never really enjoyed the fruits of 30 years of New Order Development, but instead bore the brunt of collusion and nepotism from the centre” (Sulistiyanto and Erb, 2005: 1)

Grants had to be approved in principle by technical departments, by the Ministry of Home Affairs by the National Development Planning Board (**Bappenas**),\(^{165}\) and by the Ministry of Finance. This eroded most autonomous activities by the regions (Turner and Podger 2003: 10). The Presidential Instruction (**Inpres**) grants for the districts (**kabupaten** or **kota**) were allocated on a per capita basis; the greater part of this grant was directed to the development and maintenance of infrastructure (Davey 1989: 175). This high dependence on central government finance was ascribed to the lack of a substantive tax base

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\(^{164}\) SDO: **Subsidi Daerah Otonom**

\(^{165}\) **Bappenas**: **Badan Perancang Pembangunan Nasional**
in the regions, especially during the period 1974 - 1982, when the central government received huge revenues from the oil and gas sector (Ranis and Stewart, 1994: 45).

- **Direct revenue** or the district’s own income (PAD), which came from local taxes, local service fees (*retribusi*) and the profits from local government ventures. Generally, a district’s own income accounted for about ten percent of the district budget, although direct revenues were slightly higher in urban areas than in rural areas (Devas 1989: 246). Peripheral taxes allocated to the regional governments, which brought in some minor income, included the entertainment tax and the street lighting tax. Others, such as the dog tax and radio tax, were insignificant in volume and value.

- **Assigned revenues** were taxes and service fees levied by the central or provincial government which were assigned wholly or in part to the district government. Substantial assigned revenue came from the Land and Building Tax (PBB), which was a central government tax. Ninety percent of the total yield of this tax was assigned to the provinces and the districts. Of this sum, 20 percent went to the provinces and 80 percent to the district governments (Niessen 1999: 113fn).

- **Loans**, domestic or from foreign donors, supplied one percent of regional government revenues (Niessen 1999: 113).

The government of President Suharto did little to encourage revenue collection by local authorities. Indeed most government intervention was to eliminate or reduce local taxes (Davey 1989: 179). Consequently, local governments had little fiscal autonomy. Central government priorities largely determined the scale and scope of expenditures. By the mid 1980s the decrease in oil revenues signalled a need for more urgent attempts to increase revenue by expanding the tax base and

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166 PAD: *Pendapatan Asli Daerah*
167 Devas (1997: 357) notes that with central government paying the salaries of regional government staff, “...there is every incentive for local governments to ask for as many staff as possible, since they bear none or virtually none of the costs. As with any ‘free’ resource, there is a great deal of waste. One example of this is the employment of staff to collect tiny amounts of local tax, sometimes house-to-house. The revenue collected may be less than the cost of the staff involved, but for local government, even the small amount collected is a net gain since the staff cost is effectively zero”.
168 PBB: *Pajak Bumi dan Pembangunan*
169 For example, the central government halved the tax on hotels and restaurants in major cities and tourist centres and abolished tax on local production (Davey 1989: 179).
reassessing the economic impact of local taxation. The economy slowed into the next decade with widespread social consequences. Amongst other irregularities, overt and covert local taxes became a serious barrier to internal trade. The imposition of taxes and charges on domestic trade seriously weakened the competitiveness of farmers and other small-scale agricultural producers (Goodpaster and Ray, 2000: 1).

In response to the 1997 -1998 Asian Financial Crisis (Krismon), President Suharto approved Law No.18 of 1997. This law prevented the use by local administrations of local taxes (PAD). All monies had to be sent to the central government (World Bank 2001: 1). Law No. 18 of 1997 annulled the former (emergency) Law No. 11 of 1957 concerning taxation and Law No. 12 of 1957 concerning service fees (retribusi), and abolished some provisions of Law No. 32 of 1956 concerning financial relations between the centre and regions (Niessen 1999: 114-115). The central government was obliged to meet its international obligations and so avoid default on large impending loan repayments. It was imperative the government increase the flow of revenue from the regions into the central government coffers. The reform of local taxes and fees came into effect on January 1, 1998.

Prior to the introduction of Law No. 18 of 1997, farmers and other rural traders were forced to pay various fees, taxes and charges along the route to market. With the introduction of the 1997 Law, provincial and kabupaten authorities were no longer permitted to tax agricultural products moving within the country (Goodpaster and Ray, 2000: 1). Holland described this new system of local taxation as providing a better financial foundation for significant regional autonomy. He predicted that new

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170 See also Booth 1986; Holland 1999; Ranis and Stewart 1994.
171 Krismon: Krisis Moneter
172 Undang-Undang Nomor18 Tahun 1997 mengenai Pajak Daerah dan Retribusi Daerah
173 Holland explains: “The pressures on local administrations to raise revenue had led to a proliferation of local taxes and levies. Many were uneconomic to collect, were used to extort bribes or were clearly detrimental to business. In July 1997 a new reform package slashed the number of local taxes from 42 to nine and local fees and levies from 192 to 30. Provincial administrations were permitted to collect only three taxes, on motor vehicles, on motor vehicle transfers of ownership and on petrol. Regency administrations were permitted only six taxes, on hotels and restaurants, entertainment services, advertisements, street lighting, quarried minerals and ground water” (Holland 1999: 218).
174 Undang-Undang Nomor11 Tahun 1957 mengenai Peraturan Umum Pajak Daerah
175 Undang-Undang Nomor12 Tahun 1957 mengenai Peraturan Umum Retribusi Daerah
176 Undang-Undang Republik Indonesia No.32 Tahun 1956 mengenai Perimbangan Keuangan antara Negara dan Daerah-daerah yang Berhak Mengurus Rumah Tangganya Sendiri
tax revenue would increase as local economies expanded. He considered that, in contrast with the past, the new tax regulations would provide an inducement for local administrations to foster economic activity. In his opinion, the new tax regime would also create a “stronger financial base for decentralised decision-making” (Holland 1999: 218). Law No. 18 of 1997 took an important step towards revenue-sharing between the central and local governments.

While the 1997 Law aimed to clarify the distinction between taxation and service fees, total receipts from the district administrations continued to be transferred to the central government. Kabupaten and kota governments had to restrict public works as local income diminished. The central government maintained its guarantee of the payment of salaries of the district bureaucracies, plus a small incentive payment. However, there was no funding for local government development projects or enterprises. By 1997, Indonesia was experiencing some of the worst effects of the Asian financial crises. In addition, massive forest fires were burning uncontrolled over large areas of Kalimantan and Sumatra. In other parts of the archipelago widespread drought reduced the primary rice crop. Subsequently, with the appointment of President Habibie, Presidential Instruction (Inpres) grants were abandoned, leaving district administrations in a parlous financial state.

3.3. The Impact of the Asian Financial Crisis of 1997 - 1998

After almost thirty years of rapid and uninterrupted growth, low inflation and a relatively stable currency, by August 1997, following a dramatic plunge in the rupiah, the Indonesian economy faced a severe economic crisis (Pritchett, Sumarto and Suryahadi, 2002: 3). The rapid fall of the rupiah exposed the underlying weaknesses in the financial and banking sectors. Major companies defaulted on foreign and domestic loan repayments, interest rates soared, and unemployment and inflation rose drastically. Panic selling of the currency by Indonesian companies revealed the private foreign debt-level was far higher than had been recognised. Worse still, Bank Indonesia appeared unaware of the extent of indebtedness, indicating the

177 Prior to Law No. 18 of 1997, there were approximately 40 kinds of regional or local taxes and 180 user charges applied throughout Indonesia. Law No 18 of 1987 abolished the vast majority of local taxes, replacing them with three provincial taxes and 30 district levies (Goodpaster and Ray, 2000).

178 Drought caused the worst rice harvest in six years. The rise in the cost of fertiliser and pesticide exacerbated the situation (Cameron 1999: 17-18).
bank’s managerial skills and capacity were inadequate to address and regulate Indonesia’s financial markets (Sherlock 1998).

The Indonesian Government’s initial response to the pressure on the rupiah was generally seen as pragmatic and decisive (Sherlock 1998). In addition to floating the currency and increasing interest rates, a number of policy announcements were made in September 1997. These included the reorganisation of the banking sector; adjustments to cut tariffs to facilitate exports; the postponement or review of capital-intensive development projects; and the elimination of certain restrictions on foreign equity in Indonesian companies. At this point, however, the government gravely underestimated the strength of forces outside the immediate political arena. There were extensive forest fires in Kalimatan and Sumatra, and widespread drought, alongside the deep and ubiquitous economic crisis affecting every stratum of Indonesian society. Within a month the rupiah, dropped to one-fifth of its mid-1997 value (Niessen 1999: 342). This was an economic and fiscal contraction of profound and lasting magnitude.

When Krismon struck in 1997, a system of general subsidies was hastily introduced as a safety net. Total subsidies amounted to three percent of the GDP in 1997-1998. Petroleum subsidies accounted for half of the total; food subsidies for 40 percent.179 Subsidies for electricity, medicines and fertilisers made up the balance (World Bank 2001a). With the realisation that Indonesia’s monetary reserves alone were insufficient for a national recovery, the government agreed to seek urgent recourse with the International Monetary Fund (IMF) (Soesastro and Basri, 1998: 7).

3.3.1. The Government of Indonesia, Krismon and the IMF
In approaching the International Monetary Fund for help in 1997, President Suharto initially sought only a modest financial package, with no conditions attached. As the magnitude of Indonesia’s problems became evident, a much larger loan had to be negotiated. Not only was the country effectively bankrupt, with its “banking system eviscerated of its resources to fund money-losing enterprises of the country’s elite, but their most trusted counterparts were either not aware of what was going on, or, more likely, were too cowed to speak” (Guggenheim 2004: 12).

179 The food subsidies were primarily on rice, soybeans, wheat flour, soybean meal, and fish meal (World Bank 2001a).
While the IMF was willing to help the Indonesian government, it would not contemplate multi-billion dollar loans without unequivocal concessions and a greater degree of political, ethical and economic reform. There was an expectation that, in return for the loan, Indonesia would have to agree to terms set by the IMF that could be politically awkward for the President. International opinion read the entry of the IMF as the opportunity to attack and alleviate the country from corruption, collusion and nepotism (KKN) widely recognised as seriously entrenched.\(^{180}\) If the confidence of the international market was to be re-established those issues had to be addressed (Soesastro and Basri, 1998: 10-11). Monopolies directed by cronies of Suharto, plus the blatant commercial privileges extended to enterprises of the Suharto family, had to be dealt with. The banking sector was an area of prime concern.\(^{182}\) The IMF also wished to abolish the subsidy for the primary necessities of life. In public, President Suharto readily acceded to these terms, but in practice he adopted halfway measures, and especially shielded those enterprises belonging to his network of family and cronies. There was also political resistance to rolling back subsidies on basic needs. This provoked the IMF to postpone the transfer of the promised loan and to renegotiate new terms.

In late October 1997 the IMF announced a $US 43 billion rescue package,\(^{183}\) with contributions from the World Bank and the Asian Development Bank (Soesastro and Basri, 1998: 11). The loan was designed to stabilise Indonesia’s currency and restore confidence in its financial markets. A number of conditions stipulated the procedure for restructuring the country’s financial sector: deregulation of parts of the economy; reduction of government expenditure; an overhaul of trade and industry policies; and improvement of transparency in relations between business and government (Sherlock 1998). This especially sensitive last condition finally heralded the dismantling of the monopolies and the severing of the special assistance deals for Presidential cronies.

\(^{180}\) KKN: korupsi, kolusi, dan nepotisme

\(^{181}\) It is suggested that during the New Order thirty percent of $US30 billion of foreign aid disappeared into private pockets. Apart from routine corruption, the system also allowed for large scale plunder of natural resources (Schulte Nordholt and Hanneman 2003; Schulte Nordholt and Van Klinken, 2007: 7).

\(^{182}\) The government made known its intent to amalgamate state banks, and recommend that private banks should also investigate the prospect of mergers. It indicated that insolvent banks would be liquidated (Soesastro and Basri, 1998: 9-10).

\(^{183}\) According to Soesastro and Basri, (1998: 11) “the total package consisted of a ‘first line of funds’ the $23 billion multilateral package negotiated with the IMF, and a ‘second line of funds’ provided by bilateral donors”.

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In January 1998, the IMF questioned President Suharto’s commitment to implementing the program. The IMF returned to Jakarta to “rescue its rescue program” (Soesastro and Basri, 1998: 22). The second agreement with the IMF, a much strengthened and reinforced economic program, was ultimately signed by President Suharto. He pledged to sweep away monopolies, subsidies, tariffs and tax breaks for pet projects. Conditions of the second agreement required Indonesia to reform its financial sector, reduce fiscal expenditure and radically change the nature of government involvement in the economy.

Disagreements between the IMF and the Indonesian government over implementation of proposed reforms became a focus of controversy. Much of the disagreement derived from the fact that the IMF offered a combination of a financial rescue package together with an economic reform program. The IMF was criticised for applying a formula which was considered by many as inappropriate for Indonesia. It was too difficult to implement in the time allowed; and did not alleviate the immediate problems (Sherlock 1998). The IMF granted that details of the package could be renegotiated, but forewarned such crises would recur unless Indonesia’s economic institutions were substantially reformed. The Indonesian Government and the IMF finalised a third IMF program in April 1998 (Johnson 1998: 3). IMF III saw the monetary policy tightened substantially, and five working groups established to facilitate negotiations on the key issues: monetary policy; banking sector reform; the 1998 - 1999 budget review; structural reform; and external corporate debt restructuring (Johnson 1998: 31). The government’s economic agenda continued to be constrained by its agreements with the IMF. A fourth agreement was signed in July 1998 (Cameron 1999: 18).

Succeeding Indonesian Presidents continued to negotiate with the IMF. The IMF was determined that the Wahid administration would bring about austerity measures in return for its $US 5 billion bailout package. In 2000, despite the ever deepening economic crisis, the Wahid government yielded to many of the IMF’s demands, including cuts to subsidies on electricity, fuel, fertiliser, education and generic medicines. In December 1998, the IMF successfully pressured Jakarta to introduce ‘free trade’ in rice and sugar and to end all subsidised credit for farmers.

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184 This included cutting subsidies on oil products; abandoning cartels in cement, paper and plywood; and ending monopolies of the commodities regulator National Logistics Agency, Bulog (Soesastro and Basri, 1998: 24).
This last condition sent many more farmers into abject poverty. The IMF insisted that all remaining government subsidies on fuel, cooking oil and other staples be eliminated (Hinman 2001: 31).

IMF involvement in Indonesia was widely criticised, especially the inflexibility of its structural adjustment program and failure to understand the social consequences of these measures. The argument was that such dire conditions required greater budgetary flexibility to subsidise basic needs in order to moderate social unrest (Johnson 1998: 29). According to Hinman (2001) the 1997 - 1998 economic crisis was exacerbated by the Wahid government’s decision in 2000 to go along with most of the IMF’s austerity plans. It was the mass of helpless people, the workers and peasant farmers, who bore the brunt of these economic ‘reforms’ (Lane 2000). The Indonesian Consumers Foundation and others argued that the IMF’s endeavour to unfetter commodity trading by breaking Bulog’s monopoly was badly timed, when other market mechanisms and anti-trust legislation were not in place (Johnson 1998: 29). While the IMF was insistent on initiating measures which could impoverish millions of Indonesian farmers and workers, it chose to ignore public demands to query the immense wealth of the extended Suharto family, which some estimated to be in excess of $US 100 billion (Hinman 2001).

3.3.2. The Impact of Krismon on the Indonesian People

By May 1998 the country was suffering a full-scale economic and political crisis. The synergistic effects of fiscal chaos, ecological, economic, and political emergencies were unprecedented (Gunawan 1999). Domestic prices, particularly of food staples, skyrocketed. The general inflation rate stood at 78 percent in 1998 while food prices escalated by 118 percent (Pritchett, Sumarto and Suryahadi 2002: 3; Sumarto, Suryahadi and Widyanti, 2001: 2). In the wake of the 1998 riots, there were fears of mass starvation; of widespread unemployment; and of devastating poverty (Jacquand 1999: 391).

In the words of Jacquand (1999: 394), “Indonesia hit rock bottom during the summer of 1998”. An impression of virtual chaos gripped Jakarta as riots and soaring inflation appeared to bring the nation to a standstill (Jacquand 1999: 394). The social impact of Krismon was both immediate and substantial. Real wages, for formal

185 Fertilizer subsidies were restored by the government of Megawati Sukarnoputri in 2003 (Marks 2009: 48).
186 *Bulog: Badan Urusan Logistik*, National Logistics Agency
sector workers, fell by a third between August 1997 and August 1998. Some recovery was evident in 1999 when nominal wages finally began to rise (Pritchett et al 2002: 3). Given the flexibility and mobility of the Indonesian labour market, and the dominance of the informal sector and the self-employed, the official measure of open unemployment was not a meaningful measure - it rose only from 4.7 percent in August to 5.5 percent in 1998 and to 6.4 percent in 1999. The 100 Villages Survey (SSD) showed real per capita expenditure falling 17 percent between May 1997 and August 1998 (Pritchett, Sumarto and Suryahadi 2002: 4). By August 1998, the generalised rice subsidy was replaced by the Special Market operation (OPK) a targeted subsidy on lower quality rice (World Bank 2001a). In early 1998, an attempt to limit the fuel subsidy met with violent protests, forcing the government to roll back planned price increases. At the heart of the crisis loomed the huge foreign debt which was further inflated by the activities of the private sector.

A SMERU report (Hardjono 1999) described the stages of deteriorating living conditions. The report stressed the immediate impact of Krismon on most households with sudden price rises especially of rice, cooking oil and other basic foodstuffs. With no associated increase in income, living standards deteriorated rapidly. The second stage followed closely. Jobs and other sources of livelihood either diminished or disappeared entirely. Non-agricultural employment, especially in rural areas, disappeared. Eventually, there was little demand for local non-food products. Traders were unable to sell urban-made household goods, such as plastic containers; or fabric or clothing; and some even found it difficult to sell foodstuffs. Higher fuel prices raised the cost of travel thus making commuting to work uneconomic for many villagers. The purchasing power of communities fell abruptly. Small producers were most seriously affected. The drop in demand for household

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187 The number of people living under the poverty line rose to 27.1% of the population in February 1999, compared to 15.7% in the previous three years (Sumarto, Suryahadi, and Widyanti, 2001:2).
188 See Feridhanusetyawan (1999); Manning (2000)
189 SSD: Survei Seratus Desa is discussed in Chapter 5
190 OPK: Operasi Pasar Khusus is discussed in Chapter 6
191 Largely due to increasing world fuel prices, the system of subsidies ballooned to 4.2 percent of GDP in 1989 - 1999. A successful reduction in the fuel subsidy occurred in October 2000, when the poorest consumers were compensated through a combination of public works programs and cash assistance (World Bank 2001a).
192 The events of 1998 hastened the diversion of Chinese-Indonesian capital from Indonesia (Maxwell 1999).
193 SMERU: Social Monitoring & Early Response Unit, a Jakarta-based research unit with support from the World Bank, AusAID, the ASEM Trust Fund, and USAID.
goods had a direct impact on village furniture makers, for example, who had traditionally produced for local buyers (Hardjono 1999).

The next stage, as described in the SMERU report, noted an increase in competition in any profitable business activity. Where the normal shifts of labour were related to the agricultural cycle and length of the dry season, there was a ripple effect as people began to change their occupations more frequently. People with falling incomes sought any job to survive, ever downgrading to occupations yielding a lesser income. For example, unemployed construction workers from Jakarta returned to their villages, to become seasonal agricultural labourers wherever a job opportunity existed, even though remuneration was far below that previously available in the city. Men who had once worked as agricultural labourers became becak drivers in the towns and cities (Hardjono 1999).

The loss of subsidies and general reduction of funding for basic infrastructure was universally felt during this period. However, the impacts were uneven. Many farmer and fishing groups prospered as a result of devaluation. For example, prices of most export crops – cocoa, coffee, copra, palm oil, pepper, rubber, spices, and tea - increased rapidly in the wake of currency devaluation (Akhmadi 2003: 28; Booth 1999: 26). Not everyone in high export production districts benefited from the higher prices, but millions did, and many more benefited indirectly from the flow-on of disbursements (Booth 1999: 26).

In Kabupaten Cirebon, as the effects of Krismon seeped into villages, many small enterprises closed. In Kecamatan Beber, a remote and mountainous district:

- In 1999, twenty percent of the workforce in Desa Sindangkasih was involved in a handicraft industry producing small bamboo and wooden toys and small purses and handbags. By 2002 this industry no longer existed.
- The people of Desa Cikancas could no longer find a market for their wood and bamboo handicrafts which were formerly sold in Jakarta and Central Java.
- Women in Desa Jatipancur could find no market for their empeng.194
- In Desa Kamarang Lebak one manufacturer of bamboo artefacts closed down. There was simply no longer a market for handicrafts made by the villagers.195

194 Empeng: chips made from cassava
Kecamatan Plumbon borders the city of Cirebon and is less isolated than Kecamatan Beber. Plumbon is the centre of the burgeoning rattan industry in Cirebon. There is also a very busy market place in Plumbon. Yet, in Desa Cikeduk, in Kecamatan Plumbon, only 76 of 116 furniture manufacturing businesses survived the monetary crisis. In 1999, half of the workforce of Desa Cikeduk had been employed in these businesses.196

Diminishing returns from agriculture; the harsh and often corrupt imposition of new tolls and taxes, compounded by the catastrophe that was Krismon; saw a steady flow of men and boys from the villages to the cities. Many of them worked on construction sites in Jakarta and other large cities. The people who drifted to the big cities hoped for labouring jobs in the building industry, but many finished up driving becaks.197 Some Cirebon workers went to Malaysia, but a crackdown on illegal workers by the Malaysian government saw many of them return to Cirebon. In 2002, 300 men from two of the mountain villages in Kecamatan Beber travelled to Fremantle in Western Australia to sign up as crew on Japanese boats which fished for tuna in the Southern Ocean. By 2002, men said that Jakarta was no longer a good place to work. There were few jobs; the increased traffic made it an unsafe environment; air pollution rendered the city an unhealthy place to live and work. They also complained that the bad roads, and increased traffic, between Jakarta and Cirebon made travelling too difficult.

By early 1998, there was genuine concern as to whether achievements in the social sector, and in poverty reduction over previous decades, could be restored. Largely due to increasing world fuel prices, the system of subsidies ballooned to 4.2 percent of GDP in 1989 - 1999. A SMERU report (Sumarto, Suryahadi and Widyanti, 2001: 4) observed that before Krismon, Indonesia was one of the world’s most rapidly growing economies. Between 1986 and 1996, average annual GDP growth was approximately 7 percent.198 Rapid economic growth produced a marked

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197 In 2002, Kota Cirebon had about 8,000 becaks. The drivers could make up to Rp.15,000 (about $US 1.70) a shift. In the desa they can earn only Rp.8,000 a day, which is less than a dollar, not enough for food and cigarettes, and never the hope of buying a motor bike. The drivers were seldom the owners of the becaks.
198 From 1967 to 1996, average per capita incomes increased 5.1%, including the bottom quintile. However, average per capita incomes dropped by 0.4% per year, while the incomes of the bottom quintile fell 3% per year, the result of a 13% drop in GDP in 1998; a flat economy in 1999; and slow growth since. This reversal of fortune is one of the most dramatic in recent history (Timmer 2004: 184).
improvement in living standards. Between 1970 and 1996, the section of the population living below the official poverty line fell from 60 percent to 11 percent. The report affirms that “other indicators were also encouraging: infant mortality rates fell, school enrolment rose, and the provision of basic infrastructures – water supplies, roads, electricity, schools, and health facilities – expanded throughout the country.” Fears of the distorting social impact of Krismon prompted the government to react sharply to safeguard basic incomes and guarantee some access to social services for the poor (Jacquand 1999: 391; Sumarto, Suryahadi and Widyanti, 2001: 2).

Early in 1998 the government established a Social Safety Net program (JPS). The high expectations of this program were the focus of a speech by President Suharto to the national parliament on August 15, 1997. The President explained that the JPS program was aimed at integrating special development programs to overcome the impact of the crisis “including those dealing with disparity, poverty and backwardness” (Hatmadji and Mursitama, 2003: 266). Funding for the program came from the state budget and was augmented by the World Bank, the Asian Development Bank loans, and various bilateral donors (Sumarto, Suryahadi and Widyanti, 2001: 3). The fear of a widespread banking collapse caused the Central Bank to issue a blanket guarantee of inter-bank loans in January 1998 which, in turn, spurred the issue of money to almost triple between 1998 and 1999 (Deuster 2002). In December 1998, because of weak bureaucratic backing in the regions for the Social Safety Net Programs, and the dearth of adequate data for targeting purposes, the World Bank postponed the disbursement of its $US 1 billion loan for the fiscal year 1998 - 1999. The funds were released to the new government after the 1999 elections (Cameron 1999: 28).

3.3.3. Krismon and the Demise of the New Order Government
The beginning of the end of the Suharto presidency can be flagged by the strategic prevention, by the central government in 1996, of Megawati Soekarnoputri continuing in the leadership of the Indonesian Democratic Party (PDI). This action heralded two years of widespread demonstrations and chaos (McLeod 1997a: 4). In the lead-up to the general elections of 1997 these demonstrations under-scored the existence of a deep-rooted discontent and disillusionment with the New Order

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199 JPS: Jaring Pengaman Sosial is discussed in Chapter 6
200 Megawati Soekarnoputri, leader of the Indonesian Democratic Party (PDI: Partai Demokratis Indonesia) and daughter of Indonesia’s first President Sukarno
administration. However, Golkar secured another comprehensive electoral victory though tainted by “serious allegations of intimidation and fraud” (Niessen 1999: 342).

In March 1998, President Suharto was reappointed for a further five-year term by the People’s Consultative Assembly (MPR). He appointed his long-time protégé B.J. Habibie Vice-President, and announced the composition of the New Order’s seventh Development Cabinet (Kabinet Pembangunan), which consisted of members selected on the basis of personal influence and family ties (Niessen 1999: 342-343). The make-up of the cabinet supported the view that the President was making decisions with scant regard to public or international opinion (Johnson 1998: 6). In the cabinet, which only survived for two months, President Suharto created the Coordinating Ministry for Development Supervision and Administrative Reform in an attempt to identify himself with the nation’s emerging reform and anti-corruption movements (Turner and Podger 2003: 12).

A new Minister for Home Affairs, Hartono, was selected. He appointed a team of seven academics (Tim Tujuh), all of whom were political scientists with postgraduate qualifications from Northern Illinois University and who maintained close links with overseas agencies ideologically committed to decentralisation (Schulte Nordholt and Van Klinken 2007: 12). Under the leadership of Professor Ryaas Rasyid, rector of the Institute for Government Studies (IIP) they were instructed to review basic laws on political parties, elections, and membership of parliament (Turner and Podger 2003: 13). Parallel to Tim Tujuh, a Parliamentary Committee II began a similar task with the assistance of a newly installed team of legal experts called the National Legislation Program. This indeed was an innovative experiment. Previously parliament offered the only forum where legislation submitted by the government was debated (Niessen 1999: 344).

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201 Two of the most blatant and ostentatious examples were Suharto’s appointment of his daughter Siti Hardiyanti (Tutut) as Minister for Social Affairs; and of his friend and business partner Mohamad (Bob) Hasan, the timber tycoon, as Minister for Trade and Industry (Johnson 1998: 6). They were both bitterly detested public figures (Niessen 1999: 343fn). After Suharto stepped down in 1998, a series of court judgments against Hasan exposed evidence of his crimes. He was fined Rp.50 billion as a result of a lawsuit filed by several youth organisations, alleging that Hasan had ordered the burning of forests in Sumatera and was sentenced to imprisonment for causing a US$ 244 million loss to the Indonesian government through fraudulent forest-mapping in Java in the early 1990s.

202 IIP: Institut Ilmu Pemerintahan

203 Program Legislasi Nasional
Meanwhile, the continuing decline of the rupiah and the upward rocketing prices of consumer goods sharpened public disillusionment with the lack of government commitment to the plight of ordinary Indonesians. Social unrest was a predictable consequence of the economic crisis. There were disturbances throughout Java, on Lombok and in Bima and Sulawesi. The foci of the riots were retail traders who were accused of both hoarding basic goods and unjustly raising prices. As a large section of these small business people were of Chinese origin, underlying ethnic tensions were easily inflamed. The disturbances continued unabated. Soesastro and Basri (1998: 36) suggest that the Chinese community became a scapegoat, as the government and leadership endeavoured to deflect attention from their inability to deal with the crisis. The brutal killing of four students, on May 11, 1998 at Trisakti University in Jakarta, stunned the nation. Mass rioting erupted, and groups of students succeeded in occupying the parliamentary buildings on May 17, 1998.204 The students’ actions were supported by a wider public, which now included the Islamic groups Nahdlatul Ulama and Muhammadiyah, all demanding Suharto’s resignation (Johnson 1998: 8). Concomitantly, the crisis provided a further stimulus for people in the regions, once again, to press for greater autonomy or for outright independence.

On May 21, 1998, to everyone’s astonishment, Suharto surrendered the presidency to his protégé, Habibie, during an unpretentious ceremony. The end of the Suharto regime came quickly and quietly:

The end of the New Order came faster than many expected, but later than others had hoped. Three decades of authoritarian rule crumbled as the political elite in Jakarta withdrew the de facto legitimacy they had so long invested in Soeharto, and turned to another concept for inspiration. This was the notion of reform, an amorphous desire for change that lacked a concrete program or a specific champion (Hull and Adioetomo, 2002: 236-237).

The resignation of President Suharto “released powerful and democratic regionalising forces” (Turner and Podger 2003: xii). Simultaneously, it gave rise to three interrelated difficulties: the budget approved for the fiscal year running from April 1998 to March 1999 was no longer operative; approval was needed for a new IMF agreement, which in turn required a new budget; and the IMF program required the

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204 During two days of devastating rioting, looting and destruction in Jakarta, there were “500 deaths, 4,940 buildings and 1,026 homes being damaged or looted and 1,120 cars and 821 motorbikes being set ablaze. Initial insurance claims were estimated at about $US 200 million” (Johnson 1998: 8-9).
arrangement of external financing of the government deficit (Pritchett, Sumarto and Suryahadi, 2002: 5). Although Habibie removed the Suharto hard-liners from military leadership, the transfer of power to Habibie implied that the reform agenda would be directed by a person who had been profoundly involved in the system he was meant to change (Hadiz 2005: 38; Hull and Adioetom, o 2002: 236-237). Habibie presented himself as a transitional leader. Even though, as a minister in the Suharto government, he had been closely associated with extravagant industrial investment and development schemes, there was a perception that he should have the benefit of the doubt, so long as he did not hamper reform (reformasi). He faced the demands of the electorate with a degree of enthusiasm. He was, however, beleaguered by the political baggage of Golkar. The legitimacy of his presidency remained contested (McBeth 1998a: 20-24). His ministry was dominated by leaders from the Suharto era, many of whom were suspected by the public of corruption, collusion and nepotism (KKN). Accordingly, the New Order administration remained intact, albeit with no resources to implement its programs.

3.4. The Interregnum of President Habibie
The interim government of President Habibie acted well outside the limits of an interregnum administration, and forged ahead to produce a spate of new legislation (Turner and Podger, 2003: 2). Under intense public pressure, the reform movement was underway. By July 1998 Habibie had several positive achievements to his name:

- he began to dismantle and restructure weak sectors of the economy;
- released some of the New Orders political prisoners;
- granted the freedom to establish political parties;
- effectively negotiated with the IMF for new loans; and
- abolished press control, resulting in the explosion of print and broadcast media.

Nevertheless, the president faced a monumental challenge to transform the existing authoritarian government into a multi-party democracy, while the economy continued to show little sign of recovery.

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205 In 1994 the government banned three news magazines, Tempo, Detik and Editor, for publishing stories that B. J. Habibie, then the Minister of Technology, had brokered the controversial purchase of outdated East German ships for the Indonesian navy at a much inflated price. The ban triggered journalists’ protests, and the establishment of the Alliance of Independent Journalists (CNN.com/World February 21st. 2001)

206 Bourchier (2000: 31) argues that “He [Habibie] had no choice but to ride the wave of reformasi. He did not free the press, and neither did he establish the right to organise parties and unions. These rights were seized by the population clamouring for democratic freedoms. If he had tried to halt reform he would have been swept away, because he was condemned as Soeharto’s creature”. 
The reform process was stimulated by the reopening of the dialogue on central-regional associations, and revitalised demands for greater regional autonomy. Dissatisfaction with Law No. 5 of 1974 was sustained among a wide range of academics and administrators who acknowledged deficiencies in the practices of government (Niessen 1999: 345). The goals for reform were described succinctly by Hull and Adioetomo, (2002):

The goals for change – democracy; good governance; human rights; anti-authoritarianism; decentralisation – were widely espoused but little understood. Students marching in the streets; commentators in the press; and the middle-class professionals in offices were infused by a combination of euphoria and fear, the one based on hope for greater freedom and equity, and the latter fuelled by anxiety over the economic crisis enveloping the country in 1998 and 1999. The community saw reform as a possible safeguard and demanded that the new government take steps to implement change (Hull and Adioetomo, 2002: 236-237).

When the New Order regime collapsed, it was predictable that tensions that had built up in the regions would surface. Many in the regions talked about autonomy, or even the possibility of severing their connection with the Republic of Indonesia, offering examples of Eastern Europe and the break-up of Soviet Union (Carey 2001).

Both Tim Tujuh, under the leadership of Ryaas Rasyid, and the National Legislation Program II worked to fashion a legislative framework aimed at producing a truly representative government from the 1999 elections (Turner and Podger 2003: 13). The proposals of both drafting teams were amalgamated to produce the final draft (McBeth 1998a: 20-24). They recommended that parallel with electoral reform, there should be reform to legislation concerning regional government. Accordingly Law No. 22 of 1999 concerning Regional Governance and Law No. 25 of 1999 concerning the Fiscal Balance between the Central Government and the Regions was promulgated before the 1999 elections. The draft legislation of the 1999 Laws

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207 Habibie could not rely on the Suharto-appointed members of the MPR to continue to support his Presidency. The only possible way for him to stay in office was to hold a general election and hope that the people would give him a mandate to remain as President (McLeod 2005: 372).

208 The small group of bureaucrats and academics who drafted this legislation did not “conform to the stereotype of a self-interested policy elite”. They pursued what they believed to be the public interest, although this did not involve participation by civil society (Turner and Podger 2003: xii). In retrospect, Turner and Podger suggest that while such consultation is difficult in newly democratising countries, some opinion seeking would have helped reduce subsequent implementation problems.

209 Fitrani (2005: 60) supports the view that Habibie pressed for the speedy promulgation of these laws to enhance his chances of re-election as President.
was presented to the Indonesian Parliament (DPR) in July 1999 and was passed in record time, with very few amendments. Ryaas Rasyid describes the parliament’s decision on regional autonomy at district level as:

... an acceptable compromise between the two main contending concepts of government reforms, namely the introduction of a federal system under which power would be devolved to the provinces, or the retention of the existing highly centralised system with only small modifications. Neither of these options enjoyed strong public support. Any attempt to shift power to the provinces would have been read by the conservative unitarians as promoting federalism, by extension placing at risk national coherence and integrity. Inevitably this would have ignited a bitter public debate. The Habibie government had maintained from its inception that the period of extreme centralism was over, but it did not wish to be labelled federalist (Rasyid 2003: 63).

Habibie, the first non-Javanese president, was resolute in securing autonomy at the second tier of regional government (*kabupaten* and *kota*). According to Rasyid (2003: 64), the devolution of political and economic authority to this “tier of government was seen as an acceptable middle-way solution.” For the first time, an Indonesian government had instigated a policy to diminish its own powers and hand over significant authority to the regions. The 1999 Laws reflected a genuine commitment to government reform (Rasyid 2003: 63). To realise such an ambitious program Indonesia needed external backing (Turner and Podger, 2003: 129).

There was considerable international support for the decentralisation process. From the early 1990s, the World Bank and donor countries began assisting decentralisation programs. Turner and Podger (2003: 15) report that German-sponsored consultants in the Support for Decentralization Measures (S/DM) program who had been advising on decentralisation in the Ministry of Home Affairs since 1992, gave support to the

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210 One reaction to the resignation of President Suharto was that aspirations for Indonesia to become a federation were openly expressed. For a long time discussions about federalism were taboo.

211 It should be remembered that Art. 11, Paragraph 2, of Law No. 5 of 1974 placed the Focus of Regional Autonomy at the district level (*kabupaten* or *kota*: DATI II).

212 Some observers have suggested that decentralisation should have been implemented at the provincial level since, it was argued, provinces had greater ability to administer all the expanded responsibilities than the *kabupaten* and *kota*. However, the longstanding concern that provinces would become centres for regional disintegration were heightened, especially in areas like Aceh and West Irian where independence movements now more openly challenged to the central government authority (Usman 2001: 4). “The government may have reasoned that individual local government areas are too small to be able to secede and that they would help resist secessionist pressures if they were recipients of substantial transfers from the centre” (Fane 2003: 160).
preparation of Law 22/1999 on regional government throughout the process. They provided recommendations as to what might be included in the law but were mostly used as sounding boards and to provide a critique of the drafting. The Indonesian preparation team showed a high degree of self-assurance concerning their own proposals. Law 25/1999 was subject to more external influences. International Monetary Fund (IMF) intervention led to reduced revenue certainty for regional governments than was contained in the first draft of the law. United States Agency for International Development (USAID) consultants played a similar role to the German Technical Cooperation Agency (Deutsche Gesellschaft für Technische Zusammenarbeit) (GTZ) in its drafting, but again the Indonesian preparation team showed a high degree of self-assurance on what they were proposing.

Law 22 of 1999 concerning Regional Governance was based on the premise that the relationship between the central government and regional administrations would be founded on the devolution model of political decentralisation and no longer on the model of deconcentration (Law No. 22 of 1999 Art. 1). In the preamble to the law it was stated that in the “organisation of Regional Autonomy, it is deemed necessary to emphasise more the principles of democracy, community participation, equity and justice, as well as to take into account the Region’s potentials and diversity”. As Turner and Podger, (2003: 23) explicate “democratisation and participation are the leading objectives” of Law No. 22 of 1999.

3.5. Towards a More Democratic Society?

For the first time since 1955, Indonesia held free and open elections at national, provincial and district levels on June 6, 1999. These elections were a major step forward in building a nationwide political constituency for decentralisation (Forrester 2001). Instead of only the three political groupings, that were allowed to contest elections from 1977 until 1997, 48 parties contested the 1999 elections. This democratisation of the regional parliaments (DPRD) boosted the decentralisation process. The mere act of democratic election changed the outlook and goals of regional DPRDs. It gave DPRDs a voice, and they invariably articulated a message for more power and more authority at local level. However, the areas of responsibility still needed to be clearly defined.

In 1999 President Habibie issued a regulation that civil servants may not be active members of political parties. Subsequently Law No. 2 of 1999 stated that political parties could have branches at subdistrict and village levels, thus abandoning the ‘floating mass’ principle (Antlov 2003b: 200). Political parties had more control. Indeed it
can be said that the political parties were in control. Lobbying became important not only at the centre but also in the regions. Unless members of the DPRD strongly represented the people, this shift in power would not have positive repercussions for the people (Pratikno 2005: 28). Despite the inevitable lack of skills and experience in most -but not all- political parties represented in the DPRDs, they were critical players in the decentralisation process. They controlled local bureaucracies; they drove the thrust of local government; and they and their membership would determine the degree to which corruption was a factor in the local administration.

Even before the implementation of the regional autonomy laws, village heads (kepala desa) were being deposed and elections held for replacements. Where once there was a political culture of silence, a political culture of openness began to be cultivated. At the district level, the DPRD was answerable to all the people of the kabupaten or kota. Furthermore, the new laws deliberately separated the legislature from the executive and local bureaucracy. In this way, it was possible for there to be checks and balances which could regulate and control district officials. If local autonomy was to have any practical meaning, local institutions had to be sufficiently powerful to debate decisions taken by the central government. The central government was, of course, still extremely important. Even in a decentralised democracy either the central government alone, or the central government in tandem with local government, must accept many areas of responsibility.

3.5.1. The Administration of President Abdurrahman Wahid
Following the 1999 election, moderate religious leader Abdurrahman Wahid emerged as the new president from a multiparty post-election negotiation process. Megawati Sukarnoputri, whose party actually had the plurality of seats in the legislature, was assigned the post of vice-president. This situation was a source of considerable inter-party tension which contributed to the destabilisation of the presidency. Nevertheless, the first year of the Wahid government oversaw many changes. It began to restore democratic freedoms and civil rights, and tackle the issue of the role of the military in politics. Planning commenced for the implementation of the 1999 Regional Autonomy Laws to come into effect in January
2001. Parliament was no longer a rubber stamp; there was greater freedom of the press;\textsuperscript{213} as well as a growing trade union movement.

However, the transition was beleaguered with tensions and uncertainty. President Wahid had a tenuous relationship with parliament, which affected the government’s ability to maintain the momentum of reform. The military retained a political role, albeit a limited one.\textsuperscript{214} Public impatience and scepticism were fed by inefficient law enforcement and the slow prosecution of corruption cases, thwarted by an entrenched bureaucracy, police and judiciary. The new freedoms brought to the surface long suppressed ethnic divisions, and there was a deterioration in law and order; and communal violence, especially in Maluku. Secessionist movements became increasingly active in Aceh and Irian Jaya. Meanwhile, the need to secure yet another IMF rescue plan propelled the economy back to the top of President Wahid’s agenda.

President Wahid named Ryaas Rasyid the head of a new State Ministry for Regional Development. While this re-arrangement gave the impression that within the cabinet greater emphasis would be given to regional autonomy, in fact it was more than two months before Ryaas Rasyid had an office and “almost five before he had an operational budget” (Turner and Podger, 2003: 33). Subsequently, in January, Ryaas Rasyid sent a letter of resignation to President Wahid expressing his concerns that the autonomy model was inadequately specified (Sakai 2002: 26).

3.6. Summary

The 1999 Regional Autonomy Laws reinforced the focus of regional autonomy at the district (\textit{kabupaten} or \textit{kota}) level of government. These laws emphasise the principles of democracy, community participation, equitable distribution and justice, while taking into account regional potential and diversity. During the New Order, the deconcentration (\textit{pelimpahan}) model of decentralisation offered neither democratisation nor community participation. The primary objective was to amplify the efficiency and effectiveness of the central government apparatus, and to maximise the flow of wealth from regional resources into the treasury of the central government.

\textsuperscript{213} Early in his presidency, Abdurrahman Wahid abolished the Ministry Of Information effectively ending all censorship of the mass media (Jones 2002: 59).
\textsuperscript{214} A constitutional amendment reduced the chances of members of the military being prosecuted for past wrongdoings.
The move to greater regional autonomy in Indonesia, in the mid 1990s, accorded with a global trend, although devolution policies continued to be half-hearted. However, pressure from the regions and the fallout from the 1997 - 1998 financial crises (*Krismon*) forced the New Order government to begin to explore ways of implementing a more effective model into the regions. The 1999 Laws were promulgated during the interregnum of President B.J. Habibie and were finally executed in 2001 during the administration of President Abdurrahman Wahid.

The implementation of the 1999 Regional Autonomy Laws not only changed the relationship between different levels of government in Indonesia, especially between the central government and the regions, but equally importantly between the executive and the legislative sphere of government. These laws also underpinned a new developing relationship between the state and the people, so that civil society was finally encouraged towards greater participation in democratic government at all levels - national, provincial, district, and village.
Chapter 4

Local Governance in the Reform Era

The implementation of the 1999 Regional Autonomy Laws in 2001 created an historical shift in the focus of political authority in regional Indonesia. Indonesia embarked on simultaneous programs of political, fiscal and administrative decentralisation, moving the country from one of the most centralised political systems in the world to one of the most decentralised. The 1999 Law devolved most functions of government\textsuperscript{215} to Indonesia’s regions – more than 350 districts (kabupaten) and municipalities (kota), who were required to undertake responsibilities for those functions of government which most directly affected the people, including health and education.\textsuperscript{216} The Law changed the relationship between state and regions from one of a top-down form of accountability to local political accountability (Fitrani, Holman, and Kai, 2005: 61). The 1999 Laws “created new opportunities for a revised relationship between state and community” (Antlov 2003b: 194). However, there were those who considered that the pendulum had swung too far towards decentralisation. Law No. 32 of 2004 concerning Regional Government\textsuperscript{217} and Law No. 33 of 2004 concerning Financial Relations between the Centre and the Regions,\textsuperscript{218} were promulgated to consolidate more power and authority with central and provincial governments.\textsuperscript{219}

4.1. The Implementation of the 1999 Regional Autonomy Laws

The 1999 Laws gave regional legislatures (DPRD) the authority (kewenangan) to instigate and promulgate laws and to endorse their own budgets (Antlov 2003b: 199; Rasyid 2003: 64; Rohdewohld 2003: 259). Endorsement of new regulations by the bupati or walikota was required. A copy of the regulation was then forwarded to the

\textsuperscript{215} The key exceptions were national security and defence; international relations; justice; police; development planning; religion; and finance (Bootes 2002: 106; Pratikno 2005: 25).

\textsuperscript{216} These also included the implementation of agriculture, communications, cooperatives, industry and trade, environmental and infrastructure services, and public works.

\textsuperscript{217} Undang-Undang Republik Indonesia Nomor 32 Tahun 2004 tentang Pemerintahan Daerah

\textsuperscript{218} Undang-Undang Republik Indonesia Nomor 33 Tahun 2004 Tentang Perimbangan Keuangan Antara Pemerintah Pusat dan Pemerintahan Daerah

\textsuperscript{219} Within a year of the implementation of the 1999 Regional Autonomy Laws, discussions on decentralisation and regional autonomy policies in Indonesia began to focus on the realities of so-called otonomi keablasan (over exaggerated autonomy), which was the term used to imply that local government had inflated their power in exercising the laws. The term otonomi setengah hati (half hearted autonomy), from the regional perspective, referred critically to the reluctance of the central government to disperse more power and authorities to local government (Hidayat 2009: 143 fn1).
Minister of Home Affairs in report form only. The minister ensured that the regulation did not violate any higher law or the public interest.

Law No. 22 of 1999 specified that functions devolved to the regions must be accompanied by the transfer of the relevant resources – facilities and infrastructure, personnel and funding (Law No. 22 of 1999, Art. 8.1). This is in marked contrast to the 1995 District Autonomy Pilot Program which foundered, in part, through inadequate resources being transferred to participating kabupaten administrations. Significantly, village administrations could decline projects from higher levels of government if they were not accompanied by relevant resources (Law No. 22 of 1999, Art. 100).

During the New Order, regional administrations had little autonomy beyond that permitted under the deconcentration model of decentralisation. Consequently, few regional administrations had any real experience in governing. Niessen (1999: 331) acknowledged that the national public sector in Indonesia absorbed a substantial part of the better educated work force. From the pool of applicants, national departments made their choice, followed by provincial administrations. The district governments had to recruit staff from the remainder. As a consequence, “professionalism and specialisation” within regional administrations were difficult to foster (Niessen 1999: 331). Law No. 22 of 1999 did not give the regional administrations the ‘right to hire’. Not until changes brought about by Law No. 32 of 2004 (Art.129, 2) were regional governments given wide-ranging powers of employment. By the end of March 2001, almost 2.3 million central government personnel had been transferred to the Dinas offices of the regional administrations (Suwandi 2002:17).

Before the 1999 Laws were implemented, Government Regulation No. 25 of 2000\(^{220}\) was promulgated. This regulation specified the roles of the central and provincial governments, including setting standards for service delivery (Antlov 2003b: 208; World Bank 2001b: 2). Although this regulation was intended to clarify the devolution of authority to the provincial government, many uncertainties regarding the process remained (McCarthy 2003: 7; Usman 2001: 8). Subsequently,

\(^{220}\) Peraturan Pemerintah Republik Indonesia Nomor 25 Tahun 2000 tentang Kewenangan Pemerintah dan Kewenangan Propinsi sebagai Daerah Otonomi
Government Regulation No. 84 of 2000221 gave more detailed direction to regional administrations. Government Regulation No. 20 of 2001222 reinstated the hierarchical New Order administrative framework. The Preface to this Regulation (Part b.) stated that to realise local governance that was untainted and free from corruption, collusion and nepotism, it was necessary to supervise local government. Article 3 of the Regulation says the implementation included guidance, training, directives and supervision. The central government could delegate (melimpahkan) the implementation (Art. 4) and supervision (Art. 7.2) of kabupaten and kota governance to the provincial governor in his capacity as the government’s representative in the region. Schiller (2009: 148) suggested that the introduction of Law No. 22 of 1999 promised to reduce the power of the Department of Home Affairs. Nonetheless, under Government Regulation No. 20 of 2001 the governor, in his supervisory capacity, must report to the President through the Minister for Home Affairs and Regional Autonomy (Art. 14). Should kabupaten and kota administrations not have the capacity to manage these services, the provincial government could resume responsibility (Law No. 22 of 1999, Art. 9.2).

Under Law No. 5 of 1974, heads of local and provincial governments were chosen by central government representatives and subsequently endorsed by the DPRD. In this way regional leaders were responsible not to the district or provincial DPRD but to Jakarta (Rasyid 2003: 64). Implementation of the 1999 Laws granted regional legislatures the authority to elect and hold accountable the local heads of government – the gubernur at the provincial level and the bupati or walikota at the district level (Malley 2003: 109; Pratikno 2005: 28; Rasyid 2002; Rohdewohld 2003: 259). A disadvantage of the post-New Order OTDA system was that members of the DPRD were elected by a proportional representative voting system, which gave political parties inordinate power. The election determined what percentage of the parliamentary places each political party secured. The persons who gained those places were subsequently determined by party leaders, many of whom chose to become members of parliament themselves. Despite the expectation that control of local politics would pass to the people, control in fact shifted to the elite of the

221 Peraturan Pemerintah Republik Indonesia Nomor 84 Tahun 2000 tentang Pedoman Organisasi Perangkat Daerah
222 Peraturan Pemerintah Republik Indonesia Nomor 20 Tahun 2001 tentang Pembinaan dan Pengawasan atas Penyelenggaraan Pemerintah Daerah.
political parties, and the people remained marginalised (Pratikno 2005: 30; Rasyid 2003: 65).

Changes to the Electoral Laws preceding the 2004 elections influenced the actions of political parties. In the 2004 elections, candidates were named on the ballot paper but were also listed on a party ticket. The system was designed to favour the existing political parties (Sherlock 2004: 6). Voters had the opportunity to cast a vote for a single individual or for a party. However, many anomalies arose:

- A voter who opted to support an individual candidate was also required to cast a vote for a party, or the vote was invalid.
- A vote was also invalid if the voter chose a party symbol but chose the name of a candidate from a different party.
- When a voter chose to vote only for a party, the party decided to which candidate the vote was ascribed (Sherlock 2004: 8).

Anticipating a huge invalid vote, parties encouraged their supporters to simply follow the party list (Sherlock 2004: 8). Further reform to electoral laws in October 2008, gave voters the ability to choose a candidate from a list provided by the party. The changes were influenced by consistent pressure from NGO activists, and those in the media and academia who argued that the previous system “handed excessive power to the elites who controlled the political parties” (Sherlock 2009: 2).

4.2. Political Parties in Indonesia
Political parties were established in Indonesia in the 1920s but, under colonial rule, they were not effective in the parliament. As early mass-mobilisers “they consolidated social milieu and strengthened what later became known as aliran” (Ufen 2006: 6). Political parties had weak criteria for membership and had no regular financial base. They did, however, present an access to the bureaucracy, where an individual could obtain protection and the redressing of grievances.

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223 Undang-Undang Republik Indonesia Nomor 31 Tahun 2002 tentang Partai Politik; Undang-Undang Republik Indonesia Nomor 12 Tahun 2003 tentang Pemilihan Umum Anggota Dewan Perwakilan. Rakyat, Dewan Perwakilan Daerah, dan Dewan Perwakilan Rakyat Daerah; and
Undang-Undang Republik Indonesia Nomor 22 Tahun 2003 tentang Susunan dan Kedudukan Majelis Permusyawaratan Rakyat, Dewan Perwakilan Rakyat, Dewan Perwakilan Daerah dan Dewan Perwakilan Rakyat Daerah

224 Undang-Undang Republik Indonesia Nomor 10 Tahun 2008 tentang Pemilihan Umum Anggota Dewan Perwakilan Rakyat, Dewan Perwakilan Daerah, dan Dewan Perwakilan Rakyat Daerah

225 Aliran: ‘stream’; a term developed in 1950s anthropological research to distinguish between the various currents of Islam and their affiliated parties and organisations (Aspinall and Mietzner eds 2010: xv).
The first national election was held in 1955. This was as free and fair an election as was possible in the Third World in the 1950s (Antlov 2004: 5). Four parties shared almost 80 percent of the vote (Ufen 2006: 7). But political parties began to lose their electoral influence during the period of Guided Democracy (1959-1965).

The New Order regime centralised administration and restructured the political system. Parties were ineffectual, and elections were token (Ufen 2006: 9). A successful election was one without violence. Such an election was an important legitimising factor, since it showed the regime’s capacity to maintain stability – and attract foreign investment (Antlov 2004: 7). Political control was completed by the ‘simplification’ of the party system in 1973. Golkar, the New Order party apparatus, maintained a two-thirds majority in the national parliament (Ufen 2006: 9). Only two non-government parties were allowed, the Islamic United Development Party (PPP) and the nationalist-Christian Indonesian Democratic Party (PDI). These parties were so circumscribed by laws and regulations that it was impossible for them to act as opposition parties. This is in stark contrast to 1955 when in excess of 28 parties participated in that election (Feith 1962: 434-435). At the height of the 1997-1998 Asian Financial Crisis, the New Order crumbled, not because of political party opposition, but in the wake of student demonstrations and as a result of “intra-elite conflict and bargaining” (Ufen 2006: 10).

Following the transfer of authority from Suharto to Habibie, the government had little choice but to legalise new political parties. More than 200 political parties emerged. A total of 148 parties were officially registered; 48 of these were eligible to participate in the 1999 elections, the first free elections since 1955. The result

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226 Those parties were:
- Indonesian Nationalist Party, *Partai Nasional Indonesia* (PNI) 22.3%
- Consultative Council of Indonesian Muslims, *Majelis Syuro Muslimin Indonesia* (Masyumi) 20.9%
- Renaissance of Islamic Scholars, *Nahdatu Ulama* (NU) 18.4%
- Indonesian Communist Party, *Partai Komunis Indonesia* (PKI) 16.4% (Ufen 2006: 7)

227 Feith (1962) succinctly charts the decline of constitutional democracy during the Sukarno years.

228 PPP: *Partai Persatuan Pembangunan*

229 PDI: *Partai Demokrasi Indonesia*

230 The prominent opposition leaders among these new parties - Abdurrahman (PKB), Amien Rais (PAN) and Megawati Sukarnoputri (PDI-P) – had been sidelined in previous election campaigns (Ufen 2006: 6).
of the 1999 elections signified a victory for moderate Islam and secularism (Ufen 2006: 11).

A significant feature of Indonesia’s post-Suharto political parties is their relative stability and continuity. All large parties contesting the 1999 elections still exist. Two new parties emerged before the 2004 election: the Democrat Party (PD) of President Susilo Bambang Yudhoyono, founded in 2001, and the Justice and Prosperity Party (PKS). The 2009 election brought a further two parties into the political fray: Gerindra established by retired General Prabowo Subianto; and Hanura established by retired General Wiranto. Regional parties were not admitted, with Aceh being the only exception (Ufen 2006:19).

Through parliamentary representatives, political parties influence legislation and dominate the executive. They have manipulated election and party laws to their benefit (Mietzner 2007). Law No. 31 of 2002 stated that the Central Leadership Board (DPP) of a political party must be located in Jakarta. Political parties were required to establish a nationwide structure down to the sub-district (kecamatan) level, strengthening their organisational roots and making it difficult for new and regional parties to participate (Mietzner 2007). Parties had to be registered with the General Elections Commission (KPU) and to hold at least two percent of the seats of the existing DPR. Only six parties met this condition. Parties who did not meet this criterion had to convince the KPU that they had

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231 Those parties are:
- Partai Demokrasi Indonesia – Perjuangan (PDI – P)
- Partai Kebangkitan Bangsa (PKB)
- Partai Golongan Karya (GOLKAR)
- Partai Persatuan Pembangunan (PPP)
- Partai Aman Nasional (PAN)
- Partai Keadilan (PKS)
- Partai Perserikatan Bangsa-Bangsa (PBB)

232 PD: Partai Demokrat The direct election of the president has facilitated the emergence of formerly insignificant parties as vehicles for presidential candidates. Such a presidential party would have been inconceivable under the old system of indirect elections. The Democratic Party (PD) has no real platform and lacks a strong organisational structure, especially below the national level (Ufen 2006:17). This party, however, polled 7.5% of votes (55 of 501 seats) in 2004 and 20.9% (148 of 560 seats) in the 2009 national election. PD benefitted greatly from the popularity of President Yudhoyono (Sukma 2009: 320).

233 PKS: Partai Keadilan Sejahtera was formerly Partai Keadilan

234 Gerindra: Partai Gerakan Rakyat Indonesia Raya, Greater Indonesian Movement Party

235 Hanura: Partai Hati Nurani Rakyat, People’s Conscience Party

236 Undang-Undang Nomor 31 Tahun 2002 Tentang Partai Politik

237 DPP: Dewan Pimpinan Pusat

238 KPU: Komisi Pemilihan Umum
offices in at least two-thirds of the provinces and in two-thirds of the *kabupaten* in those provinces. Eighteen parties met those last criteria giving a total of 24 parties eligible to contest the election (Sherlock 2004: 6).

Free and fair elections have not eliminated the corruption embedded within the party system. The rent-seekers, the power brokers and the opportunists adapted themselves to the new political regime (Mietzner 2007). Despite constant criticism, the party system seems stable. An attempt was made to make political parties more vigorous and more independent through Government Regulation No. 51 of 2001,\(^\text{239}\) whereby political parties received funding from the administrative branch of government. Funds were intended to help political parties to “struggle for their aspirations in social, economic and political life” (Usman 2001: 17). Funds were also directed to mass organisations. Yet, there was concern that the independence of the political parties would be threatened by this government funding. According to Drs. KH Husein Muhammad, Deputy President DPRD in Kabupaten Cirebon 1999 – 2004, such ties to the bureaucracy frustrated the function of political parties as independent, objective, critical and constructive agencies (Interview, August 2002). Cuts to state subsidies for political parties in 2005, contributed to a significant increase in illicit fund-raising efforts. Most importantly, parties intensified their endeavours to exploit legislative and executive institutions as alternative sources of income (Mietzner 2007).

Mietzner (2007) responds to critics of public subsidy of the party system:

> Ultimately, the problem of corruption in Indonesian political parties can't be solved without ground-breaking reforms of the party financing system. It would be naive to say that parties can simultaneously engage in fund-raising activities, stay away from corrupt practices and be effective vehicles of political representation and aggregation. In the absence of membership contributions and public funding, Indonesia's parties have so far been forced to concentrate on raising money instead of performing their functions. Indonesian observers and the general public should acknowledge this issue as an institutional defect. In addition, they should recognise that for all their faults, the parties have played a significant role in stabilising the post-authoritarian political system.

Contemporary Indonesian political parties are typically led by powerful leaders who have centralised decision making authority (Ufen 2006: 14). Some of them, like

\(^{239}\) *Peraturan Pemerintahan No 51 Tahun 2001 tentang Bantuan Keuangan Kepada Partai Politik*
Megawati Sukarnoputri and the late Abdurrahman Wahid, enjoyed almost cult status. Because party membership fees are insignificant, and there is minimal public funding, parties need financial support from private entrepreneurs. There are regulations on party financing, but violations are seldom punished. In recent years, some businessmen have become party heads: Yusuf Kalla (Golkar) and Sustrisno Bachir (PAN). As a member of Golkar, A. Bakrie competed unsuccessfully to become Golkar’s candidate for the presidency in 2004.

Political parties have lost their ability to elect the president in the People’s Consultative Council (MPR) as they did in 1999. From 2004, the President and Vice-President are elected directly as a pair. As stipulated by Law No. 23 of 2003, only political parties or coalitions of political parties which obtained a minimum of three percent of the seats in parliament, or five percent of the votes in the 2004 parliamentary elections, were allowed to nominate pairs of candidates for the presidency. From 2009 the minimum rose to 15 percent of the seats and twenty percent of the votes. These Constitutional amendments have strengthened the executive in relation to the parliament. While the parliament had the authority to elect the president they could also dismiss him/her, as they did to President Abdurrahman Wahid in 2001. The direct election of the president and the vice-president means that they are theoretically answerable to the people and not to the parliament. Under the Amended 1945 Constitution the President can still be impeached and removed from office.

4.2.1. ‘Money Politics’

The 1999 elections were the first elections where the regional legislatures (DPRD) had power to choose regional leaders. This was meant to be a positive development. In reality it gave the DPRD an enormous amount of power, and many saw this as an impediment to the emergence of local democracy (Erb and Sulistiyanto, 2009: 18).

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240 Penguasa dan Pengusaha Kuasai Golkar (Powerful and Businessmen Dominate Golkar) Kompas December 12, 2004
241 PAN Dipimpin Pengusaha (PAN Led by Businessmen) Kompas April 12, 2005
242 This was ratified by Article 6A (1) of the Fourth Amendment of 2002 of the 1945 Constitution.
243 Undang-Undang Nomor 23 Tahun 2003 tentang Pemilihan Umum Presiden dan Wakil Presiden
244 Constitutional Court of Indonesia Regulation No. 21 of 2009
Decentralisation in Indonesia does not necessarily result in democratization, good governance, and strengthening of civil society at the regional level. Instead we witness a decentralization of corruption, collusion, and political violence that once belonged to the centralized regime of the New Order but is now moulded on existing patterns at the regional level (Schulte Nordholt 2003).

At the grass-roots level, political parties frequently had no well-to-do, popular candidates. Direct election of kepala daerah and the wakil kepala daerah as a pair (pilkada) encouraged well-connected bureaucrats and wealthy businessmen to combine to profit from candidacies auctioned off by political parties. This assemblage strengthened newly emerging local oligarchies (Ufen 2006: 27).

Since the 1999 elections, approximately ten percent of the regional parliaments have single-party majorities. The rest are coalition governments. Competition for senior government positions is diverse and volatile. During the New Order, it was generally accepted that candidates endorsed by Golkar would gain governorships, and others would become bupati or walikota. Pratikno (2005: 31) warns that “While corruption in Jakarta has not been reduced, the spread of corruption to the local level has increased significantly. ‘Money politics’ is now one of the most popular expressions to use to explain the behaviour of members of parliament at the local level”. Schiller (2009: 149-150) qualifies this conclusion:

Critics of regional autonomy claim that it has decentralised and increased corruption, that it has created a new group of ‘little kings’ (raja kecil) and that it has led to collusion between executive and legislatures to corrupt the budget. They also argue that excessive and unpredictable revenue raising and rent-seeking behaviour has been bad for business and that local governments lack the technical skills or the discipline needed for good governance. How much of this criticism is valid, and how much is exaggerated and rooted in national and provincial elites’ resentment about lost opportunities for rent seeking, is debatable.

With the implementation of the 1999 Regional Autonomy Laws, the district governments became responsible for the budgets and delivery of education and health services. The authors of a 2011 research paper (Rosser, Wilson and Sulistiyanto, 2011) suggest that while most of the district governments did little to support the provision of free public services, a small number have adopted well-funded programs to support free basic education and health. Many of the district

245 Pilkada: Pemilihan Kepala Daerah dan Wakil Kepala Daerah is discussed further on page 99.
heads manipulated the distribution of free services to prop up their electoral prospects (Rosser, Wilson and Sulistiyanto, 2011: 2)

4.3. Law No. 32 of 2004 concerning Regional Government

As different regions used their own interpretation of the 1999 Laws to issue local regulations (*perda*) in their interests, many of these regional regulations contradicted the regulations of other regions and the national laws (Pratikno 2009: 56). The implementation of Law No. 32 of 2004 was an endeavour by the central government to regain some of the authority and functions that had been devolved to local governments under the 1999 Laws. The 2004 Law provides for provincial governors to be elected directly by the people. However Articles 37 and 38 of the law define the governors as representatives of the central government, which is an affirmation of Government Regulation No. 20 of 2001. Guidance and supervision of local governance had no equivalent in the 1999 Laws. “These articles are therefore seen as enhancing governors’ position *vis-a-vis* local governments, as well as providing the central government with an additional channel through which it can exert control over local governments” (Soesastro and Atje, 2005: 30).

As well as reinforcing the governors’ powers over the district heads, the 2004 Law required local regulations to be approved by the Minister for Home Affairs (Schiller 2009: 149). One of the aims of the 2004 Law was to stop the unchecked power of the regional legislature (DPRD) by the direct election of local district leaders. It was rationalised that it would be impossible for money to play the role it had in the 1999 elections, because it would not be possible to pay every voter, nor ensure the way they voted (Erb and Sulistiyanto, 2009: 18). While Pratikno (2009: 69) supported the centralised party systems for presidential elections, he says:

> When local politics is at stake, it is questionable whether elites at the centre have proper understanding of local political dynamics. Additionally, the continuing centralised party system has allowed party elites at the provincial and national levels to take advantage of their positions, demanding money, and maintaining control over local political activities. Although the change to the electoral system was supposed to eradicate the money politics which had proliferated in the previous system when the legislature chose the regional heads, it has not done so, and has further led to cynicism and distrust among voters.

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246 *Perda: Peraturan Daerah*
4.3.1. Election of Regional Leaders (*Kepala Daerah*)

Law No. 32 of 2004 determined that both provincial and district leaders and their deputies would be elected directly (*pilkada*) as a pair by adult franchise (Law No. 32 of 2004, Art. 56, 1 and 2). The intent was that the democratisation process would be enhanced by both national and local leaders being directly elected by the Indonesian people (Erb and Sulistiyanto, 2009: 18). Candidates are selected and endorsed by one of the major political parties or by a coalition of smaller political parties which had gained a minimum of 15 percent of the votes in the local assemblies (Law No. 32 of 2004, Art. 59, 1 and 2). The legal position of the regional heads in relation to the regional legislature has been strengthened. Although the regional legislature has supervisory powers, the head is no longer accountable to them (Pratikno 2009: 55). Similarly, the village leader no longer has to answer to the BPD.

Before the introduction of direct elections for regional leaders, the respective parliaments (DPRD) had sole power to determine who became *gubernur*, *bupati* or *walikota*. Many of the appointments were decided by the disbursement of large amounts of money. The introduction of direct elections did not erase ‘money politics’; it was simply transferred. Candidates paid their respective parties for the candidacy and also paid their own campaign costs. Because party nominations are, in effect bought and sold, ideological considerations in the nomination process are annulled. Nonetheless, some positive effects can be discerned from the *pilkada* process. Pratikno (2009: 55) says:

> Local direct elections have further strengthened the political and administrative decentralisation that was agreed to by the national government in 1999 and has been unfolding ever since. These elections provide more space for regional and local actors to exercise democracy, to manage conflict, and to contextualise the national design into the regional setting. They mobilise a wider participation of regional actors in managing local decision making, by which a sense of belonging and responsibility among regional actors can be developed. They also increase the respect of regional political actors towards the national government since they are being trusted to manage a crucial political event.

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247 Criteria for candidates for election as *kepala daerah* according to Law No. 32 of 2004 are attached as Appendix ‘b’.

248 BPD: *Badan Perwakilan Desa* is discussed below.

249 In 2004 an average of US$10 million was spent at the provincial level and US$1.6 million at the district level (Ufen 2006: 22).
Sulistiyanto (2009: 190) reports that although there have been criticisms of pilkada, regional elections have run comparatively smoothly. Even after the re-centralisation attempts of Law No. 32 of 2004, local governments were still stronger than prior to 1998 (Buehler 2009: 102). However, given the considerable changes decentralisation entailed for the relationship between the centre and the regions many of these new arrangements may be contested for some time to come (Fitrani, Holman, and Kai, 2005: 60).

4.4. Fiscal Decentralisation

Under Law No. 25 of 1999 concerning fiscal arrangements between the central and regional governments, sources of regional government revenue included:

- **Block grants** from the central government of a General Allocation Grant (DAU)\(^\text{250}\) the possibility of grants from a Special Allocation Fund (DAK)\(^\text{251}\) and continuing revenues from the Land and Building Tax (PBB)\(^\text{252}\). The General Allocation Fund comprised at least 25 percent of the central government’s Domestic Budget (Law No. 25 of 1999, Art. 7). For most regions, the general grant (DAU) remained the major source of revenue. DAU was distributed by a formula which had some equalising elements, but guaranteed a grant at least equal to the recurrent and development grants received in the past – irrespective of other income (World Bank 2001b: 2).

- **Local taxes** (PAD)\(^\text{253}\) were an additional, but lesser source of revenue for the districts. Income could also be generated by the regions from their own local government ventures. Own-source revenue is quantitatively relatively unimportant in local budgets. In 2003, own-source taxes and charges made up less than eight percent of the regions’ total revenue (Lewis 2006: 214 - 215).

- **Regional government loans** were limited by a formula for total national debt, and Ministry of Finance approval was required for foreign loans by regional governments (Law No. 25 of 1999, Art. 11, Amended by Law No. 32 of 2004, Art. 170).

\(^{250}\) DAU: *Dana Alokasi Umum*
Although DAU is referred to as a ‘general purpose grant’, the bulk of it is needed by the regions to pay government officials and to provide basic services such as education and health for which the regional governments are now responsible. Ninety percent of DAU allocations are made to the regions and only ten percent to the provinces (Fane 2003: 160).

\(^{251}\) DAK: *Dana Alokasi Khusus*

\(^{252}\) PBB: *Pajak Bumi dan Pembangunan*

\(^{253}\) PAD: *Pendapatan Asli Daerah*
Revenue from natural resources was divided between the centre and the regions as stipulated in the 1999 Law. The forestry sector, general mining sector and fishery sectors shared the revenue with the ratio 20 percent for the central government and 80 percent for the region. The revenue derived by the region from the oil sector was only 15 percent while 85 percent went to the central government. The natural gas revenue was similarly divided with 30 percent retained by the region and 70 percent for the central government (Law No. 25 of 1999, Art. 6). All regional governments gained from natural resource revenue sharing. The benefits, however, were not uniformly distributed, with the bulk of this revenue going to Aceh, Riau, East Kalimantan and Irian Jaya (Lewis 2001: p.339 fn3).

Regional Autonomy is not fiscal autonomy (Usman, et al., 2000: 18). Meaningful decentralisation is only achieved if local governments are provided with adequate financial resources (Seomartono 2001: 5). Admirable though this concept may be, there were often insufficient funds to implement the programs considered essential in the districts. The philosophy and intention of the central government continued to encourage district administrations to raise ever increasing finance from local sources (Lewis 2001: p.339 fn 3). Traditionally, the central government taxed income and the regional government taxed property. The enactment of Law No. 34 of 2000\textsuperscript{254} lifted the income raising restrictions placed on regional administrations by Law No. 18 of 1997 and recognised that regional taxes were an important source of revenue for regional governments (Law No. 34 of 2000 Menimbang ‘c’). This law allowed districts, but not provinces, to initiate taxes as long as they complied with certain principles (Fane 2003: 159). While these principles were sound, the weak monitoring and enforcement capacity of the central government risked a return to the pre-1997 days when local taxes became a serious barrier to internal trade (World Bank 2001b: 2).

Decentralisation of budgetary matters, according to Law No. 25 of 1999, primarily applied to expenditure. Therefore, although the regions had the authority to determine their own budget, the law gave them few new significant revenue-raising powers. The regions remain largely dependent on transfers from the central government (Usman 2001: 6). Public spending in Indonesia has,

\textsuperscript{254} Undang-Undang Nomor 34 Tahun 2000 tentang Perubahan atas Undang-Undang Nomor 18 tahun 1997 tentang Pajak Daerah dan Retribusi Daerah.
historically, been classified into two budget components: routine expenditure and development expenditure. The central government still maintained all the major tax bases, and consequently most of the revenue. Fane (2003: 160-161) reminds us that “although responsibility for most current spending has been transferred to the regions, most development spending is still under the central government budget”. Despite the lack of genuine fiscal autonomy, there remained an enthusiasm in the regions for decentralisation. Usman (2001: 6) suggested that such enthusiasm, on the part of local government, generally resulted in many more local taxes and levies being created.

By 2001, anecdotal reports suggested that local governments were again creating nuisance taxes and levies. Ray (2001) reported ‘customs’ at kabupaten borders, which increased the cost of moving agricultural products from the farm to the market. Complex levies and taxes, overt and covert, were forced on business enterprises. There were concerns that these payments could distort commodity prices; and possibly create economic isolation among regions. The relative costs of collection of new taxes versus the amount of revenue collected was another area of concern, as this diverted resources from local economic development (World Bank 2001b: 2).

In Kabupaten Cirebon, the owners of the burgeoning rattan factories were being pressed for both legal and illegal charges. The legal taxes were imposed by the Kabupaten Department of Industry and Trade. On each container of rattan which left the kabupaten, the tax [retribusi] was Rp.10,000 (US$ 1.13) an exceedingly low tax. Five owners or managers of rattan factories, who were interviewed for this research, confirmed that the legal charges were just the tip of the iceberg. They estimated they must pay, to various civil servants, approximately ten percent of the value of the contents of the containers, which were valued at up to $US

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255 This was evident in Kabupaten Cirebon in 2002.
256 The Jakarta Post April 4, 2001
257 It is estimated that fewer than 1,000 new taxes and charges were created by local government during the first year of decentralisation. As many as 6,000 new taxes and charges were established during the period 2000 through mid 2005 (Lewis 2006: 215).
258 Because these factory owners and managers were so outspoken about corruption in the bureaucracy I have used neither their names nor the names of the rattan factories. The respondents were two ethnic Chinese Indonesians; two Indonesians of local descent; and one European.
These factory managers agreed and accepted that they must pay tax, but they would infinitely prefer a higher legal tax, so they knew precisely their obligation and could budget accordingly. However, to keep their containers rolling, they met these fluctuating, extortionate and illegal charges demanded by sundry bureaucrats. Before the decline in the rattan industry in 2005, in excess of ten thousand containers of rattan were shipped annually from the kabupaten. Rattan businesses also incurred other taxes and levies in line with other businesses in the kabupaten. These included a ground and surface water tax and a reafforestation levy.

Law No. 34 of 2000 restricted the categories of taxes for regional administrations (Law No. 34 of 2000 Art. 2, 1 and 2). Some taxes were shared by the central and regional governments. For example car licenses and the fuel tax were split, with 70 percent going to the central government and 30 percent to the regional government. Drs. H. Diding Suherman stated that although, post-OTDA, the government had more authority, the avenues for raising new taxes in Kabupaten Cirebon were limited. The members of the DPRD organised their bureaucracy and decided their own salaries. The salaries of members, regulated by Government Regulation No. 110 of 2000, have increased each year since 1999. This regulation lists the salaries, allowances and benefits that the leaders and members of regional parliaments receive; and the percentage against which each level - chairman, vice-chairman, secretary and members - is set.

4.4.1. Law No. 33 of 2004 concerning Fiscal Balance between the Central Government and the Regional Governments.

While the 2004 Laws on Regional Government can be interpreted as an attempt to shift government authority back toward the centre, there was also an attempt to redress the inequitable fiscal impact of revenue sharing arrangements across the resource rich and poor regions (Soesastro and Atje, 2005: 5). Law No. 33 of 2004

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259 Department of Industry and Trade, Kabupaten Cirebon, August 2002
260 Department of Industry and Trade, Kabupaten Cirebon, August 2002
261 Drs. H. Diding Suherman, Ketua Dinas Pendapatan Daerah, Kabupaten Cirebon
262 A list of Taxes and Levies in Kabupaten Cirebon in 2002 is given as Appendix ‘d’.
263 Rasyid (2002) suggests that, by 2001, some districts were already collecting 48 - 50 million Rupiah a month. There are anecdotal reports of districts where the amounts paid in salaries to members of the DPRD have seriously affected budget allocations.
264 Peraturan Pemerintah Republik Indonesia No. 110 Tahun 2000 tentang Kedudukan Keuangan Dewan Perwakilan Rakyat Daerah
detailed three elements of fiscal transfers to regional governments: Revenue Sharing (DBH); General Allocation Fund (DAU); and Special Allocation Fund (DAK) (Law No. 33 of 2004 Art. 10). The Revenue Sharing Fund (DBH) is sourced from taxes: Land and Building Tax (PBB), Land Rent (BPHTB) and Personal Income Tax (PPh). Income from natural resources included revenue from forestry, general mining, fisheries, oil mining, natural gas mining, and geothermal mining (Law No. 33 of 2004 Art. 11).

Law No. 33 of 2004 specified additional shared revenue from the reforestation fund (Law No. 33 of 2004 Art. 14b) and from geothermal mining (Law No. 33 of 2004 Art. 14g). Revenue from the reforestation fund is specifically allocated for rehabilitating forests. Other variations from the 1999 Law were:

- Regional governments to receive an additional 0.5 percent from oil and gas specifically to fund education expenses (Law No. 33 of 2004 Art. 20, 1). This to be distributed proportionally to all kabupaten and kota within the province (Law No. 33 of 2004 Art. 20, 3).
- Nine percent of the revenue collected from property tax was defined as administration costs and to be distributed equally to all local governments (Law No. 33 of 2004 Art. 12,2c).
- Ten percent of revenue collected from property tax is allocated to all local governments based on actual property tax collected in the current year (Law No. 33 of 2004 Art. 12,3a). Six and one half percent is distributed to all local governments, and 3.5 percent is given as incentive to local governments where revenues exceed the target of collection from the previous year (Law No. 33 of 2004 Art. 12,3a&b).

4.5. Kabupaten Government and Administration after OTDA

There is general consensus that members elected to the 1999 - 2009 regional legislative assemblies (DPRD) were the most legitimate since the 1955 election. These elections resulted in a period of significant change for local parliaments and for their bureaucratic administrations. During the New Order, the administrative branch of government was powerful and dominant. After the

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265 DBH: Dana Bagi Hasil
266 BPHTB: Bea Perolehan Hak atas Tahan dan Bangunan
267 Pajak Penghasilan
268 Of this, 0.1 percent goes to provinces, 0.2 percent returns to originating local governments and the remaining 0.2 percent is divided among all local governments in the same province (Law 33 of 2004 Art. 20,2).
implementation of the 1999 regional Autonomy Laws, administrations were
required to work together with legislators. In Kabupaten Cirebon, people were
better acquainted with the bureaucracy than with their members of parliament.
None of the parliamentarians appointed to the DPRD actually lived in the
kabupaten. Some lived in the city of Cirebon, which had a separate parliament
and administration. Few of the members of parliament demonstrated any real
sense of responsibility for the interests of the people who elected them. Many
bureaucrats appeared reluctant to accept that it was the DPRD who defined
government policy. According to Drs. KH Husein Muhammad, there was
insufficient cooperation between the political parties and their parliamentarians.
Because so many of the parliamentarians remained strongly influenced by
tradition, their cultural backgrounds, and by the former system, he considered it
an obligation of the political parties to give more guidance, political education
and directions to the inexperienced parliamentarians (Interview August 2002).

There is a dearth of evidence to validate that this guidance and political
education was delivered by the political parties:

...many Indonesian regions appear as obdurate holdouts from the
political and social reforms that have swept the country since 1998.
This is ironic, because in many ways the regions have been the site of
some of the most dramatic post-Suharto political restructuring,
brought about by decentralisation policies. Yet, in many regions deeply
entrenched elites have used the introduction of electoral democracy to
secure executive and legislative positions for family members, cronies
and loyalists. Far away from the capital, some local clans have turned
provinces and districts into personal fiefdoms, as if to mock the
promise of grassroots democracy that followed the New Order (Aspinall
and Meitzner, 2009: 15).

It is problematic whether elites at the centre have an appropriate understanding
of local political dynamics. The continuing centralised party system has allowed
party elites at the provincial and national levels to “take advantage of their
positions, demanding money, and maintaining control over local political
activities” (Practikno 2009: 70).

Prior to the 1999 election, the DPRD in Kabupaten Cirebon was dominated by
Golkar and military representatives - ABRI. During this time the bupati in
Kabupaten Cirebon was selected from the armed forces. Following the 1999
election five seats (that is ten percent of the whole) were shared by
representatives from the army (TNI) and the police (POLRI). After the 2004 seats
in parliament were no longer set aside for the army or the police in one of the most important post-Suharto reforms. As can be seen below (Table 4.2) since 1999 the election of political parties have, to a greater extent, followed national trends. Notably, the reforms and revisions of decentralisation legislation have resulted in a substantial broadening of the distribution of party preferences. The formation of the new government in 1999 in the kabupaten was not without problems. Few of the newly elected parliamentarians possessed any parliamentary experience; many lacked the skills to be effective. Some of the more astute members of the DPRD availed themselves of educational and training programs organised by the provincial and central governments. Concurrently, training workshops were also arranged for civil servants.

Table 4.1

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<th>Election Results DPRD Kabupaten Cirebon 1999 – 2009</th>
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<td>1999</td>
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<tr>
<td>Partai Demokrasi Indonesia – Perjuangan (PDI-P)</td>
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<td>Partai Kebangkitan Bangsa (PKB)</td>
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<td>Partai Golongan Karya (Golkar)</td>
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<td>Partai Persatuan Pembangunan (PPP)</td>
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<td>Partai Bulan Bintang (PBB)</td>
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<td>Partai Keadilan Sejahtera (PKS)</td>
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<td>Partai Alamat Pembangunan</td>
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<tr>
<td>Partai Demokrasi Indonesia (PDI)</td>
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<td>Partai Hati Nurani Rakyat (Hanura)</td>
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<td>Partai Gerakan Rakyat Indonesia Raya (Gerindra)</td>
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<tr>
<td>Partai Peduli Rakyat Nasional: PPRN</td>
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</tbody>
</table>

269 Until the election by the DPRD of H Sutisna, SH. in 1998, only one other civilian, Drs. Gunawan Bratasasmita (1978 to 1983) served as Bupati of Cirebon since 1965. The others were all military personnel (Pemerintah Kabupaten Cirebon 1996b: 7). In December 2003, after the retirement of Sutisna, Drs. H. Dedi Supardi, a businessman and former deputy to Sutisna, was elected by the DPRD as Bupati of Cirebon. He was re-elected in 2008 in a Pilkada.

270 Partai Alamat Pembangunan is a merger between Partai Persatuan Pembangunan (PPP) and Partai Aman Nasional (PAN).
Post OTDA, some members of the DPRD in Kabupaten Cirebon, expressed concern that the public service operated for far too long without effective accountability. The DPRD wished to impose greater controls on the bureaucracy and this caused some friction between the two arms of government. Senior bureaucrats in the kabupaten sensed changes in the style of government, and resisted capitulation to the supremacy of the DPRD. They also complained that the DPRD was only discussing technical cases of corruption (KKN) and not focussing on creating strategies for development. Drs. Husein Muhammad, as spokesman for the DPRD, considered the issues pertaining to KKN remained the first priority for parliamentary concern because so many cases were identified as impacting on governance and development programs (Interview August 2002). In his view society would remain mistrustful and suspicious unless there was fundamental change in the approach to combating KKN, and unless there was evidence that the new regime was determined to eradicate this “shameful state of affairs”. The DPRD in Kabupaten Cirebon actively pursued cases of corruption involving the local government which allegedly occurred during the New Order.

The administrators, for their part, contended that these investigations were a distraction, and not helpful to them in meeting their obligations.

Drs. Husein Muhammad stressed the need for a clear set of guidelines defining the relationship between the central, provincial and district governments, and eliminating overlapping responsibilities. His views were supported by a SMERU report which criticised a lack of definition regarding the relationships between the three levels of government after the 1999 Laws were implemented (Usman, et al., 2002: 7). The SMERU report suggested that this lack of clarity was partly due to the content of Article 4, of Law No. 22 of 1999 which stated that each autonomous region, province, kabupaten or kota, “stands alone and does not have an hierarchical relationship with any other level of government”. Consequently there was an erosion of authority previously held at provincial level, resulting in loss of its oversight and coordinating role in the creation of new

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271 Rohdewohld (2003: 259) noted that although the decentralisation of government functions initiated by the 1999 Regional Autonomy Laws constituted one of the most radical changes to public administration, little seemed to have changed in the way civil servants went about their activities and the way public institutions delivered (or failed to deliver) their services. 272 The problem of corruption is of course nation-wide. Antlov (2003: 72), speaking of Indonesia as a whole says: “The bureaucracy remains dominated by people trained under the authoritarian regime, so riddled with corruption that it has grown incapable of serving the public interest”.

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local regulations; and in implementing the transfer of personnel (Usman, et al., 2001: 7). Subsequently, Law No. 32 of 2004 contained this attrition and returned some power and authority to the provincial administrations.

The 2002 SMERU report considered that a more streamlined model of local government was required to achieve greater efficiency and effectiveness (Usman, et al., 2002: 7). During the New Order, there was an excess of civil servants. In accordance with the 1999 Regional Autonomy Laws, the central and provincial government administrations had more limited authority which equated with a need for fewer administrative staff at those levels of government. The Province of West Java absorbed 5,459 officials from the central government, which was an increase of 45 percent in its staff (Usman, et al., 2002: 7). In Kabupaten Cirebon there was only a small change in the numbers of civil servants. Those previously employed by the central government in the Kanwil hierarchy were simply transferred to the kabupaten government departments (Dinas). Only a small number of civil servants were transferred from the provincial administration (Kanwil) in Bandung. Subsequently, the total number of civil servants in the kabupaten increased, and the proportion of budget allocations rose accordingly.

![Table 4.2. Number of Civil Servants in Kabupaten Cirebon as a percentage of the whole population in 1999 and 2009](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Civil Servants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1,923,354</td>
<td>11,029</td>
<td>5.73</td>
</tr>
<tr>
<td>2009</td>
<td>2,211,816</td>
<td>17,003</td>
<td>7.68</td>
</tr>
</tbody>
</table>

Source: Agung Gumilang, Badan Kepegawaian Daerah, Kabupaten Cirebon. February 2008; January 2010

In summarising the circumstances surrounding the early years of implementation of the 1999 Laws, Drs. Husein Muhammad expressed concern that Jakarta was still dominated by elite politicians and believed that the central government was not totally committed to the implementation of its own decentralisation policy. Although he believed that decentralisation was an important political initiative, he blamed the experience of top-down development programs in which the ‘floating mass’ of people were directed by the

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273 Interview Department of Human Resources (Badan Kepegawaian Daerah: BKD) Kabupaten Cirebon August 2002
authoritarian New Order government, for producing a population with limited political experience or capacity to organise for good local governance (Interview August 2002).

4.5.1. The Village Representative Council: BPD

The 1999 Regional Autonomy Laws lessened the central government’s control of rural villages. During the New Order, a Department of Village Government, *Pemdes*, directed village administrations, institutions and treasuries. Indeed this central government department interfered in most facets of village life. After OTDA, the *desa* government was no longer answerable to the central government, but to the district (*kabupaten* or *kota*) administration. The village was an autonomous level of government and a legal community (*kesatuan masyarakat hokum*, Law No. 22 of 1999, Chapt.1, Art.1. o). With the implementation of the 1999 Laws, an innovative organisation allowing for democratic renewal of village government emerged with the institution of the Village Representative Council (BPD), replacing the LKMD. The formation of BPD established the separation of powers at village level between the new elected council on the one hand, and the reformed executive government, consisting of the village head and the village bureaucracy, on the other (Antlov 2003a: 79).

Law No. 22 of 1999 pertaining to the Village Representative Council (BPD) was very concise. It simply stated:

- BPD may be called other names; and shall protect customs and traditions; draft village legislation; receive and channel community aspirations, as well as supervise the organisation of village governance (Art. 104);
- Members of BPD shall be elected from and by qualified citizens of the village (Art. 105);
- The chairperson shall be elected from and by its members (Art. 105);
- Members of BPD, together with the village head, shall stipulate village regulations; and implement such regulations (Art. 105).

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274 BPD: *Badan Perwakilan Desa*
275 *Pemdes*: *Pemerintahan Desa*
276 *Badan Perwakilan Desa* were established according to Internal Affairs Ministerial Decision No. 64 of 1999 concerning General Guidelines of Village Regulations (*Keputusan Menteri Dalam Negeri Nomor 64 Tahun 1999 tentang Pedoman Umum Pengaturan Mengenai Desa*).
277 The Head of *Pemdes* in Kabupaten Cirebon, Drs. Dadang, said that the ‘Javanese’ way of doing things would no longer be imposed on villages. He considered that one of the most significant aspects of changes to village life, under the 1999 laws, was that the traditional way of life, *adat*, would be enriched; and that the people could decide what sort of society they wanted (Interview June 2000).
Each village council had eleven, thirteen or fifteen members, depending on the size of the village.

According to Law No. 22 of 1999, the village government consisted of the kepala desa, his staff and the BPD (Art. 94). BPD had far reaching authority and were far more autonomous than the LKMD or the LMD. As Article 105 of the 1999 Law stipulated, members of BPD, together with the village head, formulated village regulations. BPD members could meet independently, that is without the presence of the kepala desa or the village bureaucrats. The kepala desa was answerable to the village population, and presented an annual report which the BPD could challenge (Antlov 2003b: 200). Antlov (2003b: 200) confirmed that “the village head is thus not primarily oriented upwards: rather he is accountable to the village population and must answer questions at the BPD meetings”. After the implementation of the 1999 Laws, the Community Development Council (LPMD)278 was developed as an advisory body for the kepala desa. LPMD had no authority, since legislative power lay with the BPD. The village had the right to raise funds, without the need to consult with, or have approval from, higher authorities. Most BPD had modest resources and inexperienced members, which could leave them dependent on direction from the supra-village (kecamatan) government (Dharmawan 2002: ii). In urban areas, kelurahan remained “solely administrative units supervised by the sub-district and manned by civil servants” (Antlov and Eko, 2012: 2). The 1999 Law stated that the camat had no role in the desa administration except as an agent of the bupati (Law No. 22 of 1999, Art. 1m).

BPD were entitled to question the kepala desa and the village administration about issues of importance to villagers; to seek clarification of executive decisions; and to ask questions regarding development projects. The BPD could seek to replace the kepala desa and petition the bupati to arrange an election. The BPD had authority to draft the village budget and could inspect the village accounts. The village budget was required to contain significant input from the BPD and an appropriate allocation of funds for the BPD, which had its own budget.

278 LPMD: Lembaga Pembangunan Masyarakat Desa. Members are appointed in the same manner as LKMD through deliberation (musyawarah mufakat). LPMD are described as “village community organisations” (Cameron and Shah, 2011: 15), and are now called Lembaga Pemberdayaan Masyarakat Desa (Community Empowerment Institution) (Antlov and Eko, 2012: 7).
The kepala desa and the village civil servants (perangkat desa) continued as the legal administrators of village affairs. The kepala desa was still elected by universal adult franchise, but for a maximum of two terms of five years instead of two terms of eight years. The criteria for nomination of a kepala desa remained similar to that applicable during the New Order.\textsuperscript{279} The method of choosing the kepala desa, however, changed significantly. There was no political screening\textsuperscript{280} of candidates for village leadership, nor for the BPD, although candidates had to meet certain criteria. Under the 1999 regulations the villages were aided by Pemdes to organise the election, with the village reporting the election result to the bupati within 15 days of the election.\textsuperscript{281}

The new BPD village councils were intended to ensure that genuine democracy operated at village level; that local customs and socio-cultural specificities were respected; and that the head of government within the community, the kepala desa, would not only serve the needs of higher level officials (Erb, Beni and Anggal, 2005: 160). A most significant concern in regard to the success of decentralisation in Indonesia was the new responsibilities it placed on civil society (Beard 2005: 21). The election of members of the BPD, together with the election of village heads, stimulated a newfound political participation in the villages.

After 1999, Hans Antlov, a sociologist with long-standing interest in village-level politics, organised a number of annual seminars in Central Java, sponsored by the Ford Foundation, to encourage those participating in research in Indonesian villages to share their findings. He noted:

The introduction of the village council has been greeted by enthusiasm by all but some old-style village heads. The BPD has the potential to revolutionise village governance, not only by providing a mechanism for the institution of checks and balances, but also by revising the old paradigm whereby villagers were merely ‘objects’ of development projects decided upon elsewhere. Now, villagers are beginning to feel that they have both the right and the capacity to exercise democratic authority over public matters affecting their home communities. During 2000 and 2001, elections were held in most of Indonesia’s 52,000-odd villages. If each council has an average of 10 members, this means that there are some 520,000 democratically elected council members who are in a position to act

\textsuperscript{279} The criteria to nominate for the position of kepala desa according to both Law No. 5 of 1979 and Law No. 22 of 1999 are given as Appendix ‘c’.
\textsuperscript{280} During the New Order, the ‘screening’ process gave ample opportunities for both Golkar and the sub-district army commands to influence the bupati in his approval of candidates allowed to stand for election of village head.
\textsuperscript{281} Interview Drs. Dadang, Head of Pemdes Kabupaten Cirebon, June 2000
politically. The BPD has thus diversified local politics, allowing many new people to become involved in governing their communities and ensuring that village governments are held accountable (Antlov 2003a: 80).

Arief Budiman (2002) claimed that village heads and the BPD in the new regime were nevertheless still “prone to elitist behaviour”. He suggested that support should be given to social movements initiated at the grassroots level to control leaders who were alienated from their constituents and who tended to pursue their own interests. “Like councillors in many regencies in the era of regional autonomy, members of village legislative bodies are easily trapped in power play by manipulating village regulations for their own personal gain. ... In reality, members of BPD and village heads can make a backroom deal without the people’s knowledge. They are entitled to produce village regulations, for instance, to raise their salaries or incentives”.

Nevertheless, there were some half a million BPD members throughout Indonesia, all of whom were participating in the affairs of village governments. The basis of any successful decentralisation program must be the recognition and understanding of local circumstances. Who better to understand local conditions than the villagers themselves? It is to the villages, many argue, where political responsibility and authority should be devolved.

All over Indonesia peasant federations, adat-based associations, indigenous people’s groups, labour unions and other groups are claiming political space for their members. Village councils, citizens’ forums and social movements and civil society organisations have mobilised millions of people to become involved in local politics, people who during the New Order were excluded from meaningful participation. This is a great achievement, and lays the foundation for future democratic reforms (Antlov 2003: 84).

However, implementing regulations for the 1999 Laws (Kepmen No. 64 of 1999) “introduced some quite serious distortions of the spirit of the law” (Antlov 2003b: 201):

...while Law 22 (paragraph 104) states that village regulations are produced by the BPD, Kepmen 64 mentions ‘village regulations produced by the village head and/or the BPD’. Nor is the regulation internally consistent: paragraph 16.1 states that village regulations are created jointly by the head and the BPD. The democratic distortion continues in the references to the annual budget. According to Law 22/1999 (paragraph 197.3), ‘the village

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282 The Jakarta Post July 10, 2002
283 Keputusan Menteri Dalam Negeri Nomor 64 Tahun 1999 tentang Pedoman Umum Pengaturan mengenai Desa
headman together with (bersama) the BPD determines the village budget’. In Kepmen 64 this right is given to the village head, without mention of the BPD; the only right given to the BPD in relation to the budget is one of supervision (paragraph 36.c). Given the strong powers of the village government under the New Order, such weak formulations could in practice allow the village head effectively to bypass the BPD. Furthermore, the separation of powers between the village head and the BPD is muddled in the Kepmen 64. While Law 22 clearly states that the village head is responsible to the BPD through an annual accountability report, the interpretation given in Kepmen 64 is that the BPD ‘sits on the same level [as] and as a partner to the Village Government’ (BPD berdudukan sejajar dan menjadi mitra dari Pemerintah Desa) (paragraph 35).

Antlov (2003b: 202) suggests that one weakness in the Law itself was the vagueness of some of its provisions. For example, in the section on BPD elections, the Law states simply that ‘members of the BPD should be elected from and by villagers’ (Art. 105). Not all members of the Village Representative Council (BPD) were elected by full adult franchise. Many, including in Kabupaten Cirebon, were elected by heads of households (kepala keluarga) which disenfranchised the majority of women, and resulted in very few women being elected to the Council. Some were elected by an electoral college consisting of heads of hamlets (Antlov 2003b: 202). In Kabupaten Cirebon, based on Local Regulations No. 8 and No. 9 of 2000, members of the BPD selected the contenders who wished to nominate as candidates for election as kepala desa. With the implementation of the 2004 Laws on Regional Autonomy, the activities of BPD were yet more seriously restricted.

4.5.2. Regional Autonomy and the Family Welfare Movement: PKK

The implementation of the 1999 Regional Autonomy Laws transformed the way women in the villages could manage the Family Welfare Program (PKK). Just as village administrations changed, so too did the village-level organisation of the PKK. Indeed, one of the most fundamental changes to emerge was the village-level planning by the PKK. During the New Order regime, the PKK was an institutionally powerful, though constrained, organisation. After the implementation of the 1999 Laws, many of the constraints were lifted and the

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284 In Kabupaten Cirebon BPDs were regulated by Regional Regulation Regency/District Cirebon No.1 of 2001 (Peraturan Daerah Kabupaten Cirebon Nomor 1 Tahun 2000).
285 Peraturan Daerah Kabupaten Cirebon No. 8 dan No. 9 Tahun 2000
286 PKK: Pembinaan Kesejahteraan Keluarga
PKK had the opportunity to become a truly democratic organisation for village women.

The PKK depended on the active involvement of individual women in implementing its programs. As Marcoes (2002: 190) says: “Because of their close involvement with local communities, revitalising the PKK and the posyandu would seem to be a viable way of staying in touch with and defending the interests of women, especially in rural areas”. Certainly, the PKK experienced the modifying impact of decentralisation. At the provincial and regional levels PKK still tended to be headed by the wife, or close female relative of the chief executive of government. However, at village level, women began to elect their own leaders. In 2001, in the ten study villages in Kabupaten Cirebon, only one village maintained the concept that the wife of the kepala desa should automatically become the head of the PKK. By 2005 women in this village too were electing their PKK head. Women from two of the villages elected the wife of the kepala desa as head of PKK because, they said, she was the most suitable person for the position.

The name of the PKK was changed to Pemberdayaan Kesejahteraan Keluarga, Empowerment of Family Welfare. It was no longer obligatory for the PKK in the villages to follow the national program of PKK. The kabupaten level of PKK was at liberty to develop programs that met the needs of the women in the region. Correspondingly, village-level members of PKK could develop their own programs. While some villages continued to follow the national program, villagers were increasingly aware of this new freedom to formulate and follow their own programs. Many maintained there was more discussion at meetings; that the meetings were no longer orchestrated; and that the PKK was a more democratic, revitalised organisation. In the ten study villages the women expressed a sense of ‘ownership’ of their organisation. In focus group discussions in the ten villages during 2002, the women considered the revitalisation of the integrated healthcare posts (posyandu) their primary concern. They also wished to continue

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287 Posyandu: Pos Pelayanan Terpadu, Integrated Service Posts are discussed in Chapter 7
288 Interview Ibu Suroso Prayitno, Ketua Kantor PKK, Kabupaten Cirebon July 2002
289 Pers. comm. Wakil Camat Plumbon June 2005
290 Focus group discussions with women in the villages in 2002.
the provision of supplementary food (PMT)\textsuperscript{291} to children in the schools. Their third priority was to strive to raise the economic status of their community.

4.6. Village Administration in Kabupaten Cirebon

Following the downfall of President Suharto, it became easier for villagers to replace the kepala desa. Having ousted a powerful national leader, the people felt sufficiently assured to cast out a village leader who was not serving them well. In Kabupaten Cirebon, when villagers wanted to change the head of their village, several hundred villagers would go to the bupati and petition him to hold an election. Post-OTDA, representatives from the Village Representative Council (BPD) had sufficient independent authority to seek an audience with the bupati to bring about an out of cycle election.

Until 2004, in the village, the kepala desa was usually not actively involved in party politics. Registration of voters continued until two days before the election. The villagers began casting their votes about 8 am and the election continued until one candidate achieved a winning quota; usually about five hours. If there was only one candidate the empty box (kotak kosong) was used to represent opposition. In 1999, in one desa in Cirebon, three men stood as candidates for election as kepala desa. Two failed the test set by the bupati, who was not obliged to publish the reasons for his decision. On Election Day, the third candidate failed the test of public scrutiny. The kotak kosong – the empty box - received more votes than did the candidate. The bupati installed an administrator in the desa until another election could be held. The subsequent election of a village leader had mixed results. The new kepala desa was described as a dictator – ‘raja kecil’.\textsuperscript{292} He imposed his directions top-down and tried to manipulate the new BPD as though it were the old LKMD. He directed a separate LKMD/ LPMD which left the BPD unsure of its role. This kepala desa said that it was the ‘right’ of his wife to be leader of the PKK and PKK had not held an election for the position.\textsuperscript{293} At the end of term in 2004, another election was

\textsuperscript{291} PMT: pemberian makanan tambah. Chapter 7 details the involvement of the PKK in health related programs in the reformasi period.

\textsuperscript{292} Raja kecil: little king

\textsuperscript{293} Interview with kepala desa June 2002
called and the kepala desa was not re-elected. Interestingly, although he was not returned to office, his wife was elected by her peers to be head of the PKK.294 There was one kelurahan in this survey. The state of affairs in the kelurahan changed very little. The administration continued to be monitored by the camat. The lurah and his wife, who was automatically head of the PKK, lived in another village and commuted to their jobs in the kelurahan. Indeed the entire administrative staff of the kelurahan lived in other villages. The lurah said that was a better arrangement, because a kepala desa was expected to be on call 24 hours a day. (One may ask better for whom?) There was an LKMD which was directed by the lurah. This village was fortunate in that it was the centre of a vibrant export garment industry and consequently weathered the financial crisis of 1997-1998 (Krismon) better than other parts of the kabupaten. In 2005 a new lurah was appointed by the bupati. Neither he nor his staff lived in the kelurahan.295 Kepala desa in the kabupaten are conscious of the secure tenure of the lurah. As one kepala desa explained, if the people did not like his decisions (as kepala desa) there would be mass rallies at his house and he would not be re-elected. If the people did not like a decision made by the lurah, the lurah would only be reprimanded by the bupati.296 The people in the kelurahan have little power, and one of the paradoxes of the democratisation of local government since reformasi was the failure to include kelurahan in this fundamental reform.

After OTDA, a diverse group of people were elected to the BPDs: farmers, school teachers, businessmen. Less than half of the members of the BPD in the ten villages in Kabupaten Cirebon were previously members of the LKMD, and very few of them were bureaucrats. This suggests a significant broadening of villagers in local government, although very few of these elected representatives were women – less than two percent. The villagers talked about bottom-up planning and spoke approvingly of the new ‘openness’ in the village administration. They believed that with cooperation (gotong royong) they could achieve a great deal. The villagers recognised that success of development projects was dependent on participation and expertise of the people involved. The biggest obstacle to development, in the view of most villagers, was the paucity of venture capital; and the limited collateral stemming from inadequate and mismanaged resources.

294 Pers. comm. Wakil Camat Plumbon June 2005
295 Pers. comm. Wakil Camat Plumbon June 2005
296 Interview: Toto Darmanto, Kepala Desa, Desa Cikancas, January 2011
In 1999 people in the villages of Kabupaten Cirebon argued that more funding was needed for village affairs to be administered more effectively. Subsequently the bupati, eager to encourage the BPD, decided that repairing and renovating public buildings would give the new councils suitable meeting places, and also encourage participation in village government, while providing employment at the height of the economic crisis. Although under the 1979 Village Government Law, there had been separate funding from the central government for salaries for the village bureaucracy, in one village the annual budget was only Rp. 300,000 (US$ 36.95). The public buildings in this village were in very bad order. In 1999 the villagers decided not to wait for funding and they began to raise funds to renovate their buildings. Each family participated by pledging Rp. 30,000 (US$ 3.70) per year. The village had raised enough in three years to begin building. The bupati granted this village Rp.14,000,000 (US$ 1,725) toward building costs of Rp. 80,000,000 (US$ 9,855). There was a sense of ownership and pride in the refurbished public buildings which reflected the new public spirit at local level unleashed in the Reform Era of decentralised governance.

4.7. Village Government after 2004

The increased strength of political parties altered the balance of power in the villages. Where a kepala desa was dedicated to one political party and the majority of the BPD was loyal to another party, a stalemate characterised village affairs (Guggenheim 2009). During early 2000s, many village governments failed due to conflicts between BPD and the village executive. Law No. 32 of 2004 maintained the election of the kepala desa directly by and from the village residents who are eligible to vote (Law No. 32 of 2004 Art. 203, 1). However, the BPD became the Village Consultative Council whose members are the representatives of village residents determined through deliberation (musyawarah).

297 Erb, Beni and Anggal, (2005: 161-162) present an interesting prognosis regarding this stalemate in village affairs. They suggest that if the kepala desa still wants to be corrupt he/she will do his/her best to maintain control of the village and obstruct the BPD. They advocate that instead of the BPD playing a “watchdog” role, what is needed is a program for re-educating the people about the role of public servants. “A whole mindset change is needed, a new socialisation process, to change the social and cultural paradigm of ‘top-down’ and ‘trickle-down’ to make the local people aware of the need to be responsible for themselves, but also to demand their right to be so under the new autonomy laws”.

298 Interview: Nur Rochim Kaur Ekbang (Kepala Urusan Ekonomi dan Pembangunan), Desa Cawi Gajah, January 2011

299 BPD: Badan Permusyawaratan Desa
mufakat), not necessarily democratically elected (Law No. 32 of 2004 Art. 210, 1). In this way it is possible for the kepala desa to appoint members of the BPD after the vaguely phrased ‘deliberation’ just as members of the LKMD were appointed during the New Order. Ministerial Decision No. 66 of 2007\(^{300}\) decreed that authority in the village lay with the kepala desa and the BPD, but as Antlov\(^{301}\) suggested this is dependent on a well-meaning village leader. When asked about his relationship with the BPD one kepala desa stressed that BPD was no longer the Village Representative Council but only the Village Deliberation Council, so he consulted the BPD only if he had a problem.\(^{302}\)

Since 2004, in the villages in Kabupaten Cirebon, each hamlet registers two or three people to be their representatives on the BPD. The head of each sub-desa (Ketua RW) either chooses the representatives himself, or through deliberative system.\(^{303}\) These nominations are then submitted for approval to a village meeting, attended by representatives of community organisations.\(^{304}\) A head of one BPD believed that the BPD since 2004 resembled the New Order LKMD. He was a member of the BPD for two terms in the period before the 2004 revised legislation. He considered the BPD had been a very active organisation, making village regulations, vetting the village budget, and allocating village service land (tanah bengkok).\(^{305}\) In this village, the BPD had also collected development fees from villagers.\(^{306}\)

Post-OTDA, BPD members had a term of five years. However, in Desa Sindangkasih all of the BPD members were reappointed for a further 6 years (2010 - 2016), without going through the process of re-selection from a lower level. Similarly, in Desa Purbawinangun, all of the BPD members were

\(^{300}\)Peraturan Menteri dalam Negeri Nomor 66 Tahun 2007 Tentang Perencana Pembangunan Desa

\(^{301}\)Pers. comm. Hans Antlov, August 14, 2010

\(^{302}\)Interview: Dirya, Kepala Desa, Desa Karangasem, February 2011

\(^{303}\)Pers. comm. Agung Gumilang, September 2011

\(^{304}\)Interview: Nono Supriatno Kepala Desa, Desa Jatipancur, January 2011

\(^{305}\)Interview: Juari, Ketua BPD, Desa Cikanas, January 2011

\(^{306}\)Tanah bengkok is land traditionally used as salary for village officials. Among all village officials, it is only the secretary who is a civil employee. The others earn their income from agricultural land belonging to the village which is divided proportionally among them according to their ranks. Usually the number of people employed in the village office depended on the allotment of available tanah bengkok (Tjondronegoro 1984: 27).

\(^{307}\)All the households were obligated to pay IDR 12,000 (About US$ 1.30) per year for village revenue. About 80% of the households paid.
reappointed at a village meeting. In Desa Cikeduk, members inaugurated in 2000 still remained in 2011. "They were inaugurated by a letter from the *Bupati*, and the dismissal letter would be from the *Camat*. How could that be?" asked one of the village officials. There has not yet been a meeting to appoint/elect new members for the period 2010 - 2016.308 In 2010, in this village, BPD had no regular meetings and played little role in day to day village affairs. In another village, a man who had been a member of BPD since 2000 said because of the change of role from representative to deliberative council, the BPD was a much weakened organisation. In his view, whereas the BPD was once a counter power to the village head, it is now supposed to partner the village head, although the village head could function without the BPD. This man, who is a village official and Head of Village Development Section,309 made some interesting comments about cultural changes brought about by the introduction of Regional Autonomy. Since OTDA, villages could give village officials local names,310 and with those names came particular attitudes toward their functions. “It is good that we keep our culture alive, but it also brings back feudalism,” he said. He further criticised the centralisation of authority in the hands of the village head. “Everything is centralised in the *kuwu* (village head). It is the *kuwu* who decides all matters, including financial incentives for village officials.” 311

One senior bureaucrat in Desa Sindangkasih312 supported the role of BPD. He said that most BPD members were generally better educated than the *kepala desa*. Many of them were school supervisors, school principals or teachers. He explained that the BPD monitored the village bureaucrats. Because of this, he said the village officials had to take care in managing village finances. He considered that, in his village, the *kepala desa* was always transparent about

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308 Pers. comm. Uzair Fauzan, March 2011
309 *Kepala Urusan Ekonomi dan Pembangunan: Kaur Ekbang*
310 For example: *Kepala desa: Kuwu*
   - Village Secretary: *Juru Tulis (Pak Ulis)*
   - *Kepala Urusan Umum: Luluq*
   - Village Financial Officer: *Capgawe*
   - Official in Charge of Irrigation: *Raksa Bumi*
   - *Kepala Urusan Pemerintahan: Ngabehi*
   - *Kepala Urusan Ekonomi dan Pembangunan: Kaur*
311 Interview: Nur Rochin *Kaur Ekbang*, Desa Ciawi Gajah, January 2011. In Kabupaten Cirebon, after 2001, the *kepala desa* chose to call themselves “*kuwu*”. *Kuwu* is traditionally the term for the village administrative official in charge of water.
312 Interview, Desa Sindangkasih, January 2011
any government grants, showing how much the village received and how the grants would be divided equally so every villager enjoyed the benefits.

After the 1999 Regional Autonomy Laws were implemented the role of the camat was enhanced by the implementation of the Kecamatan Development Program (PPK). The camat remained a bureaucrat and an agent of the bupati; a figure of authority, aloof from the village – just as Geertz (1963: 45) described him in 1963. According to Ministerial Decision No. 67 of 2007 every year the camat must instigate and supervise a thorough, accurate and complete documentation of the development activities and plans for each village, including their resource potential. This data is forwarded to the bupati, who passes it on to the provincial governor and so to the Minister for Home Affairs in a manner reminiscent of the vertical offices, Instansi Vertikal, of the New Order.

4.7.1. Financing Village Government after 2004
Since OTDA, there are two sources of funding for the villages from the kabupaten administration. One is Alokasi Dana Desa (ADD) which is paid according to the population of the village. For example, in 2010, Desa Jatipancur received Rp. 61 million (US$ 6,643) of which Rp. 25 million (US$ 2,723) was set aside for development projects. The PKK was allocated Rp. 5 million (US$ 545) which was to cover posyandu; other healthcare purposes; religious meetings; and women’s gatherings. At the same time the BPD was allocated Rp. 7 million (US$ 762), even though its activities consisted only of irregular meetings. One BPD head explained that the funding for BPD was mostly used for honoraria for BPD members and administration expenses. But, as none of the BPD seemed to meet regularly this expenditure would appear to have been largely dissipated.

In another village, the kepala desa said that since 2004 everything involves money. His village received Rp. 64 million (US$ 6,970) from ADD, of which only

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313 PPK: The Kecamatan Development Program, Program Pengembangan Kecamatan is sometimes called KDP. During 2007, the Kecamatan Development Program was formally renamed Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan: PNPM Mandiri Perdesaan (The National Community Empowerment Program for Rural Villages). The program is discussed in Chapter 9.
314 Peraturan Menteri dalam Negeri Nomor 67 Tahun 2007 Tentang Pendataan Program Pembangunan Desa/Kelurahan
315 Interview: Nono Supriatno Kepala Desa, Desa Jatipancur, January 2011
316 Interview: Toto, Kepala Desa, Desa Cikancas, January 2011
about Rp. 25 million (US$ 2,723) was available for physical infrastructure development. Although he received this ADD funding directly from district government, he needed approval from camat to access the fund. He said he certainly would need to set some money aside for the camat, but he did not mention how much. This kepala desa also said that such corruption was consistent with what happens with development projects which fall under the authority of the regional government apparatus (Instansi). He explained that in these kinds of regional government projects the village government had no authority. Everything was done by contractors, and the villagers felt that they were only spectators. He also stressed that everyone knew that the real value of the implemented project was never equal to the value written on the project information planks in the village.317

A second source of funding is from members of parliament representing their electoral districts. Each member of the DPRD had exclusive access to Rp.400 million (US$ 43,560) of the regional government development budget called Dana Dapil.318 One kepala desa said that a committee responsible for the construction of a mosque approached a PDI-P319 legislative member to gain development aid from the government. They did gain aid from the government, but the committee only received 30 percent of the promised funds. The rest was taken by the legislative member.320 The kepala desa of Desa Purbawinangun said because he believed that any Dana Dapil funding would have to be divided fifty-fifty with the parliamentarian involved - he declined to apply for the funding.321 One member of a BPD expressed his concern about how Dana Dapil funding was being politicised by DPRD members. Funding was channelled to villages with strong political alliances.322 This method of funding ceased in 2010 because of nation-wide objection. It was believed that the Dapil fund had been proposed by Golkar party and was being misused and beyond audit.323

317 Interview Toto, Kepala Desa, Desa Cikancas, January 2011
318 Dana Dapil: Dana Daerah Pemilihan
319 PDI-P: Partai Demokrasi Indonesia – Perjuangan, the party with the most seats in the DPRD in Kabupaten Cirebon and who are part of a coalition government.
320 Interview: Nono Supriatno, Kepala Desa, Desa Jatipancur, January 2011
321 Interview: Kepala Desa, Desa Purbawinangun, February 2011
322 Interview: Gayo, member BPD Desa Kamarang Lebak, January 2011
Concern by the kepala desa about funding for their villages was expressed in a demonstration by the members of their local organisation, Forum Komunitas Kuvu Cirebon in 2010 who demanded an increase in funding of at least Rp.100 million (US$ 10,890) a year. Their demands were approved by the DPRD chairperson. This does show the power that kepala desa have in the political arena. One kepala desa believed that kepala desa are playing more important roles than members of parliament. He considers that the DPRD members are intimidated by kepala desa because the kepala desa has real followers in the village. “If I instruct my villagers not to vote for some candidates, they will follow suit” he said, deploying another New Order carry-over. He explained that his village had never received the benefits of Dana Dapil. He planned to demand contributions in advance from candidates who will run at the next election, if they want his support. “They will forget (about us) once they sit in the parliament” he said explaining his reason for insisting upon ‘in advance-payment’.  

Antlov and Eko, (2012: 1) succinctly summarise the situation:

> At a time of increased transfers of funds and authority to villages, it would be desirable to further strengthen the independence and oversight function of the Village Council (BPD) and other accountability mechanisms. Making the village government accountable to the community and the BPD would improve responsiveness and capacity to manage funds and provide services. This could be done by returning to formulations in Law 22/1999 on BPD.

The village administration continues to keep records; to collect tax; to issue identity cards (KTP) and the iniquitous permits and licenses which continue to dominate village life; and to sign loan applications and register land sales. All of which brings in some revenue. The villages have other avenues for raising their own incomes. As well as tanah bengkok, most villages have tanah titi sara which is village land managed by village officials to fund administration and development. In Desa Sindangkasih, auction of titi sara leases contribute almost Rp. 5 million (US$ 545) a year to village revenue. Desa Ciawi Gajah, which also auctions its titi sara agricultural land each year received Rp. 230 million (US$ 25,047) from the auction. Participants in the auction must come from within the village itself. If outsiders were allowed to participate in the auction, the value may be far higher, but the rule is enforced to make sure that local villagers

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324 Interview Dirya, Kepala Desa, Desa Karangasem, February 2011
325 Tanah titi sara: tanah kas desa
326 On this land, village government constructed 4 shops which are rented for Rp.100 thousand a month (About US $11.00).
327 Interview: Rohaman Lulu/L Kaur Umum, Desa Sindangkasih, January 2011
are the first to enjoy the benefits of access to land, and that jobs remain in the village.\textsuperscript{328}

Another avenue for raising income is by developing infrastructure to supply drinking water, PAM Desa.\textsuperscript{329} This is particularly important in Kecamatan Beber which is very dry. In Desa Sindangkasih only sixty households are connected to the scheme. The village wants to extend the scheme, but they do not have sufficient capital.\textsuperscript{330} Desa Ciawi Gajah also has PAM Desa. Water is connected to 400 households who are charged Rp. 500 per cubic metre of water. Just like Desa Sindangkasih, this PAM Desa was a grant project from Cipta Karya\textsuperscript{331} whose initial aim was to provide access to clean water to villages through mosques. From this PAM Desa, the village can earn about Rp. 18 million (US$ 1,960) a year.

A lesser economic activity in the villages is the establishment of rice banks (lumbung desa). Storage for rice in the lumbung desa means farmers are not forced to sell their rice when the price is low; and are able to borrow rice from lumbung desa should they choose. For every fifty kilo of rice people borrowed from the bank, they return sixty kilo (20% interest). Usually the rice is borrowed in October and November, or near the Muslim Feast Day, Eid ul-Fitr. The payment must be in the form of rice, so lumbung desa can only give loans to rice farmers. The payment is made in the first harvest every year.\textsuperscript{332} Rice from lumbung desa is marketed by the villages at a propitious time. Whether this is really to their advantage depends upon how much variation there is in the buying and selling price of rice on the market, and what the going interest rates are for borrowing small amounts locally.

\subsection*{4.7.2. The Organisation of the Family Welfare Movement (PKK) in the Villages after 2004}

In 1999, there was only one female kepala desa in Kabupaten Cirebon.\textsuperscript{333} In 2010, four of the ten villages had female leaders; and there were 26 female

\begin{footnotes}
\item[328] Interview: Nur Rochim \textit{Kaur Ekbang}, Desa Ciawi Gajah, January 2011
\item[329] PAM Desa: Perusahaan Air Minum Desa
\item[330] Every household was asked for Rp. 500,000 (US$ 54.35) for installation fee.
\item[331] Cipta Karya: a directorate of housing, planning and urban development
\item[332] Interview: Rohaman \textit{Lulugu/Kaur Umum}, Desa Sindangkasih, January 2011
\item[333] Ny. Renesih K. from Desa Purbawinangun
\end{footnotes}
kepala desa throughout the kabupaten. Reports from Kabupaten Cirebon suggest that since the implementation of the 2004 Law, kepala desa were again appointing their wives, or close female relatives, as heads of PKK. Even so, the Family Welfare Movement (PKK) remained an independent organisation, although still “guided” (didampingi) by village government. Among PKK groups in the ten villages, the difficulty most constantly expressed was the lack of funding. Most village governments allocated about Rp. 5 million (US$ 545) to the PKK which was to cover all activities for the year.

In 1994 Norma Sullivan, studying PKK in Yogyakarta, categorised leaders of PKK into two groups: “outward looking and inward looking”. Outward looking leaders chose to involve their members in inter-kecamatan excursions and competitions, while inward looking leaders chose to contain their activities within their neighbourhoods and communities (Sullivan 1994: 70). At the time of the introduction of OTDA, members of PKK in the ten study villages in Kabupaten Cirebon were decidedly ‘inward looking’.

By 2010 ‘outward looking’ kecamatan leaders in the kabupaten had encouraged the villages to become involved in inter- kecamatan workshops, trainings and competitions. These workshops were usually some kind of gender typed “capacity building” activities such as cooking, etiquette, flower arranging and so on, which may cost up to 1.5 million Rupiah (US$ 163) for each village. Remembering that the annual budget to cover all costs of the village PKK was around Rp. 5 million (US$ 545) the cost of going on these excursions was not inconsiderable. If a village hosted a meeting, the cost was between Rp. 300 - 400 thousand (US$ 33 - 44). If the kecamatan PKK invited the wife of the bupati, it was necessary to provide an ‘amplop’ for Ibu Bupati and her assistants.

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334 These 26 female kepala desa have their own association which meets regularly. (Interview Ibu. Mutiarah, Kepala Desa, Desa Ciawi Gajah, January 2011)
335 Pers. comm. Agung Gumilang, January 2010
336 Pers. comm. Hans Antlov, August 14, 2010
337 Interview: Ibu Nur, Ketua Penggerak PKK, Desa Purbawinangun, February 2011
338 Some of the expenses for these excursions included:
   - Rp. 15 thousand (US$ 1.63) for monthly contribution to the kecamatan PKK
   - Rp. 10-20 thousand (US$ 1.09 – 2.18) per person depending on the distance (Interview Ibu Nur, Ketua Penggerak PKK Desa Purbawinangun, February 2011)
339 Amplop: envelope (containing money, and usually a no-longer discreet form of bribery)
340 Interview: Ibu Nur, Ketua Penggerak PKK, Desa Purbawinangun, February 2011
The activities of the PKK were also criticised by the kepala desa of one village. He said that not all villages were willing to participate in the competitions because of the cost. His village won second prize in one competition but the prize did not cover the costs incurred by the village. In larger competitions, villagers must provide refreshments (menjamu) for the jurists and the many guests from local government who usually accompanied the jurists to the villages. During planting or harvesting time, it was difficult to gather volunteers to work on the projects. As a result, people were paid to help which made the project more expensive and perhaps exceeded the allowed budget. He considered that PKK should move their activities away from “women’s affairs”; that there should be larger competitions involving more villagers; and that the prizes should include more incentives, such as development project grants, so many villagers would be interested to participate in the competition.\(^{341}\)

Given that kecamatan are not communities and kecamatan officials are not democratically elected, it is ironic that this group of women have so much influence on the PKK in the villages, whose members so rejoiced in their independence after OTDA. This criticism can also be extended to the choice of the kecamatan to ‘empower’ the villages in the PPK program.

### 4.8. Summary

The 1999 Regional Autonomy Laws reinforced the focus of autonomy at the district (kabupaten or kota) level of government. The 1999 Laws also changed the way desa were governed. The draconian and stultifying top-down administration that was set in place by the Village Government Law of 1979 and supported by the weak and executive controlled councils LMD and LKMD, gave way to a Village Representative Council (BPD) elected by heads of households from within the village. The BPD encouraged kepala desa to adopt inclusive decision-making in their administrations, which enabled villagers to participate in the bottom-up planning and management of their communities. The formation of the BPD instituted the separation of powers, at village level, between the newly elected council and the continuing village bureaucracy. For the first time women had the right to participate in an election for the leaders of the women’s organisation, the PKK. As Antlov (2003a: 84-85) noted: “The grassroots experiments with councils

\(^{341}\) Interview: Toto Darmanto, Kepala Desa, Desa Cikancas, January 2011
and forums are proof that citizens are perfectly capable of managing democracy and local politics, if given the political space and autonomy to do so”.

But even as the 1999 Laws were being implemented, various regulations were promulgated to limit their effectiveness. There was concern that regional governments had embellished their powers in exercising their autonomy; while the central government was criticised for its reluctance to devolve more authority to local governments. The devolution of political power to the kabupaten and kota level and the resultant augmented budgets made local politics more competitive and political positions more attractive. Law No. 32 of 2004 concerning Regional Government was implemented to restore more power and authority to central and provincial governments, and to reinforce executive authority at the village level.

From 2004, the President and Vice-President of the Republic of Indonesia are directly elected. Subsequently, regional heads (gubernur, bupati and walikota) and their deputies are similarly elected by the pilkada. In direct elections, candidates are selected and endorsed by one of the major political parties or by a coalition of smaller political parties. The pilkada encouraged well-connected bureaucrats and wealthy businessmen to join forces to profit from candidacies. Thus, despite the expectation that, under the 1999 Laws, control of local politics would pass to the people, in fact power shifted to the elite of the political parties and the people remained substantially marginalised (Pratikno 2005: 30; Rasyid 2003: 65).

The implementation of the 2004 Regional Government Laws witnessed the permeation of party politics and ‘money politics’ into every level of regional government. This Law changed the Village Representative Council into a consultative body whose members were the representatives of village residents determined through vaguely defined deliberation (musyawarah mufakat), and who no longer had decision-making powers. Whereas the 1999 Laws emphasised the principles of democracy, community participation, equitable distribution and justice, the implementation of the 2004 Laws diminished many of these values. Many of the restrictive practices of the New Order have been retained, restoring the primacy of executive authority over weakened village councils.
Chapter 5

Two Welfare and Development Programs in Kabupaten Cirebon

Numerous welfare and development programs operate in Indonesia: some organised by government; others by NGOs; and many by private organisations. Two national government welfare and development programs which operated in Kabupaten Cirebon are examined in this chapter. These programs were initiated before the 1999 Regional Autonomy legislation was implemented. The programs are:

- The President’s Backward (‘left behind’) Village Program\(^{342}\) (Program Inpres Desa Tertinggal\(^{343}\) IDT)
- DAKBALAREA: Special Policy to Rescue the People of Kabupaten Cirebon from the Effects of the 1997 - 1998 Financial Crisis

The President’ Backward (‘left behind’) Village Program was a classic example of the New Order’s ‘top-down’ approach to poverty alleviation and development. The central government passed funds to village authorities,\(^{344}\) for small village-level enterprises. DAKBALAREA was funded by the provincial government of West Java for individual projects in villages within kabupaten in West Java. Projects of DAKBALAREA were supervised by kabupaten administrations. Both of these programs, DAKBALAREA and Program Inpres Desa Tertinggal: IDT were designed to provide support for impoverished communities by providing them with aid, and importantly, with credit to provide seed capital.

5.1. Accurate Targeting of the Poor and Vulnerable

To achieve cost effectiveness within welfare programs, accurate targeting is crucially important, and reliable information is vital. Accurate targeting can be a time-consuming and expensive activity. The capacity to respond to emergencies can be undermined by a lack of complete, up to date, and accurate data (Sumarto and Suryahadi, 2001: 17-19). The Indonesian government has a number of resources for targeting the poor. The National Socio-economic Survey (Susenas)\(^{345}\) and the

\(^{342}\) Instruksi Presiden R.I. Nomor 5 Tahun 1993 mengenai Program Inpres Desa Tertinggal

\(^{343}\) Tertinggal – literally ‘left behind’

\(^{344}\) This program was executed by the central government through deconcentration (dekonsentrasi), which implied a delegation of authority from the central government to village officials, with no local accountability.

\(^{345}\) Susenas: Survei Sosio-ekonomi Nasional
Village Potential Census (Podes)\textsuperscript{346} have been the basis for distributing and allocating programs designed specifically to alleviate poverty. Susenas is a national household survey conducted annually since 1967 by the Central Bureau of Statistics (BPS).\textsuperscript{347} Susenas collects information from more than 200,000 households and 800,000 individuals. Every three years, a Susenas survey is conducted specifically accumulating information on detailed consumption expenditures\textsuperscript{348} from 65,000 randomly selected of the 200,000 household samples (Suryadarma, et al., 2005: 1; Suryahadi and Sumarto, 2003: 9). Podes is completed by BPS three times per decade in coordination with the Population Census, the Agricultural Census, and the Economic Census\textsuperscript{349} (Alatas 2000: 71). Podes is conducted in every Indonesian village gathering information on basic village infrastructure and facilities (Suryadarma, et al., 2005: 1) The questionnaires are completed by local officials, with information obtained from official village documents (Suryahadi and Sumarto, 2003: 9).

In emergency situations, problems arise when district officials have to identify and locate those in need because Susenas and Podes do not always have current information. In order to establish locations most likely to be in need, the program implementers turn to the National Family Planning Coordinating Agency’s (BKKBN)\textsuperscript{350} data, which was thought to be the most current. The main activity of BKKBN is monitoring the implementation of the national family planning program. There is some valid criticism of the accuracy of the BKKBN household classification. Because BKKBN lists are partially based on relatively fixed assets, for example the type of floor in the house and the ownership of changes of clothing, they do not encapsulate “transitory shocks to income” (Sumarto and Suryahadi, 2001: 10). Gunawan (1999) also argues that BKKBN classifications did not capture the effect of crises, nor of droughts and other natural disasters. The BKKBN criteria also draw on non-economic conditions such as the capacity of families to meet their religious obligations (Hatmadji and Mursitama, 2003: 275). Hatmadji and Mursitama, (2003: 275) suggest that because BKKBN data does not reflect “the real situation” it may be inappropriate for targeting the needy. More

\textsuperscript{346} Podes: Potensi Desa Sensus  
\textsuperscript{347} BPS: Biro Pusat Statistik  
\textsuperscript{348} In Indonesia the poverty line is based on food consumption that produces 2,100 calories per day plus non-food consumption that is deemed essential (Suryahadi, Widyanti and Sumarto, 2010a: fn 4)  
\textsuperscript{349} Sensus Penduduk; Sensus Pertanian; Sensus Ekonomi  
\textsuperscript{350} BKKBN: Badan Koordinasi Keluarga Berencana Nasional
importantly, because the lists are compiled by inadequately trained workers at village level, consistency across regions is not assured. There are uncertainties about how the BKKBN field workers actually compile their information. The lists are presumed to be based on household visits, but to say they are based on a ‘survey’ overstates the formality and rigor of the process. The list of household names is maintained at local level and higher levels of government only have access to a summary of the reports (Pritchett, Sumarto and Suryahadi, 2002: 7). A common grievance with BKKBN data is the ease with which it can be tampered (Suryadarma, et al., 2005: 3).

With the onset of Krismon, a special survey was sponsored by UNICEF and conducted by the Central Bureau of Statistics (BPS). This was the ‘100 Villages Survey’ (SSD)\textsuperscript{351} conducted from 1997 to 1999 in 120 households in each of 100 villages, spread across 10 kabupaten in 9 provinces (Olken, et al., 2001: iii; Weibe 1998). The intention of this survey was to focus on rural and relatively poor areas. It was not, therefore, representative of the country as a whole (Sumarto, Suryahadi, and Widyanti, 2005: 162).

If targeting programs are to be effective and reliable, as well as socially and politically acceptable, targeting requires detailed administrative guidance and community involvement:

Effective geographic targeting requires up to date, complete, and accurate data, but even when such data are available, static administrative targeting will still be unable to catch the newly poor or shocked households. Clear targeting criteria and a reliable decision-making process are crucial to the effectiveness of a program. However, although a simple design is important, there must still be some allowance for local flexibility in countries of the size and complexity of Indonesia (Sumarto and Suryahadi, 2001: 19).

The Indonesian experience of implementing welfare programs in the last decade of the 20\textsuperscript{th}. Century showed that targeting in those programs experienced problems of both under-coverage and leakage, which caused the programs to become “less effective and less efficient” than was their potential (Suryahadi, et al., 2010c: 190). Small-area poverty mapping is a tool for better targeting. Detailed poverty maps of small geographic areas or at low administrative levels can help address many of the shortcomings of targeting practices. As a result of methodological advances in small-area poverty mapping, a new approach has been developed to estimate poverty called the ELL method, an acronym named

\textsuperscript{351} SSD: Survei Seratus Desa
for its proponents, Elbers, Lanjouw, and Lanjouw\textsuperscript{352} (Davis 2004). The ELL method uses detailed information from household surveys to estimate a model of \textit{per capita} consumption as a variable that is accessible in both the \textit{SUSENAS} and the Population Census (Suryahadi, et al., 2010c: 210). In a country as large and diverse as Indonesia, differences in small administrative areas often go unnoticed in national statistics. This is a common but serious problem for planners. Poverty maps can assist in identifying those differences and can enable resources to be used more effectively by reducing the leakage of program benefits to non-poor households. Concomitantly, the risk of poor households being overlooked decreases significantly (Suryahadi, et al., 2010c: 209). The ELL system is being used by BPS\textsuperscript{353} at \textit{kabupaten} level in Cirebon.\textsuperscript{354}

\textbf{5.2. The President’s Backward Village Program: IDT\textsuperscript{355}}

The President’s Backward Village Program (IDT) which was launched in 1993, was built on the existing \textit{Inpres} (See Box 5.1 below) grants system, and designed to channel funds from the central government directly to villages where a high incidence of poverty existed. It was contended that poverty should be addressed where it begins and the people themselves could be the major instruments in overcoming it. The fundamental purpose behind the program was to provide small-scale credit to poor households so they could invest in ways that yielded additional income (Alatas 2000: 47). The program stipulated funds should be used for activities that were “quick yielding, local resource oriented, easy to market and value-adding creating” (Pangestu and Azis, 1994: 34).

\textsuperscript{352} Chris Elbers, Jean O. Lanjouw and Peter Lanjouw. The ELL method has been successfully used in some countries including South Africa and Ecuador (Suryahadi, et al., 2010c: 193).

\textsuperscript{353} BPS: \textit{Biro Pusat Statistik}

\textsuperscript{354} Pers. comm. Agung Gumilang September 25, 2012

\textsuperscript{355} IDT: \textit{Program Inpres Desa Tertinggal}
Box 5.1
Presidential Instruction Program, *Inpres: Instruksi Presiden*

*Inpres*, Presidential Instruction, a rural development program, which began in 1970, represented almost ten percent of the national budget, and 30 percent of the resources available to regional governments (Devas 1997: 335). *Inpres* grants began as a means of financing the building and maintenance of regional roads and other infrastructure which were the responsibility of regional (kabupaten and kota) governments. Financial assistance for development through sectoral means only covered federal and provincial roads (Temenggung 1994: 92). In 1970 – 1971 through the District Development Grant (*Inpres Dati II*) it was decided to grant fifty *Rupiah* per capita to each kabupaten and kota with a minimum of *Rupiah* 5 million per kabupaten and kota. These grants were increased regularly. In 1985 – 1986 *Rupiah* 1,250 per capita was paid with a minimum of *Rupiah* 170 million to each regional administration (Temenggung 1994: 94-95). This grant was also called *Inpres Jalan*.

Village Development Grants (*Inpres Desa*) also began in 1970. These were grants by the central government to each village in the country which was supplemented with contributions from the village community. The allocation of *Inpres Desa* was based on a flat rate. During the first Five Year Plan (*Repelita I* 1969 – 1974) the grant was *Rupiah* 100,000 per village and was increased in stages. The grant had reached *Rupiah* 2.50 million by 1990 - 1991 (Temenggung 1994: 97).

The grants for elementary schools (*Sekolah Dasar*), *Inpres SD*, began in 1973 – 1974. This program was aimed at building one elementary school in each kecamatan each year. The Health Grant (*Inpres Kesehatan*) began in 1974 – 1975 and was used for buildings and for public health centres and nurses’ housing; and for rural water supplies and sanitation schemes. Some medicines were provided under *Inpres Kesehatan*. Re-greening and Reforestation Grants (*Inpres Penghijauan dan Reboisasi*) began in 1976 – 1977. The purpose of this grant was to reduce soil erosion by the planting of appropriate trees and ground cover (Temenggung 1994: 96). Also in 1976 -1977 grants were provided for Market Place Restoration (*Inpres Pasar*). *Inpres Pasar* was aimed at the construction of market places and *Inpres Pertokoan* was for shop construction, maintenance and refurbishment. Both of these *Inpres* were part of a loan program rather than a grant (Temenggung 1994: 97).
In 1993 poor households were not identified by a means test. Less developed villages were identified through the Village Potential Census (Podes). Village communities decided which households would receive help (Alatas 2000: 49; Bappenas 1997: 1; Pangestu and Azis 1994: 32). Classification criteria for villages included the quality of village infrastructure; the environment; the average ownership of livestock; the availability of electricity; school enrolment rates; and indicators of health and morbidity (Alatas 2000: 84, 86; Daly and Fane, 2002: 313; Pangestu and Azis, 1994: 35). Villages without access roads were given additional consideration. Gunawan (1999) estimated that 75 percent of problems in desa tertinggal could be attributed to inadequate transportation. The IDT program provided selected villages with Rp. 20 million ($US 8,980) for the program (Daly and Fane 2002: 313; Pangestu and Azis 1994: 35).

In a review of the IDT program in 1993, Alatas (2000: 54) found that of a total of 66,000 villages in her sample, only 75 were wrongly classified as IDT and only one was wrongfully classified as non-IDT. However, following Krismon, existing classifications were inevitably inadequate. In Kabupaten Cirebon, the villagers of Desa Getasan were very critical of the way desa tertinggal were classified. Post-Krismon, Desa Getasan was a community enduring very hard times. The villagers complained there were no ‘on the ground’ inspections and that decisions regarding the criteria for desa tertinggal should not only have been left to BKKBN classification of families in the villages. The villagers of Desa Getasan were confusing criteria used to establish the Safety Net program (JPS) with criteria used to identify the desa tertinggal. Nevertheless, their concerns identify the relatively arbitrary point at which the poverty line is drawn. A broad band of people live in marginal economic circumstances, which makes the ‘poverty line’ a blunt instrument for dealing with disadvantage and poverty, especially in a crisis situation.

The implementation of the IDT program was carried out by the village administration, as agents of the central government, in the manner of deconcentration (dekonsentrasi). The role of village administration was

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356 It was not until 1995 that the National Family Planning Coordinating Agency (BKKBN) began to classify every household into one of four levels of ‘prosperity’. These classifications are discussed further in Chapter 6.

357 A list of the variables used in the scoring system to evaluate IDT villages is given in appendix ‘e’.

358 JPS: Jaring Pengaman Sosial is discussed in Chapter 6.
important, as was the role of both the Village Community Resilience Council (LKMD) and the Family Welfare Movement (PKK) \((\text{Bappenas} 1997)\). The allocations to villages for community enterprises were non-repayable grants, but subsequent allocations to villagers for their micro-finance enterprises were supposed to be revolving loans \((\text{Daly} \text{ and } \text{Fane} 2002: 313)\). However, according to BPS data cited by Alatas \((2000: 57)\), there was minimal pressure for recipients to repay the loans, and only 60 percent of the recipient households repaid at least part of their loans. Alatas argued that guidelines for the use of funds were so vague that the program amounted to a confusing mixture of cash grants and loans for any income generating purpose. By comparing villages which received IDT funds with similar villages which did not, Alatas concluded that the positive effects of the scheme were to increase household expenditure; increase employment of women in rural areas and employment of children aged between 10 and 18; and increase the proportion of spouses of household heads who were self-employed \((\text{Alatas} 2000: 78-81)\).

Professor Mubyarto from \textit{Gadjah Mada} University, who worked with the IDT program, recalled that between 1994 and 1997 the poverty rate dramatically dropped because of the IDT program. However, according to Mubyarto, programs like IDT crumbled in the face of the economic crisis in 1997 because the program no longer received adequate government support.\(^{359}\) There were others who saw corruption as the cause of its demise. Guggenheim \((2004: 10)\) reports that

> The program soon soured when it became clear how corrupt local administration of the program had become. Large amounts of money went missing; when money did reach the village, all too often village heads preferred to give it to local elites with the demonstrable track record of using money effectively rather than poor people who would be unlikely to pay it back.

While the villages in the IDT program were assessed as accurately classified \((\text{Alatas} 2000: 54)\), once the distribution of funds was ceded to village administration, there was no guarantee which families were able to participate in the program. The IDT program was gradually phased out from 1995, although some funding did continue until 1997. A similar program, the PMD-DKE credit program, which was part of the Safety Net program responding to the 1997 – 1998 economic crises, replaced IDT and is discussed in Chapter 6. The PMD-DKE credit program

\(^{359}\) \textit{The Jakarta Post} November 11, 2001
experienced similar problems to the IDT program including inadequate supervision by the central government of their representatives in the villages.

5.3. **DAKABALAREA**

**DAKABALAREA** was a development and welfare program inaugurated by the provincial government of West Java in 1999, and financed through the Bank of West Java which was owned by the provincial government. Kabupaten Cirebon joined the program in 2000 in response to the severe impacts of the 1997 - 1998 economic crises (*Krismon*). The implementation of this special program in Kabupaten Cirebon was an effort to rescue the people from the effects of *Krismon* by increasing income; ensuring food supplies; and enhancing education and health facilities. The *Bupati* of Cirebon used **DAKABALAREA** to instigate restructuring of some industries in the *kabupaten*, a priority of his administration. He felt that by intensifying these economic activities in some villages he could help advance the economy in those areas.

The *Bupati* was concerned that, within the *kabupaten*, many small-scale enterprises were under-capitalised. His initial objective was to loan **DAKABALAREA** funds to entrepreneurs. They in turn could employ others thus reducing the number of unemployed. Initially 15 people were assisted, and then a further 43 joined the scheme. In the early stages of **DAKABALAREA**, borrowers were reluctant to repay the loans. However, the *Bupati* quickly moved to ensure that people realised that without repayment the scheme would be phased out. References were then required of people seeking loans and

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360 **DAKABALAREA**: *Kebijaksanaan Khusus Guna Menyelamatkan Masyarakat Kabupaten Cirebon dari Dampak Krisis Sosial Ekonomi*, Special Policy to Rescue the People of Kabupaten Cirebon from the Effects of the Financial Crisis.

**DAKABALAREA** is an acronym from the Sundanese words:

- *Dahareun Loba*: there is enough food by increasing production;
- *Kabeuli ku ra’yat*: if there is work the people can afford to buy the food;
- *Barudak bisa sakola tur jagja waringkas*: the children and the community are healthy and the children must go to school;
- *Layanan umum ningkat, hade tur rancage*: there should be a simple and inexpensive public service;
- *Reformasi lancar*: there is a good justice system and we respect human rights. There is an effort to work towards democracy, no more corruption, collusion and nepotism especially in decision-making and development.

*Anu miskin ngurangan, tur nu iman jeung nu taqwa nambah*: we have fewer poor families and more moral/faithful families (*Pemerintah Kabupaten Cirebon 1999a*).

361 *Keputusan Gubenur Jawa Barat Nomor 31 Tahun 1999 tentang Program DAKABALAREA*

362 Interview H. Sutisna SH *Bupati* Cirebon, July 2001

communities and individuals who borrowed funds were held personally and collectively responsible for the repayment of the funds to the Bank of West Java.\textsuperscript{364}

The Bupati used a special component of DAKABALAREA ‘Profil Produk Unggulan Daerah’\textsuperscript{365} to promote particular products of the region. He chose to endorse five special regional products, the production of which was labour intensive: onions, ducks, fish, bamboo and stone.\textsuperscript{366}

5.3.1. The Onion Project (Usaha Produksi Bawang Merah)
The onion project was centred on Kecamatan Babakan. It was proposed to market the onions not only in Cirebon, but in the surrounding kabupaten. Markets were to be created further afield in Jakarta, Bandung, Bogor and Surabaya; Kalimantan, Sumatra and Sulawesi. Export markets would also be sought in Malaysia, Singapore and Taiwan. Before DAKABALAREA was established, there were 2,841 hectares of onions grown annually: it was proposed to increase this to six thousand hectares. The production of onions would be increased from 19,472 tonnes to 72,000 tonnes.\textsuperscript{367} Initially, only an extra two thousand hectares were planted. Some private investors joined the scheme and chose to use mechanical harvesters, hence absorbing less labour than had been envisaged.\textsuperscript{368} In 2009, Kecamatan Babakan produced 76,710 tonnes of the 399,613 tonnes of onions produced in the kabupaten, tripling production to just above the set target.\textsuperscript{369}

5.3.2. The Duck-breeding Project (Usaha Peternakan Itik)
The duck-breeding project was the most successful of the five of the bupati’s flagship projects.\textsuperscript{370} This activity was centred on Kecamatan Kapetakan where 27 groups of farmers, consisting of 2,708 families, participated in the venture. Before DAKABALAREA this group of farmers owned 180,144 ducks which produced 3,066 tonne of eggs and 3,857,640 ducklings each year. From DAKABALAREA funds, an investment was made in new breeding stock and it was

\textsuperscript{364} Pers. comm. H. Sutisna SH Bupati Cirebon, January 2003  
\textsuperscript{365} Profil Produk Unggulan Daerah, Profile of Superior Regional Products  
\textsuperscript{366} Pemerintah Kabupaten Cirebon 2000b  
\textsuperscript{367} Pemerintah Kabupaten Cirebon 2000b  
\textsuperscript{368} Interview Drs. H.A. Glenarto, Departemen Pertanian, Kabupaten Cirebon July 2002  
\textsuperscript{369} Pemerintah Kabupaten Cirebon 2010b  
\textsuperscript{370} Pers. comm. H. Sutisna SH Bupati Cirebon, January 2003
expected to produce 4,400 tonnes of eggs and 4,243,404 ducklings each year. The potential markets were Jakarta, West Java, Central Java, East Java, Sumatra, Kalimantan and Irian Jaya. Brunei was a possible export market. The Department of Agriculture in Kabupaten Cirebon had only anecdotal reports of the success of the enterprise, but claimed the projects had been advantageous and of continuing benefit because of extra food being produced by local farmers. The participation of so many people in the program underscored that success.

The former Bupati of Cirebon, H Sutisna, SH. (1998 – 2002) envisaged a plan to process smoked duck, to be sold in Jakarta and other large cities. This would have involved new refrigeration and storage, as well as processing and marketing expertise. This plan has not been acted on.

5.3.3. The Fisheries Project (Budi Daya Ikan Bandeng)

The fish component of the ‘superior regional products’ program was unlike the others. Although the program focussed on Kecamatan Losari, it became a more generic program to help all fish-farmers and was supervised by the Kabupaten Fisheries Department. As part of DAKABALAREA, groups of farmers, applied for loans to increase the productivity of their fish stocks. The application had to be endorsed by the Fisheries Department who stressed that the loans were used to upgrade, renovate and enlarge fishponds. Breeding farms for many types of fish were set up by the kabupaten government. New varieties of fish were brought from Taiwan and an intensive breeding plan was carried out. There was also an intensive program to increase fish produced for export. There were 1,476 farmers engaged in aquaculture employing, 1,805 workmen in 2000.371 In Kabupaten Cirebon large companies must have licenses to farm fish, but aquaculture farmers do not need licenses.

Finance was also made available for farmers to increase their production by using the Mina Padi system of fish farming.372 Farmers were given fish and fish fingerlings. Seed was made available, at the rate of 30 kilo per hectare, for the farmers to cultivate crops of soya beans to feed the fish. Other farmers were

371 Pemerintah Kabupaten Cirebon 2000b
372 Mina Padi is a system where the water from rural irrigation is utilised in a fish pond before it is used to irrigate the rice paddy.
encouraged to produce fish in their rice paddies. There are three ways of doing this. The first, called *tumpang* (to join with others) is when fish are introduced into the paddies when the paddies are flooded. The fish are returned to dams or ponds for controlled feeding whenever the paddy is drained. The second method, *penyelang* (alternating) is when the paddy field is flooded after harvest to accommodate the fish. The third method is *palawija*, a method of combining fish production with a second crop cultivated in the dry season.

Initially the results from the fish project were disappointing. Many of the farmers complained that the fish did not prosper and that the pharmaceuticals given to the farmers by the government to treat the fish were inappropriate. The farmers believed that the best fish stock came from Suka Bumi in West Java, but this stock was not available through *DAKABALAREA*. Even with the funds from *DAKABALAREA*, the farmers said that they were under-capitalised; that they needed capital to transport fish to market. There is some cold storage for fish in Cirebon but it is privately owned. The plans by the *kabupaten* government to build cold storage have not materialised. Facilities to smoke and dry fish are only sufficient for the domestic market.

In Kabupaten Cirebon there is a shrimp-farming enterprise. In 1999, Japan advanced Rp. 4.1 billion (government to government) to construct the infrastructure for the shrimp industry. There were 448 farmers who employed another 505 workmen to produce shrimp in dams. The dams, near the coast, were affected by pollution from the sea and production was threatened by pests and disease. Robbery of shrimp stock was also a problem for the producers.

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373 Traditionally, to grow rice, the paddy is flooded for one month and then drained for weeding. It is then flooded for a further month, drained, and weeded again. This is repeated for a third time. Once the plants begin to colour the paddy is drained for the last time. After harvest this process may be repeated, or the paddy field rotated with dry crops (*palawija*).
Table 5.1
The Cultivation of Fish and Shrimp in Kabupaten Cirebon 1999 – 2009 (in tons)

<table>
<thead>
<tr>
<th></th>
<th>Fish</th>
<th>Shrimp</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>987.4</td>
<td>1,664.9</td>
</tr>
<tr>
<td>2001</td>
<td>1,007.2</td>
<td>1,747.0</td>
</tr>
<tr>
<td>2002</td>
<td>851.2</td>
<td>2,003.3</td>
</tr>
<tr>
<td>2003</td>
<td>1,280.2</td>
<td>1,539.0</td>
</tr>
<tr>
<td>2004</td>
<td>1,095.3</td>
<td>1,558.1</td>
</tr>
<tr>
<td>2005</td>
<td>1,115.3</td>
<td>1,573.0</td>
</tr>
<tr>
<td>2006</td>
<td>1,289.2</td>
<td>1,448.0</td>
</tr>
<tr>
<td>2007</td>
<td>1,301.9</td>
<td>2,263.5</td>
</tr>
<tr>
<td>2008</td>
<td>1,311.2</td>
<td>1,174.1</td>
</tr>
<tr>
<td>2009</td>
<td>2,072.8</td>
<td>1,454.9</td>
</tr>
</tbody>
</table>

Source: Annual Reports Department of Fisheries 1999 - 2009

5.3.4. The Bamboo Project
(Pengembangan Budidaya Tanaman Bambu)

The former Bupati of Cirebon, H Sutisna, SH. chose to try and promote the bamboo industry, but that industry had already been eclipsed by the production of rattan. For many decades, Kabupaten Cirebon was famous for its bamboo furniture and fine handcrafted baskets. Bamboo products were manufactured using traditional methods and were utilised in industry and domestically. Cirebonese artisans and crafts people worked for Chinese businesses in the kabupaten from the 1930s, creating simple domestic goods. In the kabupaten, twenty-three kecamatan produced bamboo goods. Following Krismon many of the cottage industries producing bamboo artefacts ceased to exist. There was simply no longer a local market for the products. The program to revitalise the production of bamboo was based in Desa Nanggela, Kecamatan Beber. Gradually rattan became established as a superior material to bamboo. Rattan is lighter, stronger, more flexible, and more durable. Bamboo cracks and splits easily, and cannot be curved. Rattan is malleable under steam, and can be curved into useful and comfortable shapes. Only a very small amount of rattan is

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374 Five of the villages surveyed for this research were located in Kecamatan Beber, which is a mountainous area and is dependent upon rain to water its crops. Very few farmers in the kecamatan are able to produce a second crop of rice a year and need other sources of income to supplement rice production.
grown in Cirebon, most is shipped in from Irian Jaya, Kalimantan, Sulawesi and Sumatra. As the skills of the Cirebonese craft people were passed down from generation to generation it was deemed more realistic to bring the unprocessed rattan to Cirebon, than attempt to transfer the skilled artisans to other regions.375

Until 1960 rattan was crafted by traditional methods and competed with bamboo products. During the 1970s, several government agencies, non-government and industry organisations commenced research with the intention of developing the rattan industry.376 These organisations provided technical assistance for incipient small-scale enterprises and some training for prospective workers. Finance was arranged for emerging entrepreneurs. Export of manufactured rattan furniture began after 1974 (Akhmadi and Maxwell, 2002: 4). The rattan factories became mechanised after 1984. The factories then used very sophisticated manufacturing methods combining machines, skilled and unskilled labour.

Because of its versatility and potential, the rattan industry attracted significant capital investment from within Indonesia and from overseas. The owners of the rattan factories employed talented international designers. Although several other countries competed in the manufacture and marketing of rattan products including China, Malaysia, Philippines, Thailand and Vietnam, the factories in Kabupaten Cirebon procured export markets world-wide but especially in Austria, Germany, Holland, Japan, Poland and the United States. To add variety to their designs, some of the rattan factories used dried water hyacinth in their products.377

The rattan industry in Kabupaten Cirebon is centred in three kecamatan: Cirebon Barat, Plumbon and Weru. In all of these centres the rattan industry has

375 Interview R.A. Abdurahman, June 2000
376 These organisations and government agencies included: Department of Industry, the Director General of Cooperatives, Bank Rakyat Indonesia [BRI], the Indonesian Credit Association, non-government organisations [NGOs] such as the Institute for Social Research and Development [LPPS] and the Social and Economic Research, Education and Information Institute [LP3ES], as well as the Department of Fine Arts at the Bandung Institute of Technology and the West German Assistance Institute (Akhmadi and Maxwell 2002: 4)
377 Water hyacinth, [Eichhonia Crassipes] which clogs irrigation channels and often reaches plague proportions, was formerly of no commercial value. It is considered a noxious weed in most countries. One hundred tonnes of freshly harvested water hyacinth produces only ten tonnes of dry water hyacinth. One factory needed 10,000 kilo of dried water hyacinth every month. To meet any shortfall, the factory began to farm water hyacinth (Interview in a rattan factory, July 2002).
attracted workers from surrounding rural villages. Even in Kecamatan Beber, high in the mountains, and far from the hub of rattan factories, skilled local villagers, who used to make wooden furniture and bamboo handicrafts, became sub-contractors to the rattan manufacturers. All of the workers from the furniture factories in Desa Cikeduk were absorbed by the rattan industry. Sub-contractors are small-scale entrepreneurs with their own workshops, who made products to order from designs provided by the large factories. Their production is supported by female workers who operate cottage industries and are paid for piece work. This combination of sub-contractors and cottage industries benefits part-time workers even in villages remote from the booming rattan factories. The development of a vibrant, labour intensive, manufacturing industry in a predominantly rural, agricultural area gave rise to both positive and negative socio-economic consequences. Increasingly, fewer young people were prepared to work in the farming sector, leaving their elders to accept the lion’s share of responsibility for growing food crops. More than 900 rattan factories were established in the kabupaten, based around Kecamatan Plumbon.

In a SMERU report (Akhmadi and Maxwell, 2002: 12) young men from farming villages in Kabupaten Cirebon gave their reasons for choosing to work in the factories:

- working as an agricultural labourer is perceived by some to be dirty and demeaning, reducing a person’s sense of self-respect;
- farm work is highly seasonal;
- agricultural labour is hard and exhausting work that leaves little energy for other income earning activities;
- employment in the rattan industry offers a potentially higher level of income, especially for those with developed skills and expertise; and
- the rattan industry offers opportunities to access credit when this is needed as workers are able to borrow money from their sub-contractor employers before pay-day (Akhmadi and Maxwell, 2002: 12).

According to the 1999 National Labour Force Survey (SAKERNAS) a daily wage averaged Rp.13,755 (US$ 1.70). In the food crop sector, however, wages averaged Rp. 6,350 (US$ 78 cents) (Sumarto et al 2001:24). In 2002 becak drivers in Cirebon, who were refugees from rural poverty, said that they could only earn Rp. 8,000 (US$ 98 cents) per day working in their villages. The 2002 SMERU report suggested that until 2000, farm labourers could earn no more than Rp. 12,000 (US$ 1.48) a day. Due to dramatic rates of inflation caused by the monetary crisis, after 2000 wages increased to Rp. 20,000 (US$ 2.46) for a full working day (from

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378 Sakernas: Survei Angkatan Kerja Nasional
7.00am until 4.30pm.) or Rp. 15,000 (US$ 1.85) for a half day. Apart from cash, farm labourers sometimes received food, snacks and cigarettes to the value of Rp. 5,000 (US$ 62 cents) (Akhmadi and Maxwell, 2002: 12).

Working in the design section in a rattan factory a worker could earn between Rp. 18,180 (US$ 2.24) and Rp. 45,450 (US$ 5.60) daily. Those plaiting, sanding, and packing furniture received between Rp. 4,545 (US$ 56 cents) and Rp. 2,180 (US$ 27 cents) per day. The workers in the factories work a five and a half day week. Many factories paid bonuses and social security contributions, as well as contributing to workers’ medical expenses. Most workers in the rattan factories received a bonus on the feast day of Lebaran (Akhmadi and Maxwell, 2002: 9).

Desa Purbawinangun is typical of the villages involved in the production of rattan. The village is situated just off an all-weather main road, which gives the villagers access to transport to the nearby market place at Desa Karangmulya, to Sumber, and to the city of Cirebon. Eighty percent of the people are farmers for most of whom a rural lifestyle is their choice. There is a stable water supply for the village which ensures three crops of rice per year. A number of large rattan factories have been built in and around the village. For many village people the influx of the factories has been a very positive and beneficial factor in their lives. The factories provide adequate full-time work which gives many of the villagers a more regular income. The factories’ management are often favourably disposed towards helping with the village infrastructure, and to providing loans to the village government for development activities. Indeed, the owner of one factory agreed to provide supplementary food for children in the village when he was made aware that there were several mal-nourished children in the village. During Krismon, very few families in Desa Purbawinangun needed to be supported by the Social Safety Net program [JPS]. Nevertheless, while there are no serious financial problems and no unemployment reported in this village, there is a critical and chronic labour shortage in the rice fields because so many of the young people from the village are now working in the rattan factories. In the kabupaten in 1997 there were 828 rattan factories employing more than 40,000 people. By 2004 over one thousand factories employed more than 60,000

379 Work in the design centre included cutting rattan, making frames for items of furniture and constructing the models to be sent to the sub-contractors.

380 Interview Kepala Desa 1999; Deputy Kepala Desa 2002
employees. Production peaked in 2003 when 157,927 tons of rattan products were manufactured in the kabupaten.

The rattan enterprises ranged in size from cottage industries to conglomerates who owned factories that covered many hectares and employed thousands of people. One company, for example, had six sites, four factories, 2,200 workers in the factories, and 7,000 people working on piece-work at home. This factory was exporting 140 containers of rattan products each month. Another smaller factory sub-contracted out 90 percent of its work.381

### Table 5.2 Development of the Rattan Industry in Kabupaten Cirebon

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Enterprises</th>
<th>Number of Employees</th>
<th>Volume of Production (tons)</th>
<th>Value of Production (Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>828</td>
<td>40,271</td>
<td>85,278</td>
<td>664,085,442</td>
</tr>
<tr>
<td>1998</td>
<td>852</td>
<td>45,544</td>
<td>107,885</td>
<td>840,472,879</td>
</tr>
<tr>
<td>1999</td>
<td>864</td>
<td>47,794</td>
<td>127,498</td>
<td>993,276,000</td>
</tr>
<tr>
<td>2000</td>
<td>892</td>
<td>49,530</td>
<td>130,494</td>
<td>1,016,586,900</td>
</tr>
<tr>
<td>2001</td>
<td>909</td>
<td>50,644</td>
<td>135,924</td>
<td>1,137,334,700</td>
</tr>
<tr>
<td>2002</td>
<td>923</td>
<td>51,432</td>
<td>141,090</td>
<td>1,184,693,825</td>
</tr>
<tr>
<td>2003</td>
<td>952</td>
<td>54,267</td>
<td>157,927</td>
<td>1,254,306,408</td>
</tr>
<tr>
<td>2004</td>
<td>1,060</td>
<td>61,140</td>
<td>91,181</td>
<td>1,162,557,750</td>
</tr>
<tr>
<td>2005</td>
<td>1,102</td>
<td>56,838</td>
<td>81,926</td>
<td>1,457,152,932</td>
</tr>
<tr>
<td>2006</td>
<td>1,123</td>
<td>62,252</td>
<td>76,207</td>
<td>1,355,443,657</td>
</tr>
<tr>
<td>2007</td>
<td>1,149</td>
<td>64,898</td>
<td>77,972</td>
<td>1,685,152,991</td>
</tr>
<tr>
<td>2008</td>
<td>1,160</td>
<td>65,519</td>
<td>78,718</td>
<td>1,701,285,874</td>
</tr>
<tr>
<td>2009</td>
<td>1,172</td>
<td>52,414</td>
<td>57,464</td>
<td>1,361,028,874</td>
</tr>
</tbody>
</table>

Source: Department of Industry and Trade, August 2002; January 2011

The rapid expansion of the rattan industry brought significant advantages for thousands of people in the kabupaten. The manufacturing of rattan eclipsed all other industries both in terms of income and employment. Most village people maintained they were farmers, but more and more young people turned to the rattan factories for a guaranteed source of income. The danger of overdependence on a single commodity was demonstrated from 2005. Rattan enterprises in Cirebon made up 80 percent of Indonesia’s total rattan craft enterprises.382 Until 2005 unprocessed rattan was not allowed to be exported from Indonesia. Trade Regulation No. 12 of 2005383 allowed 25,000 tons of raw rattan and 52,000 tons

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381 Interviews in rattan factories, July 2002  
382 The Jakarta Post March 16, 2009  
383 Menteri Perdagangan Nomor12/M-DAG/PER/6/2005
of semi finished rattan to be exported each year. Unprocessed rattan comes from Irian Jaya, Kalimantan, Sulawesi and Sumatra all of which had developed economic ties with nearby countries and could “increasingly disregard central government regulations and policies despite the fact that this might work to the disadvantage of other parts of the country” (Harjono 2005).

Indonesia was one of the biggest producers of finished rattan products in the world with a production capacity of 250,000 to 400,000 tons per year being exported. Within months of the 2005 Trade Regulation being enacted, China and Vietnam had overtaken Indonesia’s sales worldwide. Indonesia’s exports of finished rattan products declined rapidly, reportedly dropping from 2,000 containers in June 2005, to 700 in July and 300 in August of that year.

The Department of Industry and Trade contested the figures presented in The Jakarta Post. In an interview in April 2012, the Head of the Department said that from his records the lowest number of containers of rattan exported from Cirebon was 612 in November 2005. While acknowledging that many of the big and medium exporting factories had closed down, and many more were bankrupted, these were only a small percentage of factories. The myriad of smaller factories which supplied the bigger factories continued. “These suppliers may shift their products to other surviving companies, or shift their products to domestic markets” he explained.

In 2005, in Cirebon, 32,000 workers, sub-contractors and piece workers in the rattan industry were made redundant. Many workers who were retained did not receive their usual bonus at Lebaran. While the export of unprocessed rattan to other countries was the main reason for the decline in the export of rattan products, the seventeen kinds of fees imposed by kabupaten, provincial and central governments was also given as a reason for the deterioration of the rattan industry in Cirebon by Bapak Sumartja, Chairman of the Indonesian Furniture and Handicraft Association.

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384 The Jakarta Post July 30, 2005  
385 The Jakarta Post September 5, 2005  
386 Asosiasi Industri Permebelan dan Kerajinan Indonesia: Asmindo  
The Jakarta Post November 18, 2005
In 2009, a further Trade Regulation\textsuperscript{387} attempted to alleviate the decline in production. To stimulate the domestic market, the 2009 Regulation stipulated that only fifty percent of rattan products produced could be exported, which inundated the domestic market. In 2009, in an endeavour to increase domestic consumption of local products, President Susilo Bambang Yudhoyono issued a Presidential Instruction\textsuperscript{388} instructing all Cabinet Ministers, heads of the armed forces, and all heads of government at every level of government, to maximise the percentage of local content when purchasing furnishings for government buildings.

The downturn in the rattan industry created widespread unemployment in Kabupaten Cirebon, which particularly affected women in the villages. Because of this economic downturn, many people could not afford to continue their children’s education. Many female teenagers went to Saudi Arabia as migrant workers. Many women also went abroad to work, predominantly as domestic workers in Gulf countries. Often they left grandmothers to care for their children. After 2005, sixty women from Desa Karangmulya went abroad to work;\textsuperscript{389} By 2011, at least 100 women from Desa Karangasem were working in Gulf countries;\textsuperscript{390} and forty women from Desa Cikeduk were also working abroad.\textsuperscript{391} By 2005 living conditions in Indonesia were very difficult indeed. The value of the rupiah dropped from 7,900 to the US dollar in 2000; to 9,568 to the US dollar in 2005. In October 2005 as a consequence of a significant rise in world oil prices, fuel prices throughout Indonesia were increased by an average of 114 percent\textsuperscript{392} (Sen and Steer 2005: 285). To compensate, the government under Inpres No.12 of 2005,\textsuperscript{393} instigated an unprecedented cash compensation program for poor and near poor households.

\textit{DAKABALAREA} could not revive the bamboo industry. A number of factors were responsible for the decline in the bamboo industry and its initial takeover by the

\begin{itemize}
\item \textsuperscript{387}Menteri Perdagangan Nomor 36/M-DAG/PER/9/2007
\item \textsuperscript{388}Instruksi Presiden Republik Indonesia Nomor 2 Tahun 2009 tentang Penggunaan Produk Dalam Negeri Dalam Pengadaan Barang/Jasa Pemerintah
\item \textsuperscript{389}Interview Sutiah, Kader PKK Desa Karangmulya, April 2012
\item \textsuperscript{390}Interview Rini, Kepala Dusun Desa Karangasem, February 2011
\item \textsuperscript{391}Interview: Kaur Ekbang, Kaur Kestra and Kader Posyandu Desa Cikeduk, February 2011
\item \textsuperscript{392}The cumulative effect of price rises were: 186% for kerosene, 149% for gasoline and 161% for automotive diesel (Sen and Steer 2005: 285).
\item \textsuperscript{393}Instruksi Presiden Republik Indonesia Nomor 12 Tahun 2005 tentang Pelaksanaan Bantuan Langsung Tunai Kepada Rumah Tangga Miskin
\end{itemize}
rattan industry. Nevertheless, many of the bamboo craftspeople and other workers benefitted from the burgeoning rattan industry. Although it was beyond the capacity of DAKABALAREA to rescue the bamboo industry, there was still a small local market for bamboo for housing, fences, and other household and farming uses.

5.3.5. The Mining Project: Industri Batu Alam
A decision was made to inject DAKABALAREA funds into the mining of natural stone, even though the prospectus for this enterprise nominated an increase of employment of only 75 people. The industry was based in two kecamatan: Kecamatan Palimanan where Gunung Petot was being mined for gold-coloured polished stone tiles; and Kecamatan Sumber where another mountain quarry Gunung Kuda was being processed into white polished stone tiles. Eighteen hectares of Gunung Kuda was mined by Koperasi Pondok Pestantren Al-Ishlah, an Islamic cooperative (kopontren). This cooperative has 22 members who, in turn, employ 250 workers. The work in the quarry is unhealthy, dirty and dangerous – but it is also extremely well paid. The market for the stone is predominantly in Jakarta, but the kopontren also sells to Banten where one of the members of the cooperative has a business contact. With the down-turn of the building industry following Krismon much of the market for this enterprise suffered a temporary reduction, but the product is of excellent quality and cheaply stored.

The company concerned with the mining of Gunung Petot in Kecamatan Palimananan applied for help under DAKABALAREA. They were looking to expand their export markets. As a result of this regional government industry assistance, the export of stone in Kabupaten Cirebon rose from 29 containers in 1997 to 46 containers in 2000 to Taiwan and Singapore.

5.4. Summary
DAKABALAREA was initiated by the provincial government and implemented by the kabupaten administration. The program was established during a period of economic and political transition between the promulgation and the implementation of the 1999 Regional Autonomy Laws. It was evident from the application of DAKABALAREA in Kabupaten Cirebon that the kabupaten administration, as well as the Department of Agriculture and the Department of
Fisheries in Kabupaten Cirebon, were already autonomous entities, acting independently as they planned and implemented their own programs.

The former Bupati of Cirebon, H Sutisna, SH., was pleased with the number of entrepreneurs who presented themselves to become part of the program and with the fact that subsequently the rate of unemployment decreased in the kabupaten. He nominated Desa Kroya in Kecamatan Kapetakan, which was the centre of the duck-raising enterprise, as the most successful venture in the kabupaten. The five products that the bupati chose to endorse experienced varying degrees of success. As one of the aims of the DAKABALAREA program was to produce more food, the onion, duck and fish raising programs all met this criterion. However, DAKABALAREA relied on the integrity of executive allocation. It was the Bupati who decided who would receive the funding, and who would participate in the program. The program was thus open to future corruption.

The IDT program was gradually phased out between 1995 and 1997. The implementation of the Regional Autonomy Laws of 1999 devolved power to the district (kabupaten and kota) level of government. Both of the development programs discussed in this chapter were initiated before the 1999 decentralisation legislation was implemented. Neither of these programs met best-practice targeting criteria and both programs could readily be exposed to corrupt practices. Subsequent chapters will consider whether, and to what extent, the new decentralised framework enhanced the prospects for improving the lives of ordinary people through more transparent and accountable governance.

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Chapter 6
The Social Safety Net Program: JPS and Related Welfare Programs

In Indonesia, since the 1997 - 1998 economic crises, (Krismon) poverty reduction has intensified as a major policy initiative. With the onset of Krismon the government established the Social Safety Net Program (JPS) which became the “initial undertaking of various poverty reduction and social protection programs implemented by successive governments in the post-crisis period” (Suryahadi, et al., 2010d: i). During the New Order, government programs in the social sector were implemented in the regions in the manner of deconcentration. Central government social sector ministries established offices, Kanwil, at each provincial level, and Kandep at the district levels which were responsible for social sector programs in the regions.

6.1. Legislative Background of Social Welfare in Indonesia

The Indonesian Constitution of 1945 contained a number of basic principles which were designed to guide the provision of social welfare services (Art. 33). The Ministry of Social Welfare was established in the first government, to implement these principles. In the early 1950s the process of transferring responsibility for the welfare of the poor, of orphans, and neglected citizens was passed to the provinces by Law No. 2 of 1950. However, the central government retained its control and supervision over education; social guidance; organisation of welfare; homes for children who had undergone detention; care of juvenile delinquents; control and eradication of social deviants; and support for the homeless (Malo 1997). This was not a policy of devolution; the central government maintained a tight grip over the provision of major welfare services. Some functions were transferred to kabupaten and kota governments (Malo 1997). The capacity of regional administrations to exercise these responsibilities was severely constrained by lack of financial support. The Minister for Social Welfare retained control over the allocation, deployment, and transfer of regional employees (Malo 1997). Restrictions imposed by the central government on its sub-national units, alongside severely limited resources, led to the failure or inability of both the

395 JPS: Jaring Pengaman Sosial
396 Undang-Undang No.2 Tahun 1950 tentang Menetapkan Undang-Undang Darurat tentang Penerbitan Lembaran-Negara dan Berita-Negara R.I.S dan tentang Mengeluarkan, Mengumumkan dan Mulai Bertakunya Undang-Undang Federal dan Pengumuman Pemerintah
central and regional governments to effectively meet the welfare needs of the nation.

6.2. Social Welfare and the Social Safety Net Program (JPS)

Indonesian people have never been able to depend on government welfare programs. There was limited social protection at the local level in many communities, but the country had neither sufficient economic resources nor the political apparatus to provide comprehensive welfare programs. Policies were aimed at increasing economic participation through work programs and micro-credit schemes. Social sector spending was essentially limited to provision of very basic health and education facilities, leaving families and communities to provide what ‘social insurance’ mechanisms prevailed in times of difficulty. There were some “subsidised healthcare and compulsory social security programs for formal sector employees”, but there was never a universal safety net system (Sumarto, Suryahadi and Widianti, 2001: 4; 2005: 157). Consequently, when Indonesia was hit by the catastrophic Asian financial crisis (Krismon) of 1997 - 1998, neither regional governments nor the central government had the expertise or experience to confidently implement a welfare program. According to Pritchett, Sumarto, and Suryahadi, (2002: 5), establishing a global welfare program in Indonesia in 1998 involved “casting a new net rather than expanding an existing one”.

Daly and Fane, (2002: 309) classify four types of poverty alleviation programs:

1. Cash transfer schemes, under which the net recipients are phased out as income rises;
2. Benefits in kind of rationed and subsidised amounts of essential goods, such as kerosene, rice, health care and primary education, to people below some specified poverty line;
3. Job creation schemes for unskilled workers;
4. Universally available price subsidies, with no rationing, for essential goods.

Until 2005, only once were cash transfers used in Indonesia to ameliorate poverty. From October 2000 to December 2000, the government reduced domestic fuel price subsidies and partially compensated the poor by allocating Rp. 800 billion from the resulting budgetary savings to finance three anti-poverty programs, including cash transfers (SMERU 2001). This action was in partial fulfilment of conditions stipulated by the IMF. The program proved too difficult to administer and was abandoned after three months (Daly and Fane, 2002: 310). The
other three types of anti-poverty schemes classified by Daly and Fane can be identified in the Social Safety Net program (JPS).

Response to the impact of Krismon can be categorised into three major areas: food security; employment creation; and social protection (Jacquand 1999: 391). In July 1998 a budget was drafted to facilitate the introduction of a program to provide short-term support and access to basic social welfare services (Sumodiningrat 1999). The Safety Net Program was launched with genuine urgency although efforts were frustrated by diverse conflicts of interest between the government, international agencies, and local NGOs (Jacquand 1999: 397). Funding for JPS came from the state budget as well as loans provided by the World Bank, Asian Development Bank, and various bilateral donors (Sumarto, Suryahadi, and Widyanti, 2001: 3).

6.2.1. Below the ‘Poverty Line’
In 2001, the World Bank claimed as many as 120 million Indonesians were either living in abject poverty or staring poverty in the face. The Bank maintained that Indonesia’s economic recovery and long-term sustainability ultimately hinged on its ability to elevate millions of people above the poverty line. In 2001, 15.2 percent, or 32 million of Indonesia’s 210 million people, were classified as poor. But as many as 58 percent, or 121 million people, were considered as ‘near poor’ and were highly vulnerable. The Bank reported that within government circles, poverty was treated more as a ‘project’ than as a serious policy problem, and meant fat commissions for bureaucrats. As an example, the report cited the Social Safety Net, launched in 1998 with massive funds from the World Bank, and aimed at cushioning the poor from the effects of Krismon. In that program full benefits rarely reached the intended recipients. Professor Mubyarto from Gadjah Mada University, whose academic career focussed on the ramifications of poverty, said:

The JPS program opened the door for more corruption. There were transportation fees; there were abnormal commissions for the officials involved in the projects. Many people who were not poor filed official claims saying that they were poor and got a slice of the pie.

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397 The Jakarta Post November 11, 2001
398 The Jakarta Post November 11, 2001
399 The Jakarta Post November 11, 2001
Mubyarto considered the government had no real strategy to tackle long-term poverty, with most of its programs seen as one-off charitable acts. Programs like cheap rice, medicines and education subsidies, however well intentioned, led to abuses when people took advantage of government assistance. Mubyarto, who was involved in President Suharto’s Backward ('left behind) Village Program (IDT), said that the economic crisis and the JPS virtually destroyed the efforts made under the IDT program, which sought to empower the poor by providing them with seed capital. He recalled that between 1994 and 1997 the national poverty rate dramatically dropped thanks to the IDT program. In Professor Mubyarto’s view, it was unfortunate that established programs like IDT crumbled under the weight of the economic crisis in 1997 – 1998 as the government’s attention turned to other welfare programs.

Although thousands of grassroots organisations were working to ameliorate poverty, many politicians and top echelon bureaucrats failed to recognise or appreciate the depth of the problem. Few of the political elite either spoke for the poor or gave serious attention to the concerns of the underprivileged. In contrast, many of the nation’s top economists and leading citizens spoke out on behalf of the conglomerates, whose interests were also being threatened by the economic crisis.

6.3. The Implementation of the Social Safety Net Program

The transitional presidency of B.J. Habibie was very short – from May 1998 until the general election in September 1999. During this brief period, plans for numerous reforms were formulated. Regional autonomy (OTDA) was still in the planning phase when the Social Safety Net Program (JPS) needed to be implemented. This meant that JPS was executed through the central government to its agents in the regions, and was a classic example of the deconcentration of a central government program. The National Family Planning Coordinating Board (BKKBN) was the organisation charged with activating the JPS program.

400 In 1970, estimates from BPS indicated that 70 million Indonesians (60 percent of the population) were living below the poverty line. By 1996 the number had fallen to eleven percent (Alatas 2000: 46). According to the National Human Development Report, by 1999 the figure had risen to 23.43 percent and for 2002, 18.2 percent (BPS, Bappenas and UNDP 2004).

401 The Jakarta Post November 11, 2001
In contrast with most developing countries, where family planning is controlled by the Ministry of Health, until 2003 in Indonesia BKKBN was a large and powerful semi-autonomous organisation, answerable only to the President (Hull and Jones 1994: 130). The hierarchical structure of BKKBN corresponds with the structure of the government administration and with the structure of the Family Welfare Movement (PKK), so there is horizontal and vertical integration of BKKBN activities within the government configuration. BKKBN is omni-present in every rural village and urban neighbourhood, and was a suitable organisation to be responsible for the implementation of the Safety Net Program.

Commencing in 1995, BKKBN classified every Indonesian household into one of four levels of socio-economic status: Pre-prosperous (Keluarga Pra-Sejahtera), then three stages of prosperity (Keluarga Sejahtera I – Keluarga Sejahtera III). An additional category for well-off households was stage 3 prosperity-plus (Keluarga Sejahtera III plus) (Sumarto Suryahadi, and Widyanti, 2001: 10; Usman and Mawardi 1998: 1). A number of attempts were made to categorise households. Finally, simple criteria were established:

- Area of home is less than 8 square metres;
- A dirt floor;
- No access to clean water;
- No toilet;
- No furniture;
- No meat, fish or eggs for one week;
- Not able to buy new clothes for one year.

A family was categorised as poor if it met three of the above criteria.

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402 BKKBN is discussed further in Chapter 7. By 2001 the Ministry of Health had largely embraced decentralisation. However, the Indonesian parliament voted to maintain BKKBN as a national, that is a central government controlled, organisation until 2003 (Hull and Adioetomo, 2002: 243).

403 The National Family Planning Coordinating Board-BKKBN was established by Presidential Decree No 8 of 1970 (Surat Keputusan Presiden No 8 Tahun 1970 mengenai Keluarga Berencana).

404 It should be noted that BKKBN at provincial level had some autonomy throughout the 1980s, which is one of the reasons it was credited with such success in Bali.

405 BPS: cited in The Jakarta Post June 14, 2002
The Safety Net Program was intended to help protect those who had recently become impoverished as a result of Krismon, as well as the long term poor. Four strategies were envisaged:

- a food security program;
- a labour-intensive public works program;
- a social protection program to protect access to essential services, particularly health and education;
- the promotion of local economic activity through regional block grant programs and extension of micro-credit schemes (Sumarto, Suryahadi, and Widyanti, 2001: 4-5; Sumodiningrat 1999), including support for local ventures aimed to strengthen cooperatives and to encourage the development of small and medium enterprises (Hatmadji and Muritama, 2003: 268)

JPS included a number of programs to implement these strategies. Some of these had existed previously but were scaled down or abolished during the late-New Order. The programs were:

- A Subsidised Rice Program: Operasi Pasar Khusus (OPK Beras);
- An Employment Creation Program: Padat Karya;
- An Education Component: Scholarships and Block Grants: Jaring Pengaman Sosial - Bidang Pendidikan (JPS-BP);\(^{406}\)
- A Health Program: Jaring Pengaman Sosial - Bidang Kesehatan (JPS-BK);\(^{407}\)
- A Nutrition Program;\(^{408}\) and
- A Village Credit Program to overcome the Impact of the Economic Crisis (Pemberdayaan Daerah dalam Mengatasi/Menanggulangi Dampak Krismon: PDM-DKE)

Poverty is a multi-faceted dilemma that often involves considerably more than a lack of income. The criticism that endures over JPS is that targeting of households did not preclude the non-poor from participating in the programs. When President Abdurrahman Wahid signed into effect Government Regulations No. 25 of 2000,\(^{409}\) the regional government administrations began to administer the central government’s Social Safety Net Program.

6.3.1. The Subsidised Rice Program (OPK Beras: Operasi Pasar Khusus)

OPK Beras was central to the government’s effort to maintain food security, not only in response to Krismon, but also in response to the drought which affected

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\(^{406}\) The Education Component of the Safety Net program, Scholarships and Block Grants, is discussed in Chapter 8.

\(^{407}\) The Safety Net Program in the Health Sector is discussed in Chapter 7.

\(^{408}\) The Nutrition Program is discussed in Chapter 7.

\(^{409}\) Peraturan Pemerintah Republik Indonesia Nomor 25 Tahun 2000 tentang Kewenangan Pemerintah dan Kewenangan Propinsi sebagai Daerah Otonom
many parts of eastern Indonesia in 1997 – 1998. Concomitantly, the international price for oil experienced a sharp decline, which damaged Indonesia’s export revenues (Thee 2010: 9). Like the earlier, more general operasi pasar by which the Indonesian government injected rice into commercial markets to maintain price stability, this program was implemented by the National Logistics Agency, Bulog (Rahayu, et al., 1998: 1). The government believed that the provision of cheap rice was essential to prevent widespread food shortages and possible malnutrition, which would only exacerbate the already chaotic political and economic situation of the country (Sumarto, Suryahadi, and Widyanti, 2001: 7; Suryahadi 2010b: 114).

The program called for Bulog, through its provincial and kabupaten Dolog offices, to make available 10 kilograms of medium-grade rice every month to target households to purchase at the subsidised price of Rp. 1,000 per kilo. The benefit was increased to 20 kilograms in April 1999 and changed again to between 10 and 20 kilograms in April 2000 (Sumarto, Suryahadi, and Widyanti, 2001: 2). OPK rice was often low to medium quality, but most beneficiaries found it acceptable (Rahayu, et al., 1998: 6). Each month a village representative purchased rice equal to 20 kilograms times the number of eligible households in that village from the Bulog/Dolog local warehouse. Households then purchased the rice in the village at the stipulated price, with some allowance for transport costs.

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411 Operasi pasar: market operation
412 The program was introduced in July 1998 in Jakarta and was then expanded throughout the country during the following five months (Sumarto, Suryahadi, and Widyanti, 2001: 7). The province of Bali was initially excluded from OPK programming because BKKBN data showed no poor ‘pre-prosperous’ families. The BKKBN data for Bali was revised in October 1998 when a rapid poverty assessment was undertaken, showing clear evidence of an increasing number of food-insecure families in a large number of locations throughout Bali (Rahayu, et al., 1998: 1, fn).
413 Dolog: Depot Logistik, National logistics Agency (Bulog) at provincial and district level
415 Operational costs were generally not fully covered and even when they were covered, the amount provided was the same for all villages in a region. Therefore, the operational outlays varied substantially between villages close to a kecamatan office, where the rice was dropped by Bulog, and those villages further away (Olken, et al., 2001: v).
The initial allocation of 10 kilos was only a fraction of the average monthly food requirements of most households of 1 – 1.5 kilos per day. In any case, even at the subsidised price, the total cash payment required was out of the reach of many families. In particular, the requirement to pay for such a large amount of rice at one time was inconsistent with the purchasing capacity of many poor families, who normally bought rice on a daily basis. Consequently, many families were only able to collect their rice after borrowing from family or friends or by raising money against their meagre assets (Rahayu, et al., 1998: 3). When the government increased the subsidised rice from 10 kilos to 20 kilos per family, the problem of payment intensified (Hatmadji and Mursitama, 2003: 280). The rice was sold on a cash-and-carry basis. Many of the very poorest families could not purchase the total amount to which they were entitled, creating surplus rice in the village. Since the village needed to pay for all of the rice received, the surplus was sold to other families (Olken, et al., 2001: iv).

The Susenas and 100 Villages Survey data indicated unambiguously, that while rice allocated to a village was based on the number of eligible households, the rice was in fact distributed to more than those households (Olken, et al., 2001: iii; Pritchett, Sumarto, and Suryahadi, 2002: 6; Wiebe 1998: 2). These quantitative findings concur with anecdotal reports that, from the beginning of the program, local leaders responsible for implementation were not adhering to the list of eligible households. As a result, while each eligible household in many cases received less rice than stipulated, other households received an allocation (Sumarto, Suryahadi, and Widyanti, 2001: 12; Tim Dampak Krisis SMERU, 2002; Wiebe 1998: 2).

The differences in rice distribution had many causes, both economic and political. The centrally planned administrative guidelines to the scheme often proved socially unacceptable at community level (Sumarto and Suryahadi, 2002). In many villages, officials reported that BKKBN lists were not accurate representations of who in the village were actually poor. Commonly heard was the situation of a family with a good house – and therefore classified as non-poor by BKKBN – that had few other assets and little in the way of income. As a result, most villages created their own lists. The more people who were near the poverty line, the more difficult it was for a village to draw distinctions and keep rice distribution concentrated. Therefore, a relatively flat income distribution near the poverty line resulted in a much wider distribution of the rice (Olken, et al., 2001: iv).
Several important exclusions in the BKKBN data for OPK Beras caused concern. The first was that only married couples were included in the BKKBN data. Households with single heads, or widows, or groups of single people living together, were not included. A second important drawback was that even though national policy did not require an identity card (KTP) for inclusion in the program, many families were not included if their head of household did not possess a KTP valid for the location in which they were living (Rahayu, et al., 1998: 2). Krismon intensified the movement of newly unemployed people, as families displaced by drought and fires, added to the already acknowledged high number of unofficial residents of large cities. Consequently, the issue of KTP in urban areas may have resulted in the under-counting of literally millions of people.

While there was certainly a need for some local flexibility, such modification could cause a dilution of the program. This was not necessarily a negative result. The fact that local officials had the authority and took the initiative to spread OPK rice to a broader spectrum of families may have been important in correcting gaps in the target classifications. Local leaders are often better suited to determine the appropriate use of welfare assistance than central government bureaucrats. The SMERU report (Olken, el al., 2001: iii) concludes that the longer the tenure of the village heads and the higher their educational level, the more the distribution of the rice focused on the poor. Similarly, the more public meetings were arranged, the more pressure there was on the village heads to allocate the rice equitably. But the tendencies for local authorities to use OPK rice as an opportunity to dispense patronage must also be acknowledged.

A SMERU report indicated that within OPK Beras less than 53 percent of those in the poorest quintile received subsidised rice, and those in the poorest quintile were only 40 percent more likely to benefit from the scheme than the rest of the population. Nevertheless, the scheme was relatively targeted away from households in the most affluent quintile of the population (Sumarto, Suryahadi, and Widyanti, 2001: appendix table 2). In regions seriously affected by the economic crisis, OPK Beras was the most beneficial of the Safety Net Programs (Hatmadji and Mursitama, 2003: 280). There was an argument that gotong-royong, the traditional practice of mutual self-help and cooperation in villages, should have made the

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\[416\] KTP: *Kartu Tanda Penduduk*, Identity card issued by the central government
distribution of OPK rice more equitable (Hatmadji and Mursitama, 2003: 274). However, the SMERU report affirmed that the existence of gotong-royong practices in a village did not necessarily lead to a more even distribution of OPK rice (Olken, et al., 2001: 13).

### 6.3.1.1. The Subsidised Rice Program in Kabupaten Cirebon

In Kabupaten Cirebon the subsidised rice program was greeted enthusiastically. As can be seen from the following tables, the downward movement of the BKKBN prosperity status of the poorest households in the kabupaten continued in 2000 and 2001. There was also an apparent downward movement of the number of households in the highest prosperity category to lower classifications.

<table>
<thead>
<tr>
<th>Table 6.1 Prosperity Status of Households in Kabupaten Cirebon during 2000 and 2001 according to BKKBN, Kabupaten Cirebon</th>
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</thead>
<tbody>
<tr>
<td>Pre-prosperous because of economic conditions</td>
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<tr>
<td>Pre-prosperous not because of economic conditions</td>
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<tr>
<td>Total Pre-prosperous</td>
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<tr>
<td>Stage I-prosperity because of economic conditions</td>
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<tr>
<td>Stage I prosperity not because of economic conditions</td>
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<tr>
<td>Total Stage I Prosperity</td>
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<td>Stage II Prosperity</td>
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<td>Stage III Prosperity</td>
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<td>Stage III Prosperity Plus</td>
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<tr>
<th>Table 6.2 Prosperity status of households as a percentage of the whole population in Kabupaten Cirebon in 2000 and 2001 according to BKKBN, Kabupaten Cirebon</th>
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<tbody>
<tr>
<td>Pre-prosperous</td>
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<td>Stage I Prosperity</td>
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<td>Stage II Prosperity</td>
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<tr>
<td>Stage III Prosperity</td>
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<tr>
<td>Stage III prosperity Plus</td>
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</tbody>
</table>
Where there were local NGOs (LSMD)\(^{417}\) in the villages in Kabupaten Cirebon, members of LSMD distributed the rice. Where there were no LSMD, deliveries were conducted by the *kepala desa* or *lurah*. Members of LSMDs were concerned that no level of government wanted to be informed about the operational difficulties of the program. These volunteers found there was considerable animosity towards them from people who did not qualify for the program, but who believed they should be included. Some people were not interested in the criteria for receiving subsidised rice, but were very angry when their neighbour qualified and they did not. Members of LSMDs in Kabupaten Cirebon said that they felt like ‘middlemen’ between the government and the villagers.\(^{418}\) While this program was implemented in a top-down manner, the involvement of the local NGOs and the discretionary changes involving local government was an indicator that in fact the top-down model had been adapted locally.

The Subsidised Rice Program attracted criticism for the manner in which recipients were targeted. Anecdotal reports corroborated widespread ‘leakage’ of rice before it reached the villages. A report in *The Jakarta Post*\(^{419}\) stated that recipients in West Java were receiving less than the 20 kilos of rice which had been promised. It was found that 20 kilo sacks of rice waiting to be distributed weighed only 16 kilo.\(^{420}\) LSMD members suggested that the ideal amount of rice for a married couple was 15 kilo a month. A family with three children needed 25 kilo per month. However, when the rice came to be measured out there was usually only enough for 4 kilo for each family each month.\(^{421}\) Other rice was available but it had to be purchased at a higher price.

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\(^{417}\) LSMD: *Lembaga Swadaya Masyarakat Daerah* – Local Self-reliant Non-Government Organisation. There are about 30 LSMD in Kabupaten Cirebon and they average about seven members each. These are not affiliated with organisations outside Cirebon. They are privately funded, but received some funds through the Safety Net Program. The Agency for Regional Development (*Bappeda*) in Kabupaten Cirebon also supplied them with some seed capital for projects.

\(^{418}\) Interviews with members of NGOs in Kabupaten Cirebon in July and August 2002

\(^{419}\) *The Jakarta Post* May 31, 2002

\(^{420}\) There were 1.1 million low-income families in West Java entitled to subsidised rice.

\(^{421}\) Interviews with members of NGOs in Kabupaten Cirebon in July and August 2002.
6.4. The Raskin Program

By the second half of 2001 it had become obvious to senior Bulog staff that the weaknesses of the OPK rice program needed to be addressed (Hastuti and Maxwell 2003: 4). While OPK Beras was an emergency program intended to overcome the immediate consequences of Krismon, a social protection program was needed for families who continued to be “poor and at risk of being unable to provide an adequate measure of food security” (Hastuti and Maxwell 2003: 5). From 2002, OPK Beras was replaced with a similar program, Raskin which maintained support for poor households. Raskin initially provided 10 kilo of rice per target household, each month, at the price of Rp.1,000 per kilo. In subsequent years the amount varied between 10 kilo and 20 kilo, but reverted to 10 kilo in 2007. In 2006, distribution was reduced from twelve times per year to ten (Weatherley 2008: 1). The National Logistics Agency (Bulog) distributed the rice.

Although diverse legislation affecting the Raskin program has been promulgated since OTDA, the program is still being implemented in an hierarchical manner through central government agencies.

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422 RASKIN, Beras untuk Rakyat Miskin, rice for the poor. The acronym was chosen to draw people’s attention to the fact that the cheap rice was really intended only for the poorest families (Hastuti and Maxwell 2003: 4).

423 Raskin began operating in Kabupaten Cirebon in 2002.

The central government committee which implements the program, *Tim Raskin Pusat*, consists of members of various central government ministries, departments and agencies. The central government team is responsible for planning; allocating credit limits; preparing basic data; sourcing rice supplies; disseminating information; and coordinating the program (*Pedoman Umum Raskin 2007*: 7). The APBN allocation for *Raskin* has increased from year to year, reaching Rp. 6.28 trillion in 2007 when the *Raskin* program supplied 1.9 million tons of rice to 15.8 households (Weatherley 2008: ix).

*Raskin* teams are established in each province, led by the provincial head of *Bulog/Dolog*, and are responsible to the provincial governor. The provincial teams plan, implement, control, monitor, and evaluate *Raskin* in the province (*Pedoman Umum Raskin 2007*: 8-9). Similarly, *Raskin* teams in *kabupaten* and *kota* are responsible to the *bupati* or *walikota*. They plan, implement, control, monitor, and evaluate *Raskin* in the *kabupaten* and *kota* (*Pedoman Umum Raskin 2007*: 9-10). The rice is distributed by working teams, *Pokja Raskin* which consist of *kecamatan* bureaucrats; *desa* and *kelurahan* bureaucrats; and quasi government community organisations such as PKK, all of whom are responsible to the *kepala desa* or *lurah* (*Pedoman Umum Raskin 2007*: 10-11).

Until 2005, *Raskin* targeted households in the pre-prosperous (KPS) and prosperous I (KS-1) groups. *Raskin*’s General Guidelines emphasise household beneficiaries should be determined during community consultative meetings at village level (*mudes*) (Weatherley 2008: viii). Since 2006, the program targeted households categorised as poor households (RTM) by the 2005 Central Bureau of Statistics (BPS) Census of Poor Households in Indonesia (PSE05). A SMERU report suggested that the program did not stipulate that beneficiaries must be

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425 *Kementerian Koordinator Bidang Kesejahteraan Rakyat*  
*Kementerian Koordinator Bidang Perekonomian*  
*Badan Perencanaan dan Pembangunan Nasional (Bappenas)*  
*Departernen Keuangan*  
*Departernen Dalam Negeri*  
*Departernen Pertanian*  
*Departernen Perdagangan*  
*Badan Pusat Statistik (BPS)*  
*Perusahaan Umum Bulog (Perum Bulog)* (*Pedoman Umum Raskin 2007*: 7)  
426 *Pokja: Kelompok Kerja*  
427 *Mudes*: *musyawarah desa*  
428 *RTM*: *Rumah Tangga Miskin*; *RTSM*: *Rumah Tangga Sangat Miskin*  
429 *PSE05*: *Pendataan Sosial Ekonomi Penduduk 2005*
poor households. Implementers could justify the distribution of Raskin rice to non-poor households or even distribution of rice to all households so long as the decision is made during mudes (Weatherley 2008: viii). Mudes are not implemented in all villages; do not always involve most community members; and are generally not aimed at improving targeting (Weatherley 2008: viii). Targeting is Raskin’s weakest point. From 2001 – 2005 rice was received by households from all prosperity groups.430 The SMERU report noted that households in quintile 1 and 2, the least prosperous, accounted for 53% of all beneficiaries. There was a 47% leakage from these formal program categories (Weatherley 2008: viii). If Raskin rice had been distributed only to the poorest households recorded in Bulog data, the program would have been able to reach 70 to 95 percent of classified poor households (Weatherley 2008: 16).

The enduring criticism of both the Safety Net (JPS) and the Raskin program remains poor targeting. As argued in Chapter 5, accurate targeting is crucially important in welfare programs. A SMERU report (Weatherley 2008: 15) cites a number of studies into Raskin which confirm these failures:

The University of Indonesia431 came to the conclusion that in terms of effectiveness in implementation, Raskin has many problems related to targeting accuracy (2004: 159). Hasanuddin University432 stated that the problem with beneficiary targeting is still the main issue because there are poor households that do not receive Raskin rice and vice versa (2006: 35). The same finding was expressed by Andalas University (2005: 3-16),433 which stated that one of the weaknesses of the Raskin program is the fact that there are nonpoor recipient families that received rice (Weatherley 2008: 16).

As with OPK Beras, it is not necessarily a negative result when local communities, through mudes, spread rice to a broader spectrum of families. Local communities are often better suited to determine the appropriate use of welfare assistance than central government bureaucrats. However, a review of

430 Quintiles of households based on household expenditure per capita (Weatherley 2008: viii).
the effective use of Raskin funds, conducted by SMERU, revealed that not one single regional government expressed satisfaction regarding Raskin’s implementation (Weatherley 2008: xiii). There is, of course, a problem if families genuinely classified as the poorest category are excluded while wider distributions occur.

According to the previous BPS census, by January 2007, in West Java there were 2,905,217 poor households (RTM). Only 2,491,055 of these households (85.75 percent) received a total of 298,926,600 kilo of Raskin rice. But that was a rise of 39 percent from the year before when only 1,789,750 RTM received rice. Based on the central government’s policy, in 2007, the annual quota of rice decreased from 150 kilo to 120 kilo.\(^{434}\)

An economist from the Asian Development Bank, Guntur Sugiarto, evaluated Raskin in 2008 as ineffective.\(^{435}\) In criticising the targeting of the program he said that many households which were not poor still received Raskin rice. He was also concerned that the ability of the poor to buy rice in the quantities stipulated was very limited. He suggested if the government wished to maintain Raskin, the targeting and distribution mechanisms must be improved.

It is difficult to assess whether Raskin would be more successful, and reach more poor families, if it were implemented in a less hierarchical and more decentralised manner. Certainly there is duplication of functions of Bulog/Dolog led Raskin teams at every level of government; and there are more opportunities for ‘leakage’ at each level. Contemporary researchers and writers have commented on the degree of corruption in kabupaten and kota administrations since the implementation of the 1999 Regional Autonomy Laws.\(^{436}\) It may be beneficial for the program to be run along the lines of the kecamatan based PNPM\(^{437}\) in which funds are distributed from the centre to the kecamatan, bypassing the provincial, kabupaten and kota administrations but with monitoring and accountability mechanisms at the village level.

\(^{434}\) Pikiran Rakyat January 10, 2007

\(^{435}\) Bali Post June 11, 2008

\(^{436}\) See, for example, Erb, Sulistiyanto, and Faucher, 2005; and Schulte Nordholt, and van Klinken, 2007

\(^{437}\) The PNPM (Program Nasional Pemberdayaan Masyarakat), previously the Kecamatan Development Program, is discussed in Chapter 9.
6.5. Employment Creation Program: Padat Karya

Long before Krismon, ‘cash for manual work’ programs were operational in Indonesia. These labour intensive activities, Padat Karya, were principally intended for men with dependent families. In 1994 projects were superseded by the President’s Backward (‘left behind’) Village Program (IDT) (Gunawan 1999). As part of the Safety Net Program, Padat Karya-2 was launched. The scheme was designed to offset the threat of burgeoning unemployment arising from economic contraction (Sumarto, Suryahadi, and Widyanti, 2001: 8; Sumodiningrat 1999). The first round of programs in fiscal year 1997-1998 was directed at urban areas and later some rural areas which had experienced harvest failure (Sumarto, Suryahadi, and Widyanti, 2001: 8).

In the fiscal year 1998 - 1999 sixteen different projects were executed:

- Those based on existing investment and infrastructure projects which were expanded.
- Programs akin to the Kecamatan Development Program (PPK) which gave block grants to local communities; and the PDM-DKE Program which used funds for public works.
- Special labour intensive projects administered by sectoral ministries.
- A fourth category was administered by international donors and NGOs in drought stricken areas, offering ‘food for work’ incentives.

Whereas the ubiquitous OPK Beras program automatically provided to all eligible households, individual workers had to seek out the Padat Karya program (Sumarto, Suryahadi, and Widyanti, 2001: 11). The program was most effective where a relatively low wage rate was offered, as this ensured those who most needed the work participated, and the greatest number could be employed within a given budget. The average daily wage received by participants of Padat Karya programs was Rp. 6,073 (US$. 71 cents). This was much lower than the average daily wage in the construction sector, which according to the 1999 National Labour Force Survey (Sakernas) averaged Rp. 13,755 (US$. 1.61). The average daily wages in the cropping sector were about Rp. 6,350 (US$. 75 cents) (Sumarto, Suryahadi, and Widyanti, 2001: 24; Sumarto and Suryahadi 2001: 17). By 2000, the median real wage was Rp. 9,800 (US$. 1.11) (Strauss 2004: 343). Among those who were eligible but did not participate in any Padat Karya program, 59 percent insisted they did not know about the existence of the programs. Of the remaining eligible non-participants,

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438 The PDM-DKE Program is discussed below.
439 There were no ‘food for work’ projects offered in Kabupaten Cirebon.
20 percent implied they did not need the programs; 15 percent reported having enlisted but were not selected to participate; two percent complained about the heavy workload; two percent that the work locations were too far from their homes; and only one percent protested about the low level of wages (Sumarto, Suryahadi, and Widyanti, 2001: 25). In Kabupaten Cirebon Padat Karya focussed on the region's irrigation systems. Unemployed men were paid Rp. 6,000 (US$ 68 cents) for each five-hour day. Some of the unemployed were taught how to build fish ponds as part of the program.\footnote{Interview Drs. H. Suparman Kepala Bappeda August 1999}

There was some cynicism about Padat Karya. The general view was that one had to be ‘close’ to the village authorities or contractors to obtain employment (Hardjono 1999: 22-23). A further reason for dissatisfaction was that village authorities sometimes took the opportunity to coordinate this program with traditional gotong-royong and kerja bakti activities, (see Box 6.1 below) both of which were unpaid. The most common type of Padat Karya activity was repairing roads, where 64 percent of program participants were involved. Others repaired irrigation systems; cultivated unused land; and repaired the flood plain. Many participants were involved in more that one activity (Sumarto, Suryahadi, and Widyanti, 2001: 23).

Padat Karya was the most disparaged of all the Safety Net Programs. At the outset of the crisis, various ministries implemented schemes within their field of competence. The consequence was a plethora of incoherent, sometimes overlapping programs whose targeting and implementation proved very costly (Jacquand 1999: 396). In the fiscal year 1999 - 2000 the number of Padat Karya was cut drastically, with only two programs being retained: the Public Works Sector Padat Karya and the Special Initiative for Unemployed Women (Sumarto, Suryahadi, and Widyanti, 2001: 8) Implementation of a program for women was an important intervention. Padat Karya had been male dominated with only 19 percent of female participants (Sumarto, Suryahadi, and Widyanti, 2001: 23).
Gotong-royong is Indonesia’s traditional system of reciprocal labour exchange which entails strong social obligations. The ethic of gotong-royong is thought to originate from the Javanese word ‘ngotong’ which means ‘a group of people lifting or carrying an object together’, suggesting the importance of cooperative and reciprocal relationships (Beard 2005: 25; Bowen 1986: 545). In addition to ‘mutual aid’, gotong-royong also means ‘rendering aid to the community for the common benefit’. This type of gotong-royong is often called kerja bakti or darma bakti. Community labour mobilisation for public needs is also widely practiced in the building and maintenance of simple roads and dams; and the cleaning of public spaces, including rivers and canals. In addition to agricultural activities, gotong-royong also refers to activities centring about the household or community, such as the preparation for feasts and ceremonies (Koentjaraningrat 1967: 394). The practice of gotong royong often serves to support a community’s coping strategies or social safety net, particularly in difficult times. The underlying guide to gotong royong is reciprocity which is insurance for getting similar contribution from others in the future. When an emergency, accident, or death occurs, neighbours and other members of the village community will gather spontaneously to render aid without much expectation for its return. On the other hand, in agricultural activities people keep careful account of the amount of aid they render (Koentjaraningrat 1967: 394).

The unpaid labour system by the Dutch in the nineteenth century, in the form of obligatory kerja bakti service for the state, is similar to the Japanese in the twentieth century (Bowen 1986: 548). A Dutch regulation of 1907\(^{441}\) restricted the right of villagers to choose their village head to those who had participated in kerja bakti services (Koentjaraningrat 1967: 395).

A clear distinction should be made between gotong-royong as a system of mutual aid, and gotong-royong as a system of service for the community (Koentjaraningrat 1967: 395) and the state (Bowen 1986). Whereas in the Old Order the term was primarily used to describe the “horizontal interaction between functional groups”, in the New Order the term has been deployed by the state to legitimise its claim on free labour for its development programs (Bowen 1986: 552 - 553). In the New Order, in return for Inpres grants for local projects, the village was expected to provide free labour and building materials (Bowen 1986: 553). The economist Mubyarto was critical of the demands made on the landless labourers often for the benefit of the landholder. The situation was even more serious if gotong-royong works took a long time, because farm labourers were then denied their usual income. For villagers who were expected to provide the labour, these state demands represent a “tangible opportunity cost” (Cited by Bowen 1986: 555 - 556).
Box 6.2  Rotating Credit Associations: Kelompok Arisan

*Kelompok Arisan* are rotating credit associations, typically of 10 to 20 members, usually women, and most common on Java. Members meet regularly to pay fixed contributions, the entire kitty at each meeting being taken by one member, chosen by lot or prior agreement. That member is ineligible for subsequent distributions, but is expected to continue to make regular contributions until all members have won. The enforced saving in the *arisan* is achieved through small regular contributions to a common fund and is protected until one’s turn comes around. Women in small-scale trade often depend upon the *arisan* for their capital needs.

*Arisan* can be adapted to numerous social and development purposes, such as cooperative small enterprises, house-building and repairs, the purchase of buffaloes, or the hire of otherwise expensive household equipment - for example dinner services for special occasions. They are also a form of fund raising (*Eldridge* 1995: 44). Funds collected from *arisan* can be used to take care of needs in the social sector. This phenomenon shows that social participation in traditional ways can benefit modern welfare endeavours.

Rotating credit associations are often found in conjunction with cooperatives and other forms of mutual aid. Almost all groups have *arisan*, for example, farmers’ groups (*kelompok tani*), small business groups (*kelompok usaha*), *posyandu*, prayer group (*pengajian*), monthly meetings at neighbourhood or hamlet or village level (*selapanan*) and many others. “Arisan is the bind or the bait to make people come to meetings. The main activity of the group may die, but the *arisan* lives. One household can join more than one *arisan*, in addition to similar activities, such as *lumbung padi*” (Dharmawan 2002: 32).

*Arisan* represents one type of “bonding social capital” (Bebbington, et al., 2006: 1970). Both Putnam (1993) and Coleman (1990) cite Geertz’s 1962 study of *arisan* on Java as a pertinent example of social capital. Putnam (1993: 169) notes that these schemes are noteworthy because the apparent risk involved defies the logic of collective action; that is, individuals voluntarily participate in the *arisan* and continue to do so after they have won the kitty. On the other hand, Kilby (2002: 4) cites the community savings groups in developing countries as an example of enforceable trust within a group.

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442 *Lumbung padi*: rice barn, community storage for rice
6.6. **PDM-DKE Credit Program**

PDM-DKE credit program provided block grants directly to villages for public works and for revolving credit in order to:

- improve the social and economic infrastructure, while generating temporary employment; and
- finance income-generating businesses (SMERU 1999).

Communities were authorised to use funds at their own discretion (Sumarto, Suryahadi, and Widyanti, 2005: 156).

PDM-DKE budgeted to spend Rp.1.7 trillion in 1998 - 1999, and was partly financed by the World Bank, the Asia Development Bank and bilateral agencies. The scheme allocated funds to nearly every village in the archipelago. Funds allocated ranged from less than ten million rupiah for small or relatively prosperous villages to over one billion rupiah for a large village where a high number of poor and unemployed were registered (SMERU 1999). In all cases PDM-DKE funds increased the spending power of local administrations who determined the use of the funds for employment creation activities. The credit program was planned by The National Development Planning Board (Bappenas) for rapid implementation. Even before the program began, the speed at which the plan was to be implemented and the scale of funding were widely criticised. According to official PDM-DKE guidelines, intended beneficiaries of the program were the pre-prosperous (KPS) and stage one prosperity (KS-1) families. However, a SMERU team which conducted a field assessment found that in many districts and villages, program managers did not fulfil those conditions (SMERU 1999).

Because PDM-DKE involved loans rather than grants, most of the economic projects selected in villages were targeted towards more affluent citizens who were judged by local government to be capable of repayment. This resulted in very few of the intended beneficiaries being able to participate in the program. Hardjono (1999: 24) also found evidence of inverse targeting by PDM-DKE. Only five percent of participants came from households in the poorest quintile, whereas 38 percent belonged to households in the most affluent quintile. She attributed this to the fact that loans were only given to households judged to be creditworthy. Jacquand (1999: 396) identified widespread misuse of funds through

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443 PDM-DKE: *Pemberdayaan Daerah dalam Mengatasi/Menanggulangi Dampak Krisis Ekonom*, Empowering Regions to Overcome the Impact of the Economic Crisis

444 PDM-DKE was similar to, and for the most part, superseded the IDT program.
a “badly devised, poorly implemented and weakly monitored” program. He suggested that PDM-DKE, which was implemented in the pre-election atmosphere of the 1999 general election, was a blatant invitation to “foul play”. Infrastructure projects were selected by village officials with little consultation. In addition, recipients were required to hold a valid and local KTP, even though this was not specifically required by official program guidelines (Daly and Fane 2002: 316; SMERU 1999).

Villagers often found it difficult to differentiate among the PDM-DKE credit program; the Village Credit program (Kredit Desa), or the Family Income Improvement Effort (UP2K) (Hardjono 1999: 24). The nature of the household’s needs and its own resources determined the source of prospective loans. The majority of people borrowed from close relatives and relied on obtaining credit from the local warung. Ironically it was the very poor who, for want of other sources, had to depend on money lenders (bank keliling), whose excessive interest rates exceeded those of formal credit institutions. Many small farmers depended on credit from traders who purchased crops in advance (pengijon), while others bought fertilizer from shops which allowed them to pay at harvest time. Most farmers in Kabupaten Cirebon found that the Village Cooperative Movement (KUD) did not meet their needs or expectations for various reasons, the main one being the high ‘administration’ charges imposed by local officials who ran the programs (Hardjono 1999: 26). They said that the KUD loans were far too small and not worth the small decrease in the margin of the interest. Of a total of 222 cooperatives in Kabupaten Cirebon, only 39 are KUD. Another means of organised saving is through the longstanding and popular credit associations kelompok arisan.

Although considerable criticism was expressed of PDM-DKE it certainly increased the spending power of local administrations. The application of Keynesian

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445 UP2K: Usaha Perbaikan Pendapatan Keluarga formed in 1998, is a Family Income Improvement Group and part of the Main 10-part Program of the PKK. It is a community effort to increase family incomes. [http://pkk.tanjabbarkab.go.id/up2kpkk.htm] (Accessed June 2011)

446 KUD: Koperasi Unit Desa was established in 1968 by farming communities in the regions. They were coordinated by a kabupaten office, Pusat KUD (PUSKUD). However, KUD was nationalised in 1974 and many farmers considered that the central government management was less useful to them than the former kabupaten or regional administration.

447 The central government has endeavoured to encourage participation in cooperatives by increasing the amount available in loans from Rp.1.5 billion to Rp.20 billion. Each cooperative must have at least twenty members.
principles no doubt improved the economic climate in thousands of Indonesian villages. In Kabupaten Cirebon PDM-DKE was overtaken by the Sub-District (Kecamatan) Development Program (PPK)\textsuperscript{448} and DAKABALAREA. Both of these programs contained micro-finance components.

6.7. Direct Cash Transfers (Bantuan Langsung Tunai: BLT)\textsuperscript{449}

The 1999 Social Safety Net Program (JPS) was used as a model for a Direct Cash Transfer Program (BLT) in 2005 (Widjaja 2009: 2). In October 2005 as a consequence of a significant rise in world oil prices, fuel prices throughout Indonesia were increased by an average of 114 percent\textsuperscript{450} (Sen and Steer 2005: 285). To compensate, the government under Inpres No.12 of 2005,\textsuperscript{451} instigated a cash compensation program for poor and near poor households. The economic objective was to limit the impact of escalating fuel prices on poor households; while the political objective was to prevent large mass demonstrations of those demanding fuel price reductions (Widjaja 2009: 2). Every three months 15.5 million poor and near poor households were targeted to receive Rp. 300,000 (SMERU 2006b: 1).\textsuperscript{452} With more than 60 million people covered, the cash transfer was the largest such scheme in the developing world (Sen and Steer, 2005: 289).

The central government provided the funds for the Cash Transfers. The Central Bureau of Statistics (BPS) was responsible for recording the number of targeted families; and for the distribution of the Fuel Compensation Cards (BBM – KKB).\textsuperscript{453} BPS used the 2005 Census of Poor Households in Indonesia (PSE05) to target poor households. In many developing countries like Indonesia, there is no accurate census either at local or central government level. Many people do not have identity cards; many do not have bank accounts; and others have no fixed address. Without the card a family could not get the cash transfer (Widjaja 2009: 5, 169).

\textsuperscript{448} The Kecamatan Development Program (PPK) is discussed in Chapter 9
\textsuperscript{449} BLT: Bantuan Langsung Tunai, Direct Cash Transfers (SMERU 2006b refers to the Direct Cash Transfer as SLT: Subsidi Langsung Tunai)
\textsuperscript{450} Prices rose by 186\% for kerosene, 149\% for gasoline and 161\% for automotive diesel (Sen and Steer 2005: 285).
\textsuperscript{451} Instuksi Presiden Republik Indonesia Nomor 12 Tahun 2005 tentang Pelaksanaan Bantuan Langsung Tunai Kepada Rumah Tangga Miskin
\textsuperscript{452} In 2005 the definition of poor households was those whose per capita expenditure was Rp.175,000 (US$ 18.25) or less per month (SMERU 2006b: 1; Widjaja 2009: 4).
\textsuperscript{453} BBM: Bahan Bakar Minyak, fuel oil
KKB: Kartu Kompensasi BBM, Fuel Compensation Card
Local post offices (*PT Pos Indonesia*) had successfully distributed the Scholarships and Block Grants of the Education Component of the 1999 Social Safety Net (JPS) and were responsible for handling the 2005 Cash Transfers (Sen and Steer 2005: 289). The SMERU Research Institute found that, while the Post Office was an effective mechanism for delivery of these transfers, the program was poorly targeted; 45 percent of the available funds went to non-poor households, while 45 percent of poor households did not receive any transfers and did not participate in the program. The government, however, claimed that there was only a ten percent error in targeting (McLeod 2008: 194).

Local government administrations criticised the implementation of the 2005 Cash Transfer program, in the context of the central government’s commitment to the implementation of political decentralisation and regional autonomy. The Cash Transfer was centralised and implemented by two central government departments, BPS and *PT Pos Indonesia* (SMERU 2006b: xi). Early implementation of the scheme faced significant problems:

> There have been numerous cases in which the poor have not received identity cards, while the non-poor have. And there have been many examples in which officials at the lowest levels of government have been found to be extorting payments (of up to Rp.100, 000 for each Rp.300, 000 received) from beneficiaries. Each day in the early weeks, newspapers brought stories of both kinds of problems. In some situations these abuses led to small-scale riots and even the destruction of the local post offices from which the benefits were being distributed (cited by Sen and Steer 2005: 289).

Just as the villagers in Desa Getasan, Kabupaten Cirebon were very critical of the way *desa tertinggal* were classified, many households who thought they should receive the Direct Cash Transfers (BLT) did not benefit. According to a

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454 Identity cards for the targeted households were printed at the rate of over of one million a day during September 2005 (Sen and Steer 2005: 289).
455 *PT Pos Indonesia*: Post Office, Telecommunications, and Tourism Indonesia
456 The Scholarships and Block Grants of the Education Component of the 1999 Social Safety Net (JPS) are discussed in Chapter 8
457 A SMERU Research Institute report found that the Post Office was the most appropriate distribution agent because of its broad experience in servicing community funds transfers. Their offices are located in most *kecamatan*, and they are considered relatively free of corruption (SMERU 2006b: ix).
459 It is interesting to note that while the Indonesian government paid 15.5 million of the nation’s poorest families quarterly cash payments of Rp. 300, 000, (The Australian September 27-2005) the Indonesian parliament approved a new monthly allowance of ten million rupiah for its legislators to compensate for the fuel price rise (The Weekend Australian October 22-23, 2005).
460 The Jakarta Post October 19, 2005
SMERU Research Report (2006b: x), the emergence of various problems of targeting and distribution was linked with the limitations of the socialisation and information component of the program. There were no operational guidelines provided at the local government level. Indeed at the regional level, no one felt responsible for the program. Inadequate targeting triggered the emergence of community dissatisfaction which was expressed in complaints, protests and demonstrations.

The 2005 Direct Cash Transfer Program (BLT) clearly was not a panacea for solving complex poverty issues. According to Lindblad and Thee Kian Wie (2007: 7) a World Bank study found that the fuel price in October 2005 was not a major cause of increased poverty. Three-quarters of the additional four million people falling below the poverty line did so as a result of a 33 percent rise in the price of rice caused by the ban on rice imports. The Cash Transfer Program more than offset the negative impact on these households of the fuel price increase. The program ran for six months until March 2006 when it was suspended (Widjaja 2009: 3).

In December 2008 a second round of Cash Transfers was commenced in accordance with Inpres No. 3 of 2008.461 The government introduced an alternative means of targeting fuel subsidies, by restricting the purchase of subsidised fuel to owners of motor cycles and operators of public transport vehicles (McLeod 2008: 195). Subsequently the government implemented a cash transfer program to compensate for the higher costs of public transport and for kerosene used for cooking and lighting. These transfers were set at Rp.100, 000 per month per family for some 19.1 million families, and continued through to the end of 2009 (McLeod 2008: 194).

6.8. Summary
A constant feature of these welfare programs is the lack of accuracy in targeting. The enduring criticism of the Social Safety Net Program (JPS) remains with targeting and with the tolerance of non-poor households benefitting from the program. Nevertheless, the scheme was relatively targeted away from households in the most affluent quintile of the population (Sumarto, Suryahadi, and Widyanti,

461 Instuksi Presiden Republik Indonesia Nomor 3 Tahun 2008 tentang Pelaksanaan Bantuan Langsung Tunai untuk Rumah Tangga Sasaran
The government believed that the provision of cheap rice was essential to prevent widespread food shortages and possible malnutrition, which would only exacerbate the chaotic political and economic situation of the country at that time (Sumarto, Suryahadi, and Widyanti, 2001: 7). Targeting remains the weakest point of both the Safety Net Program (JPS) and the Raskin program. Parallel to the dilemma of inaccurate targeting was the inability to prevent corruption at every level of government. Anecdotal reports corroborated ‘leakage’ of rice before it reached the kabupaten. Within the Direct Cash Transfers (BLT) officials at the lowest levels of government were found to be extorting payments from beneficiaries.

The funds for the PDM-DKE village credit program were passed to village administrations to deal with as they saw fit. According to official PDM-DKE guidelines, intended beneficiaries of the program were the pre-prosperous (KPS) and stage one prosperity (KS-1) families. However, a SMERU team found that in many districts and villages, program managers did not fulfil those conditions (SMERU 1999). The funds were conservatively targeted to credit-worthy applicants. Because PDM-DKE involved loans rather than grants, most of the economic projects selected in villages were targeted towards more affluent individuals who were judged by local government to be capable of repayment. The 2005 Cash Transfers (BLT) program was also poorly targeted.462

The Padat Karya schemes, organised by central government ministries, were initially unregulated. Possibly such schemes are best limited to localised well-defined projects. While public works programs have the convenient advantage of artificially raising employment figures, they are seldom the answer to the long-term problems of poverty and unemployment.

In a country which, prior to Krismon, had an inadequate social services network, the project of delivering the various components of the Social Safety Net Program (JPS) to disadvantaged families throughout Indonesia was an exceptional undertaking. The BKKBN and its agencies in the regions are to be commended on their efficacy in distributing aid over such a vast area. In an emergency, the importance and value of fast delivery of well-targeted services cannot be

462 http://www.smeru.or.id/policybrief/cashtransfer_engpdf (Accessed February 2010)
overstressed. While the National Family Planning Board (BKKBN) was the obvious choice of a national organisation to implement the Social Safety Net Program following Krismon, the DPRD and the regional administrations must develop the competence and experience to take on economic leadership in the provision of social services and economic development in to the future. The following two chapters consider the record of decentralised government in two important sectors of public health and education.
Chapter 7
Decentralisation of the Health Sector

In 1999 the President of Indonesia, Dr. B.J. Habibie, launched a Health Awareness Development Movement. The basic objective of this national strategy was the achievement of a healthier Indonesia by 2010. With the implementation of the 1999 Regional Autonomy Laws in 2001, regional governments were required to accept a greater and ongoing role in the provision of healthcare in their communities. Roles of the central government transferred to the regions included:

1. Integrated planning and financing of health services;
2. Human resources development at the district (kabupaten or kota) level;
3. Increased community participation in health services and a more dominant role for the public in planning and monitoring at regional levels (Kurniawan 2002: S369).

Fundamental to the concept was that members of the community should accept responsibility for healthcare in their communities. Key factors, associated with community health services, are health facilities and food security; care for women and children; and responsibility for the environment (Utomo 2003: 172).

The decentralisation of the health sector makes it possible for regional leaders to develop improved healthcare programs in their districts, but as Warburton and Aspinal (2013) say: “…it has also made the system vulnerable to local power politics and unchecked corruption”.

7.1. Central Government Administration of Healthcare

After Independence the provision of health services was administered by the central government. The concept of the decentralisation of health services was introduced in 1952 with the partial transfer of some responsibilities to the regions. This early decentralisation of health services was in fact a deconcentration of those services. The central government retained responsibility for policy making, the provision and allocation of funds, and appointment of personnel. Such deconcentration was initiated by the implementation of Government Regulation No. 20 of 1952 which was concerned with the placement of officials of the national government in the regions. These central

464 Peraturan Pemerintah Nomor 51 Tahun 1952 tentang Pelaksanaan Penyerahan Sebagian dari Urusan Pemerintah Pusat mengenai Kesehatan kepada Daerah-Daerah
government bureaucrats were responsible and accountable to central government ministers and not to the heads of the regions (Malo 1997). Subsequently, through Government Regulation No. 7 of 1987, the central government transferred certain health responsibilities to regional governments. Despite a wide variety of functions transferred, the regional governments remained the administrators of policies formulated by the central government (Malo 1997). The administrative approach to healthcare in Indonesia, during the New Order era, was unambiguously centralised and dependent upon a forcefully controlled authoritarian hierarchy (Hull and Adioetomo, 2002: 243). President Suharto did not monitor the health program in the same way he directed the family planning program, it was the Ministry of Home Affairs, through its control over local government, which implemented health policy (Achmad 1999: 11).

During the New Order, all university graduates from medical, dental and pharmacy faculties were required to work for the government. As civil servants, doctors were classified at level 3A salary which was Rp.130,000 (US$ 18.87) per month. Doctors received an extra Rp. 50,000 (US$ 7.26) per month (Achmad 1999: 87; 94). Accordingly, most doctors had to supplement their income and many worked part-time in private practice. Private practices also sold pharmaceutical drugs directly to patients. A crucial change in these arrangements was a national regulation in 1992 requiring doctors and dentists to enter national service for, at most, three years instead of becoming civil servants. Indonesia’s medical and dental services changed from a publicly employed workforce with important private part-time activities, to one that was predominantly self-supporting through individual or group practice, or jobs in private hospitals and clinics (World Bank 2000: 18).

A consequence of this 1992 decision was that many doctors chose not to fulfil their national service in remote and disadvantaged communities. In 2005 outbreaks of polio, dengue fever and malnutrition were attributed to the erosion

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465 Peraturan Pemerintah Nomor 7 Tahun 1987 tentang Penyerahan Sebagian Urusan Pemerintahan Dalam Bidang Kesehatan Kepada Daerah-Daerah

466 The number of graduating doctors rose from 460 a year in the 1960s to about 2,000 in the 1990s (World Bank 2000: 18).

467 Undang-Undang Republik Indonesia Nomor 23 Tahun 1992 tentang Kesehatan
of regional healthcare centres (puskesmas) by the Health Ministry’s Director General of Community Health, Azrul Azwar. He inferred that because the government no longer made it compulsory for new doctors to serve in puskesmas the number of volunteer doctors, working in puskesmas, had steadily declined.

As the proliferation of private practices increased so did the establishment of private hospitals in urban areas servicing middle-class patients. These hospitals were introduced by Christian missionaries; by Muslim communities; by the government controlled PERTAMINA Oil Company, for the use of bureaucrats; and by the armed forces (ABRI) for its personnel. Private hospitals were regulated by the central government and required to provide a percentage of beds for the poor. Few private hospitals were established in the regions, where local governments were unwilling to grant licences. Local government income depended, in part, on revenue from local hospitals (Achmad 1999: 147). The growth of private services was also facilitated by expanding private health insurance cover. A 1992 Law allowed general insurance companies to operate in the health market.

Significant national health programs such as family planning; polio immunisation; the struggle to combat tuberculosis; and the Family Nutrition Improvement Program continued to be determined and funded nationally. Regional governments were responsible for programs which included combating contagious diseases; controlling diarrhoea; health services to remote areas; the improvement of mother and child health; and immunisation. However, a 2006 report (Kristiansen and Santoso, 2006: 256) finds: a total lack of transparency and accountability in local governments’ financial handling of the health sector. Also as an administrative impact of the decentralisation policy, public health institutions like puskesmas and district hospitals are turned into profit centres. Instead of focusing on preventative health and environmental

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468 Puskesmas: Pusat Kesehatan Masyarakat. There are many types of puskesmas:
- Puskesmas Tanpa Tempat Penginapan, (Puskesmas TTP) have a doctor but no overnight accommodation
- Puskesmas Dengan Tempat Penginapan, (Puskesmas DTP) have a doctor and overnight accommodation
- Puskesmas dengan Perawatan have no doctor. Nurses are in charge.
- Puskesmas Pembantu (Pustu) are staffed by paramedics only.
- Puskesmas Keliling (Pusling) are mobile puskesmas with a doctor. These mobile puskesmas are usually conducted from a specially designated van, but in some areas boats are used.

469 The Jakarta Post June 4, 2005
470 Undang-Undang Republik Indonesia Nomor 2 Tahun 1992 tentang Usaha Perasuransian
improvements, puskesmas now need to earn money to cover their operation costs and generate income for the local governments.

7.2. Development of Village Community Healthcare

In the early 1970s the World Health Organisation encouraged governments to examine their delivery of healthcare. In 1975 the Indonesian government responded by planning a Village Community Health Development Program (PKMD)\textsuperscript{471} to deliver healthcare to the wider community. PKMD became the operational form of primary healthcare in Indonesia, under the auspices of the Village Community Resilience Council (LKMD) (Achmad 1999: 77).

\textldots the PKMD has eight basic health services: education of the public about prevailing health problems; local endemic disease prevention and control; expanded immunisation program; maternal and child health and family planning; provision of essential drugs through the drug post or health post; nutrition and food production; treatment of common diseases and injuries; safe water supply and environmental sanitation (Achmad 1999: 77).

The nucleus of the PKMD program saw the emergence and development of voluntary workers called kaders, who were trained to operate under the supervision of primary healthcare nurses based at the local health centres, (puskesmas). Puskesmas were often overcrowded and short staffed. Nevertheless some health services did become cheaper and more readily available through the implementation of the puskesmas program, which was designed especially to aid low-income communities and those in remote regions. Supported by the Family Welfare Movement (PKK), puskesmas were an integral part of overall village development.

Non-government organisations (NGOs) also played a growing role in healthcare. The Christian (Protestant linked) Foundation for Public Health (YAKKUM)\textsuperscript{472} was concerned with healthcare programs from the early 1950s. The Social and Economic Development Foundation (YPPSE)\textsuperscript{473} at Banjarnegara in Central Java, was also involved with healthcare activities. From 1974, the Prosperous

\textsuperscript{471} PKMD: Pembangunan Kesehatan Masyarakat Desa
\textsuperscript{472} YAKKUM: Yayasan Keristen untuk Kesehatan Umum moved its focus from health towards agriculture, animal husbandry, improved cultivation of house-gardens, nutrition, village house design, irrigation, drinking water, public health, and education, pioneering participatory approach in community development in each new context (Eldridge 1995: 58).
\textsuperscript{473} YPPSE: Yayasan Pembangunan dan Pengembangan Sosial Ekonomi developed from a social and economic development committee in 1974 (Eldridge 1995: 58).
Indonesia Foundation (YIS) began a health insurance scheme, Dana Sehat, in many villages. Nevertheless, a survey of nutritional levels, conducted by UNICEF in the mid-1970s, found that more than two-thirds of Indonesia’s 20 million children under five-years of age were undernourished.

7.3. Krismon, the Health Sector and the Implementation of the Social Safety Net Program (JPS-BK)

The implementation of the 1999 Regional Autonomy Laws began as the nation was still reeling from the effects of the 1997-1998 Asian Financial Crises (Krismon). Some apprehension was felt that, as inflation decreased spending power, and simultaneously increased the cost of health services, low income households could turn away from modern health-care. Such a situation could witness a decline in public health and negate improvements in the health sector achieved over many years (Sumarto, Suryahadi, and Widyanti, 2001: 9).

In Indonesia, healthcare services are highly subsidised by the government and funded through taxes, international grants, and contributions from the private sector. Following Krismon, there were fewer resources available to fund healthcare (Utomo 2003: 173). As part of the welfare and safety net program, the government established Social Safety Net programs in the Health Sector (JPS-BK) with help from the World Bank, the Asian Development Bank, and various bilateral donors (Sumarto, Suryahadi, and Widyanti, 2001: 3). The healthcare program included a mix of direct funding to individual families from the eligible pre-prosperous (Keluarga Pra-sejahtera) and level I prosperity categories (Keluarga Sejahtera-I); and block grants to service providers, such as hospitals, clinics and family planning services (Daly and Fane, 2002: 312-313).

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474 YIS: Yayasan Indonesia Sejahtera was an NGO involved in community health, nutrition, and small-scale development programs in Banjarnegara, Central Java (Eldridge 1995: 58).
475 Dana Sehat depended for its success on agreement of all neighbourhood members. Each household paid a small fixed sum each month. Contributions covered the cost of basic healthcare. More serious cases were referred to a hospital. When health services became more readily and cheaply available through puskesmas, YIS operatives wound up Dana Sehat (Eldridge 1995: 59-60).
477 JPS-BK: Jaring Pengaman Sosial - Bidang Kesehatan
478 Life expectancy in Indonesia increased by almost 54 percent from 41 years in 1960 to 63 in 1993. Infant mortality was cut from 139 per thousand live births in 1960 to about 56 in 1993 (Achmad 1999: 5).
Part of the JPS-BK program was the provision of a healthcare card (kartu sehat) to eligible households. Kartu sehat entitled all members of the household to obtain free services from designated public healthcare centres. These designated providers were mainly puskesmas but also included some, but not all, services at a hospital. This aspect of all services at some levels, but only some services at others, created considerable angst. Card holders felt on the one hand they were being denied service; or on the other hand were being charged for what should have been free services (Sumarto, Suryahadi, and Widyanti, 2001: 13). While basic health services were to be provided free, the cards could only be used at certain times. Kristiansen and Santoso, (2006: 249) consider that the kartu sehat system was inefficient, in part due to patients receiving insufficient information and in part due to “irregular practices and corruption among service providers.” Puskesmas were not directly reimbursed for the provision of these services. Instead, there was a complicated financing scheme, where puskesmas received reimbursement based on the number of card holders in their administrative area. The charge for an examination at the puskesmas, which was Rp. 500 in pre Krismon days, varied from Rp.1,000 to Rp. 3,000 (less than $US 50 cents) without medicine. For most people, however, the problems were the price of the medicine and the expense of travelling to puskesmas. The cost of transport of all kinds rose considerably after Krismon (Hardjono 1999: 29). A RAND Corporation report suggested that there were some small improvements in the quality of services at puskesmas between 1997 and 2000 where charges remained quite low compared with the private sector (Strauss 2004: 289).

In 2001 the Indonesian government provided additional subsidies for health services through the Reduced Energy Subsidy Impact Alleviation Program – Health Sector (PDPSE-BK). In 2002, while the source of funding was replaced by the Compensation Program for Reduced Subsidies on Refined Fuel Oil (PKPS BBM), the funding for health remained unchanged (Sumarto and Suryahadi 2010: 222). Problems with targeting this program resulted in the launch of the Health Service Insurance for Poor Families (JPK-Gakin) in August 2003. JPK-Gakin was financed from PKPS BBM and through special DAU budgetary allocations.

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479 PDPSE-BK: Penanggulangan Dampak Pengurangan Subsidi Energi Bidang Kesehatan
480 PKPS BBM: Program Kompensasi Pengurangan Subsidi Bahan Bakar Minyak. PKPS BBM is discussed further in Chapter 8.
481 JPK-Gakin: Jaminan Pelayanan Kesehatan untuk Keluarga Miskin
482 DAU: Dana Alokasi Umum, General Allocation Grant from the central government
With the implementation of the 1999 Regional Autonomy Laws, district governments were responsible for administering JPK-Gakin. This was the first time a safety net program in the health sector guaranteed hospital services for the poor (Sumarto and Suryahadi, 2010: 222). But the program was not a panacea for all the problems facing Indonesian people trying to access hospital treatment.

Gunung Jati has been the main hospital for the people of Cirebon since the Japanese occupation. Gunung Jati is now solely for the use of the inhabitants of Kota Cirebon and is no longer accessible to the people of the surrounding Kabupaten Cirebon. There are only two state run hospitals in Kabupaten Cirebon, RSUD Waled and RSUD Arjawinangun, which accept poor patients. These hospitals are much further from some of the villages in Kabupaten Cirebon than Gunung Jati. It is often very difficult for villagers to access transport. One private hospital in nearby Kabupaten Kuningan, Cigugur, provides free health service for two of every 100 patients it receives. Often, after travelling through mountainous areas to reach the hospital in Kabupaten Kuningan, patients are rejected because the quota, set by the government for free patients, is already filled.

Hardjono suggests that decentralisation has not led to better health and welfare services in the regions:

In many districts very little, if any, attention has been given to problems like malnutrition (busung lapar) while primary health care posts (posyandu) and other health programs (including polio vaccinations) have been neglected. This would suggest that most regional governments are concerned with matters other than the welfare of their poorest people (Hardjono 2005: 6 – 7).

In late 2004, after outgoing President Megawati Soekarnoputri signed a Social Security Law (SJSN), the JPK-Gakin program was re-centralised and

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483 RSUD: Rumah Sakit Umum Daerah
484 Achmad (1999: 147) says “The government has to regulate these private hospitals to force them to provide a certain percentage of beds for the poor.”
485 Interview Ibu Ani, Ketua Posyandu Desa Cikancas, January 2011
486 Undang-Undang Republik Indonesia Nomor 40 Tahun 2004 tentang Sistem Jaminan Sosial Nasional
administered by PT Askes, a state-owned insurance company.\textsuperscript{487} A first step towards meeting Indonesia’s ambition for universal health insurance was made in 2005 with the introduction of the Health Insurance for the Poor (\textit{Askeskin})\textsuperscript{488} a subsidised social health insurance for the poor and the informal sector (Sparrow 2010: ii; Sumarto and Suryahadi, 2010: 225 - 226). The government authorised PT Askes to manage the program which targeted 60 million poor people whose premiums were paid by the government. Some regional governments protested at the launching of \textit{Askeskin} because it meant that the regions no longer received financial support for their healthcare enterprises (Sumarto and Suryahadi 2010: 226).\textsuperscript{489}

Due to delays in providing \textit{Askeskin} cards in the first year, health cards and village poverty letters (SKTM)\textsuperscript{490} also provided access to healthcare, but only at the \textit{puskesmas} (Sumarto and Suryahadi, 2010: 227). For hospital treatment a letter was also needed from \textit{Dinas Kesehatan} at kabupaten level. This was made more difficult by the additional requirement that the patient or a family member of the patient had to present at \textit{Dinas Kesehatan}.\textsuperscript{491} Again there was little support from regional administrations for SKTM letters being used to access healthcare. \textit{Askeskin} coverage through healthcare cards and SKTM letters was not always covered by the \textit{Askeskin} fund allocation to districts (Sumarto and Suryahadi, 2010: 227).

The PKPS BBM funding model built on the lessons of previous programs and achieved a degree of national coverage not possible with the JPS-BK programs (Sumarto and Suryahadi 2010: 223). From 2008, the \textit{Askeskin} program was replaced by a Community Health Insurance program, \textit{Jamkesmas},\textsuperscript{492} and the role of PT Askes was reduced considerably (Sumarto and Suryahadi, 2010: 233 fn2). The

\textsuperscript{487} In 1968, Askes Persero was established to finance and deliver health insurance to civil servants.
In 1968, PT Askes was granted the rights to manage its own insurance fund.
In 1991, PT Askes broadened its markets and product coverage to provide commercial health insurance programs to the public.
In 1992, Jamsostek (\textit{Jaminan Sosial Tenaga Kerja}) a state owned, security based program for private sector employees was introduced.

\textsuperscript{488} \textit{Askeskin}: \textit{Asuransi Kesehatan untuk Masyarakat Miskin}

\textsuperscript{489} \textit{Askeskin} holders can receive free basic outpatient health care at \textit{puskesmas} and third-class hospitals. \textit{Askeskin} coverage includes an obstetric service package; mobile health services and special services for remote regions; immunisation program; and medicines (Sumarto and Suryahadi 2010: 226)

\textsuperscript{490} \textit{SKTM}: \textit{Surat Keterangan Tidak Mampu}

\textsuperscript{491} Interview Ibu Ani, \textit{Ketua Posyandu}, Desa Cikancas, January 2011

\textsuperscript{492} \textit{Jamkesmas}: \textit{Jaminan Kesehatan Masyarakat}
*Jamkesmas* program is designed to synchronise the multiple health insurance schemes.\(^{493}\)

### 7.3.1. Krismon and the Family Planning Program

From the onset of *Krismon*, there was concern that inflation would create a cost pressure on contraceptives and decrease their distribution (Hull and Adioetomo 2002: 238). Hardjono (1999: 29) says there was clear evidence women in deprived areas could no longer afford contraception services. According to a statement from the National Family Planning Board (BKKBN) office in Cirebon in May 1999, during the preceding month, requests for contraceptive services decreased by 17.56 percent.\(^{494}\) Many people were moving around looking for work, resulting in decreased numbers of family planning acceptors at the BKKBN office in Kabupaten Cirebon. Others, who were able to pay for the service before *Krismon*, could no longer afford to pay. At the same time, the BKKBN office in Cirebon simply had no contraceptives in stock, the cupboard was bare. With a population in excess of 200,000,000, unplanned pregnancies among unemployed and under-privileged women was a serious concern to the Indonesian government. However, the National Socio-economic Survey, *Susenas*, reported that regular levels of contraceptive use continued throughout 1993 - 2000. This report deemed that there was no sign of the collapse of the family planning scheme (Hull and Adioetomo, 2002: 239).\(^{495}\)

As concern for the collapse of the Indonesian currency, and the subsequent budgetary constraints were publicised, the donor community worked closely with BKKBN and the Department of Health to anticipate the impact on the availability of pharmaceuticals, including contraceptives. Offers to contribute to contraceptive supplies were made soon after the crash of the rupiah in December 1997, and as the full impact of *Krismon* was realised these offers became more generous. Donors attempted to coordinate their contributions, with the United Nations Fund for Population Activities (UNFPA) playing a key role in convening

\(^{493}\) [http://jlw.drupalgardens.com/content/country-case-study-indonesia](http://jlw.drupalgardens.com/content/country-case-study-indonesia) (Accessed March 2011)

\(^{494}\) *Laporan ‘Gambaran Dampak Krisis Terhadap Gerakan KB Nasional Di Kabupaten Cirebon’: Drs. Tjetjep Kusnandar, Kepala BKKBN Kantor Kabupaten Cirebon May 15, 1999

\(^{495}\) Hull and Adioetomo (2002: 239) suggest that data concerning contraceptive use from *Susenas* is more reliable than that from BKKBN. Because the highly trained interviewers of *Susenas* are not employees of the national family planning program, it is assumed that respondents would have less motivation to give a ‘pleasing’ answer to questions about contraception.
donor meetings and helping to calculate the needs of BKKBN (Hull and Adioetomo 2002: 241). By 2000 it was business as usual at the BKKBN office in Cirebon and there were good stocks of contraceptives.\textsuperscript{496}

In 2001 the transfer of power from President Abdurrahman to Megawati Sukarnoputri, a committed centrist, meant that the decentralisation debate was reopened (Hull and Adioetomo, 2002: 248). By 2001 the Ministry of Health had largely embraced decentralisation. However, the Indonesian parliament voted to maintain BKKBN as a national, that is a central government controlled, organisation until 2003 (Hull and Adioetomo, 2002: 243). From 2003 the central government ceded responsibility for family planning to kabupaten and kota administrations (Hull 2003).\textsuperscript{497}

\textbf{7.3.2. Krismon, Nutrition and Food Security}

In Indonesia, for twenty five years from 1970, food security steadily improved.\textsuperscript{498} Krismon, exacerbated by the drought of 1997 -1998, caused this trend to be reversed.\textsuperscript{499} Rice imports in 1998 (3.1 million metric tonnes) were five times higher than in 1995, and ten times higher than in 1985. The price of rice increased sharply from Rp. 1,250 per kilo in November 1997 to Rp. 3,000 in September 1998 (Utomo 2003: 173). The Indonesian government's committee for monitoring nutrition and food security (SKPG)\textsuperscript{500} monitors consumption and welfare by utilising existing data from different parts of the government apparatus, with primary emphasis on the production and distribution of food. For the Safety Net Program (JPS), historical data from SKPG was used to indicate vulnerable areas and then overlaid with data from the Backward Village Program (IDT), to identify high-risk areas. The government worked in conjunction with the World Food Program to distribute food (SMERU 1998).

\textsuperscript{496}Interview with Drs. Tjetjep Kusnandar, \textit{Kepala BKKBN Kantor Kabupaten}, August 2002.
\textsuperscript{497} In Kabupaten Cirebon the activities of BKKBN are conducted by \textit{Dinas Pendaftaran Penduduk, Catatan Sipil dan KB} as part of the office of \textit{Pemerintah Desa Kabupaten Cirebon}.
\textsuperscript{498} This is indicated by the increase in energy intake from an average of 1,824 calories per day in 1970 to 2,732 calories per day in 1995. These figures are averages and do not acknowledge the inadequate diets of the very poor (Utomo 2003: 173).
\textsuperscript{499} Other factors causing the end to the era of food self-sufficiency were the loss of good agricultural land to investment in infrastructure, industrial development, real estate and tourism
\textsuperscript{500} SKPG: \textit{Sistem Kewaspadaan Pangan Dan Gizi} is coordinated by the State Ministry of Food and Horticulture with representatives from the Ministry of Health; the Ministry of Agriculture; the Ministry of Social Affairs; the National Logistics Agency (Bulog); the National Family Planning Agency (BKKBN); and the Central Bureau of Statistics (BPS).
Revitalisation of integrated service posts (posyandu) and food and vitamin supplementation were programs within JPS-BK aimed at improving nutritional status (Strauss 2004: 358). The program operated from 1998 until 2000. In order to monitor the nutritional state of children under five (balita), the National Nutritional Board (SKPG) set up a surveillance system within posyandu. The four main SKPG indicators were food production; food distribution; changes in dietary patterns; and nutritional status. One of the aims of SKPG was to determine whether an area was suffering from nutritional problems through the discovery of cases of malnutrition in a village (Kurniawan 2002: S368).

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Source: This data was collected by members of the PKK from kaders from all of the posyandu in the kabupaten.

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501 *Posyandu: Pos Pelayanan Terpadu*, Integrated Service Post
502 *Balita: Bawah Lima Tahun*
503 There are two criteria for determining malnutrition: one is anthropometry where the child’s weight is below 60% of the World Health Organisation’s Normal Child Health Standard. The other criterion is a clinical classification of a child as suffering from marasmus or kwashiorkor forms of serious protein-energy malnutrition (PEM) (Kurniawan 2002: S368). These forms of PEM represent a group of pathologic conditions associated with nutritional and energy deficit occurring mainly in young children from developing countries at the time of weaning. Marasmus is primarily caused by a deficiency in calories, whereas kwashiorkor indicates an associated protein deficiency, resulting in an oedematous appearance (eMedicine Specialties) (Accessed September 2010).
Deteriorating living standards identified in the 1998 SMERU report could be recognised in the ten study villages in Kabupaten Cirebon. In these villages, the effects of Krismon continued well after 1999. The spiralling food prices affected the quantity and variety of food available to families, and nutrition standards declined. This is evidenced by the rise, between 1999 and 2002 (as can be seen above in Table 7.1) in the number of malnourished pre-school age children in most of the villages.

The women in the ten villages in Kabupaten Cirebon were concerned about the standard of nutrition in their communities. All of the posyandu in these villages provided supplementary food (PMT) to children attending posyandu and kaders from the posyandu supplied PMT, usually in the form of a nutritious green bean porridge, to children in primary schools. The Health Department in Kabupaten Cirebon gave Rp. 1,000 twice a week for each child at school to supply PMT to students.

7.4. Establishment of Posyandu

Of the many early efforts to establish comprehensive healthcare systems in Indonesia, none achieved national coverage. One of the first was the Hygiene Program instigated by the Dutch in colonial Indonesia, and is of interest because it was based on a firm philosophy of community self-reliance (Hull 1989: 140). In the 1980s, UNICEF, with Indonesian government support, introduced the GOBI program by conducting pilot programs to develop strategies for child survival with the NGO, YAKKUM, in the Solo area of Central Java. The programs included monitoring of growth charts; the encouragement of supplementary feeding; and advice on oral rehydration as a treatment for diarrhoea (Eldridge 1989: 18; 1990: 531; 1995: 60). Dr. John Rohde and Dr Rob Northrup took many of those initiatives and ideas to Jakarta and developed them together with USAID and the National Family Planning Coordinating Agency (BKKBN). From these initiatives

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504 PMT: *Pemberian Makanan Tambah*
505 Green bean porridge: *bubur cacang hijau*
506 Interviews with *kaders* from *posyandu* in ten villages in 1999 and 2002
507 Interview with H Sutisna, SH. *Bupati* Cirebon August 2002
508 GOBI: G-Growth monitoring; O-Oral rehydration; B-Breast-feeding and improved weaning; I-Immunisation
509 Dr. Rohde worked with the Rockefeller Foundation at Gajah Mada University, Yogyakarta, and assisted in the health programs in Central Java, providing informal advice to YAKKUM (Hull 2003)
they established the Integrated Service Posts (*posyandu*) system of monthly weighing, immunisation, and family planning services (Hull 2003). The PKK was charged with the task of establishing, developing and maintaining *posyandu*.

No other healthcare program received the comprehensive support that was given to the PKK in the establishment of *posyandu*. Why was this so? Certainly following the Alma Ata (USSR) International Conference on Primary Healthcare sponsored by the World Health Organisation in 1978, emphasis was focused on community participation in healthcare programs in developing countries. In Indonesia, with the establishment of *posyandu*, there emerged, for the first time, the combined forces of:

- A national government intent on controlling fertility and improving standards of nutrition and healthcare, backed by an enthusiastic funding partner, UNICEF;
- A national multilevel organisation, PKK, accepting responsibility to establish the service posts and train the *kaders*; and
- A nation-wide voluntary workforce, the *kaders*, at the grassroots level.

No one group could be successful without the support of the other two; nor could any two groups working together achieve a national coverage of primary healthcare without the cooperation of the third.

It should be remembered that the escalation of oil prices in 1973 transformed Indonesia’s economic status through the next decade. This meant that ambitious development expenditure during the second and third Five-Year Development Plans could be financed from domestic revenue (Ricklefs 1993: 304). By the end of *Repelita III*, 5,353 health centres (*puskesmas*) had been established, and in excess of 20,000 *kaders* trained (Office of the Minister of State for the Role of Women 1985: 26).

Even though the 1980 Population Census indicated a significant reduction of the deathrate in the previous decade, it was evident from the Bureau of Statistics in 1982 that the rate of development in healthcare remained unsatisfactory. The coverage by *puskesmas* and their supporting sub-centres was still inadequate, especially in remote regions.

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511 The deathrate dropped from 18.7 per thousand during the period 1961 – 1971 to 12.48 per thousand during the period 1971 – 1980 (BPS 1982: 87)
In an effort to respond to these inadequacies, a system of *posyandu* was established by the Department of Home Affairs at village level, through the Village Community Resilience Council (LKMD) and the PKK (Hunter 1996: 175).¹¹³ The *puskesmas* staff, who provided technical services at *posyandu*, were employees of the central government Department of Health (*Departemen Kesehatan*). Field-workers from the National Family Planning Coordinating Agency (BKKBN) also attended *posyandu*.

Until the establishment of *posyandu* in 1984, the lack of coordination among primary healthcare and family planning activities in Indonesia often led to overlapping services and inefficient use of resources. Some villages possessed not only child weighing posts and family planning acceptors’ clubs, but also an immunisation post and a mother-and-child health post, all operating on different days of the month.¹¹⁴ This inefficient, time wasting system was unsuited to the needs of low-income working mothers (Williams 1986: 16-17). The concept of integrating all of these services and activities was realised by combining the primary healthcare program, which included the Family Nutrition Improvement Program (UPGK),¹¹⁵ with the family planning program (KB),¹¹⁶ in *posyandu*. The UPGK program focussed on eliminating malnutrition and diarrhoeal disease, and addressed vitamin A and iron deficiency from amongst the four most vulnerable groups in the community: babies, children under five years of age (*balita*), pregnant and lactating women. To this UPGK program *posyandu* added immunisation, which had previously been implemented through the

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¹¹² At that time,
- Infant mortality was around ten percent;
- Child mortality was around four percent of children under five years;
- Life expectancy by 1980 was around 50 years;
- Morbidity in 1972 was around five percent, but rose to around 11.5 percent by 1980.
- Sixty percent of these cases resulted from infectious diseases.
- In the 1982 report, it was estimated that one-third of children under five years suffered from diseases of nutritional disorders:
- Between 30 percent and 70 percent of pregnant women experienced nutritional anaemia (BPS 1982: 88).

¹¹³ See Figure 2.1 on the structure of the PKK during the New Order

¹¹⁴ There were, of course, villages which had only some of these facilities, and other villages which had none.

¹¹⁵ UPGK: *Usaha Perbaikan Gizi Keluarga*

¹¹⁶ KB: *Keluarga Berencana*
puskesmas;\textsuperscript{517} and streamlined the posyandu program into five divisions: registration, nutrition; diarrhoeal disease control, immunisation, and family planning.

7.4.1. The Activities of Posyandu

Posyandu operates once a month in a space borrowed for the occasion, or in a suitable community-built shelter. While the Village Community Resilience Council (LKMD) is responsible for the overall organisation of the posyandu, the leaders of the PKK, together with the kaders, plan and direct the activities. The posyandu is organised around a system of five tables (pola-lima-meja) with a kader in charge of each table:

<table>
<thead>
<tr>
<th>Box 7.1</th>
<th>The Five Table System (pola-lima-meja) of Posyandu</th>
</tr>
</thead>
<tbody>
<tr>
<td>The mother registers her children, aged five and under (balita), at the first table.</td>
<td></td>
</tr>
<tr>
<td>At the second table the kader weighs the babies, usually with scales that have been adapted from scales which are in daily use in the village to weigh rice and other commodities.</td>
<td></td>
</tr>
<tr>
<td>At the third table each baby’s weight is recorded on an individual ‘Road to Health’ card (KMS: Kartu Menuju Sehat), which the mother keeps. On the card is a ‘growth curve’ which indicates the ‘normal’ growth development for a newborn baby up to the age of five years. Below this curve are a dotted line and a red line. If the weight of the child falls between these lines during any stage in his or her growth, it is an indication that his or her weight is quite low and thus the child should be watched carefully. If the weight should fall below the red line, the child has reached a critical state and should be referred to the health centre (puskesmas).</td>
<td></td>
</tr>
<tr>
<td>A kader at the fourth table discusses with the mother both the progress of the baby, and the mother’s health. This kader dispenses vitamin A, Oralit, and iron tablets as required. At this table also, family planning advice and contraceptives are available for all married couples where the woman is of child-bearing age. There is usually a family planning field officer (PLKB) to facilitate the BKKBN program.</td>
<td></td>
</tr>
<tr>
<td>Ideally, a doctor or midwife from the puskesmas is at the fifth table to complete immunisation; to provide technical services; and also to prescribe other medication as needed. This service is provided by the Department of Health. This information is also entered on the child’s KMS which gives each mother a comprehensive and ongoing record of the child’s healthcare.</td>
<td></td>
</tr>
</tbody>
</table>

The monthly gatherings of posyandu quickly became very popular. They provided a time for village women to socialise; and are often arranged around community

or social occasions, such as traditional arisan. Ideally, a nutritious meal called
the gift of supplementary food (PMT) is arranged for the children. The PKK, which
supports posyandu financially through its village government budget, also
provides money each month for PMT. In villages where posyandu is fully
operational, primary healthcare is made much more readily accessible for those
groups whose health is most at risk. The availability of these services at the same
time and place, at minimum cost, and at a convenient hamlet or ward location,
was a major break-through in the organisation of primary healthcare in
Indonesia.518

7.4.2. The Role of Kaders in Posyandu

The participation of the voluntary kaders in posyandu is a crucial feature of the
program’s operation. The kaders are responsible for the smooth-running of
posyandu. Ideally, between the monthly meetings, kaders make home visits and
dispense simple medicines and treat diarrhoea. They direct sick mothers or
babies to puskesmas. The kaders attempt to motivate those who have not
attended posyandu: some may be ill; others embarrassed about an unplanned
pregnancy. A poor woman may feel that she lacks suitable clothes for herself or
her children to wear to the posyandu. Others know that they cannot afford to
buy the nutritious food recommended by the kader. Being a kader is a respected
and responsible position to hold within the community and requires a
compassionate approach and commitment to community service. Kaders are also
in a unique position to accurately target those in need. However, the kader’s
effectiveness is dependent upon the quality of training she receives to equip her
for that position and ultimately also appropriate recognition and rewards for her
skills and service. The training of kaders is fundamental; it is the well-trained
kader who can best discern the specific needs of her community. Consequently
the effectiveness and status of the program is seriously compromised by the lack
of suitable training as indicated in a 1994 UNICEF519 report:

...in the Iringa program in Tanzania, initial training of village-level
volunteers lasted six months, followed by considerable in-service

518 To initiate the posyandu, UNICEF provided a package for each village. The package
included simple weighing scales and charts; oral rehydration salts (Oralit); and vitamin A
training. The Tamil Nadu program in India had an initial training of three months, with considerable in-service training thereafter. Obviously the planners of these programs had different expectations for their village volunteers than did those of, for example, Indonesia’s UPGK. In the latter, only three days of training were planned for volunteers, but in practice, due to resource restraints, an average of only three hours of technical training was provided. When interviewed on this subject, volunteers and dropouts alike attributed the high dropout rate to the minimal training and high responsibility, and to the consequent perception that being a growth monitor was an unskilled and generally boring job (Pearson 1994: 33).

A 1985 report of the UPGK program in Indonesia pointed to the high rate of turnover among its kaders, and recurring costs in training replacements (Soetrisno, Johnson, and Edang, 1985: 8). The report suggests that dropout rates could be significantly reduced by the provision of a small cash incentive or other tangible reward for the kaders.520 This exodus leaves many posyandu without the requisite five kaders needed to facilitate the five table system at each meeting.521

The result is that the existing kaders must run a second monthly posyandu in another neighbourhood. Accordingly they become responsible for twice as many mothers and babies. However, despite rapid turnover of kaders, the advantage of their training is that a general awareness and knowledge of health issues is raised in every village.

Although posyandu was delivered to the PKK in a top-down manner the government anticipated that programs would be well organised by the PKK and implemented by kaders in the villages. While there are advantages in utilising unpaid volunteers for program implementation, such as a more comprehensive coverage of communities, and reduced program costs; there are also serious disadvantages. At the grassroots level, the pressures of subsistence living, including the constraints of poverty and illiteracy, preclude many women at the lower end of the socio-economic scale from undertaking voluntary work (Eldridge

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520 Hunter (1996: 179) noted that the annual attrition rate for kaders in posyandu was in excess of 50 percent.

521 From 1970 Kraft (1971: 53-54) stressed the importance of, and need for, comprehensive and ongoing training for all health workers in Indonesia. To improve knowledge and practices in primary healthcare, UNICEF suggested that developing countries invest in specialised workshops for trainees from community to national levels (Pearson 1994: 8). The UNICEF publication Nutrition Learning Packages (World Health Organisation 1989) could easily be adapted for this purpose. These training programs could help caretakers and kaders gain a more thorough and locally relevant understanding of what can be done at the household or community level to improve, not only the nutrition, but all aspects of primary healthcare.
The consequence is that those who most need of posyandu have the least influence in shaping its programs and policies.

While members of the PKK are responsible for implementing the posyandu program, they also fulfil other roles in the village primary healthcare. Some grow medicinal herbs from which they make traditional medicines (obat tradisional) called toga jamu.\textsuperscript{522} These are available at a Village Drugs Post (POD).\textsuperscript{523} Members of the PKK also supervise the village birthing post (Polindes).\textsuperscript{524} There are 412 desa and 12 kelurahan in Kabupaten Cirebon. The number of village birthing pavilions rose from 23 in 1999, to 39 in 2005 and 126 in 2009.\textsuperscript{525}

\textbf{7.4.3. Evaluating the Posyandu}

The posyandu system is an excellent vehicle for community members to participate in village affairs; for citizens to amplify their social capital. Although the positive impact of posyandu on the health status of the Indonesian people cannot be denied, the practical implementation of posyandu has drawn some criticism. Hugo and Hull and their co-authors (Hugo and Hull, et al., 1987: 113) suggested that both official village leadership and government employees in the BKKBN exert considerable pressure on the kaders in posyandu, often usurping control of their activities. Eldridge (1989: 18; 1995: 59) observed that this bureaucratic control meant that posyandu was implemented in a too uniform and top-down manner, making it difficult to maintain the motivation of voluntary workers. This view was supported by the NGO, the Prosperous Indonesia Foundation (YIS) whose activities depended heavily on the motivation of kaders. YIS stresses that, without community support, such motivation is difficult to maintain (Eldridge 1989: 22; 1995: 60-61).

By 1994 more than one million kaders working as volunteers, sustained a network of 251,459 posyandu making primary healthcare accessible to about 90 percent of Indonesian families (Pusat Data Kesehatan 1994: 14). This figure means that there were established several posyandu per village, which took health delivery to hamlet and ward level communities in many parts of the country. Every month

\begin{footnotesize}
\begin{enumerate}
\item Toga: \textit{tanaman obat keluarga}
\item POD: \textit{Pos Obat Desa}
\item Polindes: \textit{Pondok Bersalin Desa}
\item Polindes is a development program financed by the provincial government. \textit{Polindes} is managed and housed in existing buildings in the village (Pers. comm. Agung Gumilang, September 25, 2012).
\end{enumerate}
\end{footnotesize}
twelve million Indonesian children, under five years of age, with their mothers attended a posyandu (UNICEF 1991). Nationwide, complete immunisation for infants increased to 91.1 percent in 1993 – 1994. An evaluation of the posyandu by UNICEF (1996: 2) concluded that half of the improvement in nutritional levels of Indonesian children could be attributed to the posyandu.

By implication, the 1996 UNICEF endorsement was also accorded to the PKK. However, once the initial surge of enthusiasm for the program waned, in some communities, the PKK did not maintain sufficient commitment to maintain the training program for the kaders to ensure perpetuation of posyandu. It is pertinent, at this point, to reflect on the structure and role of the PKK, remembering that it was the PKK which was charged with the establishment of posyandu; and with the recruitment and training of the kaders. Until the 1999 Regional Autonomy Laws were implemented, at every government administration level, the wife of the senior public servant was expected to be leader of the PKK. But it cannot be assumed that all of these appointed leaders of the PKK had inherent leadership qualities or genuine interest in the PKK. Nor can it be assumed that they had a special interest in the needs of the disadvantaged in their communities; nor that they had any special interest in posyandu. These women were not elected by their contemporaries; nor were they appointed by their peers. They are simply fulfilling the roles and accepting the privileges of their marital status. The PKK and its involvement with posyandu are useful resources for a government health system. They are vehicles for delivering services to mothers who cannot access thepuskesmas. But they can only be as strong as the clinics, medical personnel and resources that back them up.

Achmad (1999: 82) relates his experiences:

> There are not enough funds allocated to rehabilitate every severely malnourished child in the area. Therefore, the officials in the health centre have to divide the funds equally among all children who have been identified as malnourished. At the district level [kabupaten] officials have sometimes misappropriated the fund for other services.

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528 Reports from Kabupaten Cirebon suggest that since the implementation of the 2004 Regional Government Law, kepala desa were again appointing their wives, or close female relatives, as heads of PKK (Pers. comm. Agung Gumilang, January 2010).
There is an unwritten rule in the district health office that all funding from the central government must be cut by a certain amount for administrative purposes – five percent or more for overhead costs to supervise the programs for the central government, just as a university will get some institutional fee to supervise research projects from the donor agency. ... As a result of the inadequacies of the nutrition program, it is not unusual to see many posyandu only attended by half of the officially registered children under five. If there is a visitor from the district level [kabupaten] or even higher, however, then the village headman and the health centre workers will make sure most of the children and pregnant women show up at the posyandu to please the visitors.

A 1999 UNICEF report asserted that about half of Indonesia’s 250,000 posyandu should be considered dysfunctional. The same report observed that an increasing number of previously self-sufficient posyandu were becoming more and more dependent on funding from the puskesmas, who in turn were dependent upon government funding (UNICEF 1999). A RAND Corporation report also described a declining posyandu in spite of the fact that there was a central government funded posyandu revitalisation program (Strauss 2004: 258, 289). In 2005, the Minister of Health, Siti Fadilah Supari, told The Jakarta Post that due to the lack of funds following decentralisation, many local administrations failed to provide the necessary money to keep community health services functioning. Nevertheless, in many parts of Indonesia, posyandu continued to function satisfactorily and contribute actively to the development of communities (Marcoes 2002: 190).

Posyandu’s role is crucial where doctors are not available. Although the number of general practitioners in Indonesia is increasing, they are poorly distributed, with an urban-rural ratio of 32 to 6 per 100,000 inhabitants. Many doctors remain unwilling to work in rural areas, unless the sacrifices they face – loss of opportunity and higher income in urban areas – are compensated by the rewards they receive. A 2010 report from Bogor Agricultural University in West Java concluded that “High participation in Posyandu program improved children [sic] nutritional status” (Anwar, et al., 2010). According to the report, the effectiveness of posyandu can be seen by its continued role in improving public health, as indicated by improving maternal and infant health mortality statistics:

530 The Jakarta Post June 4, 2005
531 The Jakarta Post October 30, 2010
Table 7.2
Maternal and Infant Mortality Rates in Indonesia

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternal mortality</td>
<td>390 deaths</td>
<td>228 deaths</td>
</tr>
<tr>
<td>Rate Per 100,000 births</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infant Mortality Rate</td>
<td>70 deaths</td>
<td>34 deaths</td>
</tr>
<tr>
<td>Per 1,000 live births</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under-five mortality rate</td>
<td>69 deaths</td>
<td>44 deaths</td>
</tr>
<tr>
<td>Per 1,000 live births</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Indonesia’s 2007 Health and Demography Survey

There have been attempts to revitalise *posyandu*, including within the JPS-BK program following *Krismon* (Strauss 2004: 358). The Minister of Health, Dr. Endang Rahayu Sedyaningsih, in acknowledging the large contribution made by *posyandu*, said that with the increasing life expectancy of Indonesian society some consideration will be given to the formation of *posyandu* for elderly people addressing common diseases for the elderly. During the 2010 Independence Day Celebrations, the wife of the Governor of West Java, Netty Heryawan, said that *posyandu kaders* deserve appreciation for the selfless work they do within the community. She described the *kaders* as local heroes. She also said that with the revitalisation of *posyandu* she hoped that data from *posyandu* would be monitored more efficiently by the regions. Certainly, there is a dearth of information about *posyandu* except at village level.

In an effort to revitalise the healthcare system in Kabupaten Cirebon, the Health Department (*Dinas Kesehatan*) is holding mini workshops (*lokmin*) where those working in public health, including village officials and *posyandu kaders*, attend public lectures for information on new health programs. *Lokmin* includes capacity building for *posyandu kaders*; help in preparing forms for puskesmas;

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532 Cited in *The Jakarta Post* October 30, 2010
534 Desa Karangasem, Kecamatan Plumbon already has *posyandu* for the elderly. (Interview: Ibu Saemah, *Kader Posyandu*, Desa Karangasem, February 2011)
536 *Lokmin: lokakarya mini*
and information about new programs like PHBS. However, the fundamental conundrum remains: can _posyandu_ continue to flourish solely on the spirit of volunteers enhancing their social capital, or will more _kaders_ be attracted to _posyandu_ if they are offered some kind of remuneration?

### 7.4.4. The PKK and _Posyandu_ in Kabupaten Cirebon

The maintenance of _posyandu_ program in the villages is a major healthcare challenge for members of the PKK in Kabupaten Cirebon. While the official numbers of _posyandu_ increased from 2,140 in 1999 to 2,480 in 2009, there is no indication of which of the _posyandu_ remains active. Nor is there any information about the numbers of _kaders_ at each _posyandu_ (see Graph 7.1 below).

<table>
<thead>
<tr>
<th>Graph 7.1 Number of <em>Posyandu</em> in Kabupaten Cirebon in 1999 - 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph showing number of posyandu in Kabupaten Cirebon 1999-2009" /></td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999 – 2009*

To maintain the numbers of _kaders_ in the _posyandu_, more _kaders_ must be recruited and trained. The position of _kader_ should be sufficiently rewarding for...

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537 PHBS: *Perilaku Hidup yang Bersih dan Sehat*
538 A World Bank report (Grootaert 2001: 10) recorded that in Indonesia, social service groups account for 27.3 percent of membership of local associations. Among social service groups, the Family Welfare Movement (PKK) was considered the most important. Finance and credit groups, religious groups and government affairs groups each accounted for slightly less than 20 percent of memberships. Most of these groups were found at sub-village or hamlet level (*Rukun Warga* or *Rukun Tetangga*).
539 Data on _kaders_ in each _Posyandu_ in the Ten Villages is given on page 198.
540 There are supposed to be training courses for _kaders_, but there is little evidence of them functioning. In Kabupaten Cirebon most _kaders_ learn as they work in the program. Ideally, there are two courses. The first, acceleration (*akselerasi*) is a four-to-five day basic training
young women so that they want to remain with the organisation. In 1999, when the Bupati was made aware of the discontent amongst the kaders he instigated a plan whereby, at every level - kabupaten, kecamatan and desa, and at every opportunity, the work of the kaders was acknowledged. Subsequently some of the kaders received some remuneration from their communities. Many, however, continued to look for still more tangible reward for their efforts. In 2002 the Bupati considered implementing a system of ‘parelek’ which is a traditional local practice of giving small amounts of rice for community workers. By 2010 the kaders in one posyandu in Desa Ciawi Gajah still benefitted from this practice. Some PKK in the kabupaten attempted to provide small incentives for posyandu kaders. For example:

- Desa Cikeduk gave kaders Rp. 25,000 (US$ 2.80) annually;\(^{541}\)
- Desa Ciawi Gajah gave kaders Rp. 150,000 (US$ 16.75) annually, but deducted Rp. 12,500 (US$ 1.40) for each monthly posyandu meeting the kader did not attend;\(^{542}\)
- Kaders in Desa Cikancas received Rp. 5,000 (US$ 56 cents) annually from Dinas Kesehatan;\(^{543}\)
- Kaders in Desa Karangmulya received Rp .70.000 (US$ 7.42) annually towards the cost of their uniforms.\(^{544}\)

Remembering that the annual budget from the village to cover all costs of village-level PKK was around Rp. 5 million (US$ 558), most posyandu received about Rp. 600,000 (US$ 67) for a year’s expenses. There is no income for posyandu other than from the PKK’s share of the village budget. There are, however, some ways that the PKK is able raise funds for posyandu. In Desa Karangmulya mothers who participate in posyandu are asked to contribute Rp. 6,000 (US$ 65 cents). Of this Rp. 1,000 is used for nutritious snacks for balita, and Rp. 5,000 goes into an arisan. In Desa Cikancas when people visit the Village Health Centre (Poskesdes) they contribute Rp. 2,500 (US$ 28 cents). Of this Rp. 2,000 is given to puskesmas and Rp. 500 to posyandu. This money is used to fund the supplementary food program (PMT). In another village a kader said that although she knew that posyandu was supposed to give examples of healthy and nutritious food at every meeting of posyandu there were no funds. The kaders course in record keeping, baby weighing, use of vitamin A supplements and nutrition. The second course, escalation (eskalasi), is of three-to-four days and concerns management and leadership. This is usually only for the most senior kaders (Hunter 1996: 177).

\(^{541}\) Interview: Pak Kaur Ekbang, Desa Cikeduk, February 2011
\(^{542}\) Interview: Ibu Mutiarah, Kepala Desa, Desa Ciawi Gajah, January 2011
\(^{543}\) Interview: Ibu Ani, Ketua Posyandu, Desa Cikancas, January 2011
\(^{544}\) Interview: Ibu Sutiah, Kader PKK, Desa Karangmulya, April 2012
\(^{545}\) Interview: Ibu Sutiah, Kader PKK, Desa Karangmulya, April 2012
\(^{546}\) Poskesdes: Pos Kesehatan Desa
could only show the mothers pictures of the food they should be giving their children. Another kader said that the kaders usually gave biscuits to the babies. Although they would like to serve nutritious green bean porridge, the village could not afford to do so. Other villages run arisan balita at posyandu gatherings in which the winner (by rote or lottery) receives only half of the prize and half goes into posyandu funds. Desa Purbawinangun, which seems more economically viable than some villages, is able to allocate Rp. 300,000 (US$ 33.50) annually from its UP2K fund. One kader from Desa Ciawi Gajah said that their female kepala desa was formerly a posyandu kader and she understood the funding needs of posyandu. Desa Ciawi Gajah gave their kaders Rp. 150,000 (US$ 16.75) annually, which is much more than most villages. Posyandu can give the best service if they are financially supported. Another kader said that it was very difficult to attract “bawahan” to help if the wife of the kepala desa was not motivated or was not previously an active member of PKK or a posyandu kader.

In the ten years from 1999, the population has increased in each of the ten study villages in Kabupaten Cirebon by an average of nine percent. The numbers of posyandu in the villages has remained static or increased slightly, while the numbers of kaders declined. Table 7.3 (below) shows the reduction of kaders over time. There remains an ongoing dilemma of recruiting, training and maintaining kaders.

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547 Interview: Ibu Ani, Ketua Posyandu, Desa Cikancas, January 2011
548 Interview: Ibu Saemah, Kader Posyandu, Desa Karangasem, February 2011
549 Interview: Ibu Nur, Ketua Penggerak PKK, Desa Purbawinangun, February 2011
550 It should be remembered that a number of rattan factories, many of them European owned, were established in Desa Purbawinangun.
551 UP2K: Usaha Perbaikan Pengadaan Keluarga formed in 1998, is a Family Income Improvement Group and part of the Main 10-part Program of the PKK. It is a community effort to increase family incomes (http://pkk.tanjabbarkab.go.id/up2kpkk.htm) (Accessed June 2011)
552 Bawahan: people from a lower social strata
553 Interview Kader Posyandu, Desa Karangasem, February 2011
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<tbody>
<tr>
<td>Desa Sindangkasih</td>
<td>3,051</td>
<td>3,430</td>
<td>5 : 40</td>
<td>5 : 45</td>
<td>5 : 29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 12.42%</td>
<td></td>
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<tr>
<td>Desa Cikancas</td>
<td>3,017</td>
<td>3,311</td>
<td>4 : 36</td>
<td>6 : 35</td>
<td>5 : 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 9.74%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Desa Ciawa Gaja</td>
<td>6,300</td>
<td>6,972</td>
<td>6 : 48</td>
<td>6 : 48</td>
<td>6 : 30</td>
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<td></td>
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<td>+ 10.66%</td>
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</thead>
<tbody>
<tr>
<td>Desa Jatipancur</td>
<td>3,776</td>
<td>4,046</td>
<td>5 : 25</td>
<td>5 : 25</td>
<td>6 : 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 7.15%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desa Kamarang Lebak</td>
<td>2,242</td>
<td>2,293</td>
<td>4 : 35</td>
<td>5 : 32</td>
<td>5 : 28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 2.27%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Desa Purbawinangun</td>
<td>2752</td>
<td>3,140</td>
<td>4 : 25</td>
<td>6 : 25</td>
<td>6 : 20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 14.09%</td>
<td></td>
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</tr>
<tr>
<td>Desa Karangmulya</td>
<td>3188</td>
<td>3,268</td>
<td>4 : 30</td>
<td>4 : 20</td>
<td>4 : 15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 2.5%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Desa Karangasem</td>
<td>4712</td>
<td>5,217</td>
<td>4 : 25</td>
<td>4 : 12</td>
<td>5 : 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 10.71%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Desa Getasan</td>
<td>3,390</td>
<td>3,644</td>
<td>4 : 25</td>
<td>4 : 12</td>
<td>4 : 9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 7.49%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desa Cikeduk</td>
<td>3,853</td>
<td>4,333</td>
<td>4 : 12</td>
<td>4 : 12</td>
<td>5 : 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ 12.45%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: This data was collected by members of the PKK from posyandu kaders in 1999, 2002, and 2010. The population figures can be found in Kabupaten Cirebon Dalam Angka 1999, 2002 and 2010.

One head of posyandu said that it was difficult to demand active and continuous participation from kaders when they were all volunteers. The numbers of kaders decreased appreciably during planting or harvest time. She said that there were many young girls in the village who were Senior High School (SMA) graduates but it was difficult to recruit them because they asked for material incentives. Another posyandu leader supported these remarks. She said that most of the kaders in her village had elementary education, and that most of those with higher education levels did not want to participate as volunteers.

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554 SMA: Sekolah Menengah Atas
555 Interview: Ibu Ani, Ketua Posyandu, Desa Cikancas, January 2011
556 Interview: Ibu Nur, Ketua Penggerak PKK, Desa Purbawinangun, February 2011

198
Table 7.4 Percentage of pre-school children who participate in Posyandu in Kabupaten Cirebon 2000 - 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Balita who have Road to Health Cards (KMS)</th>
<th>Balita who participate in Posyandu</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>76.55</td>
<td>64.35</td>
</tr>
<tr>
<td>2001</td>
<td>78.70</td>
<td>62.70</td>
</tr>
<tr>
<td>2002</td>
<td>79.39</td>
<td>81.97</td>
</tr>
<tr>
<td>2003</td>
<td>93.22</td>
<td>78.33</td>
</tr>
<tr>
<td>2004</td>
<td>90.30</td>
<td>73.80</td>
</tr>
<tr>
<td>2005</td>
<td>95.00</td>
<td>81.60</td>
</tr>
<tr>
<td>2006</td>
<td>fn857103.00</td>
<td>94.20</td>
</tr>
<tr>
<td>2007</td>
<td>82.50</td>
<td>61.10</td>
</tr>
<tr>
<td>2008</td>
<td>78.80</td>
<td>63.50</td>
</tr>
<tr>
<td>2009</td>
<td>70.60</td>
<td>62.70</td>
</tr>
</tbody>
</table>


The importance of providing training for the kaders, and support for ensuring their efforts become more interesting and meaningful, cannot be over-emphasised. Furthermore, it is important the kaders know their work is appreciated widely by the community. As was noted in the 1985 UPGK report (Soetrisno, Johnson, and Edang, 1985: 8), there are those who suggest that material rewards could provide a more effective motivational tool, noting that without material rewards, giving up time to work as a kader means a loss of income. There still remains a large pool of unemployed and under-employed women in Indonesia, especially in rural areas. The matter of compensating kaders remains a dilemma for the PKK and for the village administration. The consequence of not resolving the issue is the continuing shortage of volunteers to safeguard the healthcare needs of the nation. The kaders at posyandu are a link between their community and the kabupaten health services. It is quite implausible that the small amount of money needed to remunerate the kaders cannot be found by some level of government. There is no reason why young women working as volunteers, and at the same time amplifying their social capital, should not also be given an honorarium or small amount of remuneration. These young women are making huge contributions to their communities by bringing primary healthcare, at minimum cost, and at a convenient time and place, to those groups whose health is most at risk.

857 The Health Department in Kabupaten Cirebon was not able to explain this figure.
7.4.5. Nutritional Status of Children in Kabupaten Cirebon

In spite of the continuing work of the posyandu kaders, the nutrition status of many children under five years of age in Kabupaten Cirebon remained deficient.

Table 7.5

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4,825</td>
<td>38,516</td>
<td>1,540</td>
<td>135,912</td>
<td>0/0/0</td>
</tr>
<tr>
<td>2002</td>
<td>5,085</td>
<td>34,847</td>
<td></td>
<td></td>
<td>0/6/0</td>
</tr>
<tr>
<td>2003</td>
<td>4,484 (2.54%)</td>
<td>32,985 (18.74%)</td>
<td>1,540 (1.49%)</td>
<td>135,912 (77.23%)</td>
<td>4/1/0</td>
</tr>
<tr>
<td>2004</td>
<td>4,005 (2.21%)</td>
<td>38,273 (21.12%)</td>
<td>1,704 (0.94%)</td>
<td>137,237 (75.73%)</td>
<td>15 in total</td>
</tr>
<tr>
<td>2005</td>
<td>3,709 (1.93%)</td>
<td>27,949 (14.58%)</td>
<td>3,786 (1.97%)</td>
<td>156,386 (81.57%)</td>
<td>15 in total</td>
</tr>
<tr>
<td>2006</td>
<td>3,331 (1.81%)</td>
<td>fn. 80,091 (43.54%)</td>
<td>2,824 (1.54%)</td>
<td>97,689 (53.11%)</td>
<td>0/0/0</td>
</tr>
<tr>
<td>2007</td>
<td>3,732 (2.09%)</td>
<td>28,134 (15.76%)</td>
<td>2,877 (1.61%)</td>
<td>134,807 (80.54%)</td>
<td>0/0/0</td>
</tr>
<tr>
<td>2008</td>
<td>3,294 (1.89%)</td>
<td>25,592 (14.7%)</td>
<td>2,358 (1.35%)</td>
<td>142,863 (82.05%)</td>
<td>0/0/0</td>
</tr>
<tr>
<td>2009</td>
<td>3,742 (2.18%)</td>
<td>26,555 (15.43%)</td>
<td>2,292 (1.33%)</td>
<td>139,265 (81.04%)</td>
<td>0/0/0</td>
</tr>
</tbody>
</table>

Source: Kegiatan Bidang Kesehatan Kabupaten Cirebon 2001 - 2009

As can be seen in Table 7.5 (above), the number of children under five years of age who did not receive adequate nutrition decreased from 4,825 in 2001 to 4005 (2.21%) in 2004. In 2005 the kabupaten administration granted an extra Rp. 300 million for the gift of supplementary food program (PMT) through posyandu. Subsequently, in 2005, the numbers of mal-nourished children fell to 3,709 (1.93%). However, the decline in the rattan industry in 2005 saw 32,000 workers, sub-contractors and piece-workers lose their jobs, which created an economic downturn. By 2006, while 3,331 (1.81%) children did not receive adequate nutrition; 80,091 (43.54%) reportedly had poor nutrition. The Family Planning

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The Health Department in Kabupaten Cirebon said that this figure was inaccurate, but did not provide an accurate figure (Pers.comm. Dr. Endang Susilowati, Kepala Dinas Kesehatan Kabupaten Cirebon February 16, 2012).
Association (BKKBN) in Cirebon reported that, by March 2007, there remained 36,571 children who did not receive enough to eat.\footnote{http://www.bkkbn.go.id (Accessed July 2009)}

Clearly, by 2009 many children in Kabupaten Cirebon remained malnourished. Following OTDA, expenditure on health increased significantly and the number of healthcare workers rose substantially. But in spite of this, 26,555 children still had poor nutrition and 3,742 children were malnourished. The PKK in Kabupaten Cirebon continued to try to find extra supplementary food (PMT). As well as routinely giving the food at the monthly posyandu they provided food for families with malnourished children.\footnote{http://www.bkkbn.go.id (Accessed July 2009)} The Kecamatan Development Program (PPK)\footnote{PPK: Program Pembangunan Kecamatan is discussed in Chapter 9} in Cirebon is working with the Health Department through the posyandu to improve the nutrition of these children.\footnote{http://www.bkkbn.go.id (Accessed July 2009)} Following the economic downturn in 2005, the Kabupaten Health Department included information on the number of poor people (orang miskin) in their annual report (Kegiatan Bidang Kesehatan Kabupaten Cirebon):

- 2006: 800,389 of a population of 2,134,656: 37.49%
- 2007: 800,389 of a population of 2,143,545: 37.34%
- 2008: 1,263,756 of a population of 2,192,492: 57.64%
- 2009: 1,263,756 of a population of 2,211,816: 57.14%

This is a negative result compared with the 2001 figures when 25.19% of families were in the pre-prosperous group, and 2002 when 26.19% of families were in the pre-prosperous group.

### 7.6. Immunisation Program in Kabupaten Cirebon

A comprehensive immunisation program is carried out in Kabupaten Cirebon through both the puskesmas and the posyandu. In 2005, corresponding with the economic downturn, the numbers of vaccinations declined. It is not until 2008 that an upward trend in the numbers of vaccinations is evident.\footnote{Details of vaccinations are given as appendix ‘g’}.

### 7.7. Healthcare Facilities in Kabupaten Cirebon

Funding for health services in the kabupaten is from four sources:

- An allocation from the block grant (DAU) which the regional parliament (DPRD) receives from the central government.

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\footnote{Details of vaccinations are given as appendix ‘g’}
- Specific funding from the provincial government;
- Monies from LSMs (NGOs)
- Funds from foreign countries (BLN). This could include the World Bank, the World Health Organisation or other individual foreign donor countries.

The availability of financial resources is fundamental to the effective delivery of health services. At the May 2002 meeting of the Association of Regional Governments throughout Indonesia which represents all of the regional governments, it was recommended that kabupaten allocate 15 percent of their budget to the health sector. At the same time, a 2006 report (Kristiansen and Santoso 2006: 255) say that 75 percent of revenues from puskesmas and public hospitals now go to local governments.

In 2002 the central government ceded control of healthcare, including hospitals and puskesmas, in Kabupaten Cirebon to the kabupaten administration. There are two public general hospitals in Kabupaten Cirebon: the 195 bed RSUD Waled, and RSUD Arjawinangun which has 169 beds. There is also a special public hospital RS Khusus Sidawangi which is known as the ‘lung hospital’. With the responsibility for healthcare came extra funding from the central government through DAU. As can be seen from Table 7.6 (below), funding for healthcare in the kabupaten remains very high.

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564 BLN: Bantuan luar negeri
565 Asosiasi Pemerintah Kabupaten Seluruh Indonesia
566 Interview H. Sutisna SH Bupati Cirebon July 2002
567 Rumah Sakit Paru-Paru
568 DAU: Dana Alokasi Umum

Although DAU is referred to as a ‘general purpose grant’, the bulk of it is needed by the regions to pay government officials and to provide basic services such as education and health for which the regional governments are now responsible.
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure</th>
<th>Health Expenditure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>54,245,682,040</td>
<td>1,480,461,000</td>
<td>2.73</td>
</tr>
<tr>
<td>1999</td>
<td>40,583,771,249</td>
<td>1,286,973,415</td>
<td>3.17</td>
</tr>
<tr>
<td>2000</td>
<td>37,917,316,972</td>
<td>3,587,214,330</td>
<td>9.34</td>
</tr>
<tr>
<td>2001</td>
<td>76,036,834,258</td>
<td>14,723,570,563</td>
<td>19.36</td>
</tr>
<tr>
<td>2002</td>
<td>139,136,064,637</td>
<td>21,024,895,175</td>
<td>15.11</td>
</tr>
<tr>
<td>2003</td>
<td>150,321,590,045</td>
<td>20,512,897,029</td>
<td>13.65</td>
</tr>
<tr>
<td></td>
<td>Dinas Kesehatan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>43,574,516,313</strong></td>
<td><strong>28.96</strong></td>
</tr>
<tr>
<td>2004</td>
<td>155,422,077,337</td>
<td>12,690,194,020</td>
<td>8.16</td>
</tr>
<tr>
<td></td>
<td>Dinas Kesehatan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>33,975,279,510</strong></td>
<td><strong>21.85</strong></td>
</tr>
<tr>
<td>2005</td>
<td>627,051,069,300</td>
<td>40,638,012,500</td>
<td>6.64</td>
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<td>Dinas Kesehatan</td>
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</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>79,928,011,900</strong></td>
<td><strong>12.75</strong></td>
</tr>
<tr>
<td>2006</td>
<td>928,877,502,451</td>
<td>56,865,918,872</td>
<td>7.05</td>
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<tr>
<td></td>
<td>Dinas Kesehatan</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122,634,100,285</strong></td>
<td><strong>13.20</strong></td>
</tr>
<tr>
<td>2007</td>
<td>1,052,002,557,658</td>
<td>158,888,596,632</td>
<td>8.16</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>236,458,830,462</strong></td>
<td><strong>22.48</strong></td>
</tr>
<tr>
<td>2008</td>
<td>1,188,654,897,216</td>
<td>169,270,933,110</td>
<td>7.05</td>
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<tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>253,438,345,710</strong></td>
<td><strong>21.32</strong></td>
</tr>
<tr>
<td>2009</td>
<td>1,260,725,055,265</td>
<td>198,029,971,578</td>
<td>8.16</td>
</tr>
<tr>
<td></td>
<td>Dinas Kesehatan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>301,505,023,591</strong></td>
<td><strong>23.91</strong></td>
</tr>
<tr>
<td>2010</td>
<td>1,591,701,620,365</td>
<td>194,567,260,441</td>
<td>8.16</td>
</tr>
<tr>
<td></td>
<td>Dinas Kesehatan</td>
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</tr>
<tr>
<td></td>
<td>RSU Waled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RSU Arjawinangun</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>304,526,489,560</strong></td>
<td><strong>19.13</strong></td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1998 – 2010*
As Table 7.7 (below) shows, health facilities in the villages in Kabupaten Cirebon are meagre. Some villages have easy access to the puskesmas. Other villages are visited by mobile health services from the puskesmas.

### Table 7.7  Healthcare Infrastructure in Kabupaten Cirebon

<table>
<thead>
<tr>
<th></th>
<th>Health Centre with Doctor and overnight accommodation (Puskesmas DTP)</th>
<th>Health Centre with Doctor but no overnight accommodation (Puskesmas TTP)</th>
<th>Health Centre with Nurse and immunisation facilities (Puskesmas)</th>
<th>Second Level Health Centre (Puskesmas Pembantu: Pustu)</th>
<th>Mobile Health Centre (Puskesmas Keliling: Pusling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>4</td>
<td>39</td>
<td>49</td>
<td>68</td>
<td>30</td>
</tr>
<tr>
<td>2000</td>
<td>4</td>
<td>40</td>
<td>49</td>
<td>69</td>
<td>30</td>
</tr>
<tr>
<td>2001</td>
<td>4</td>
<td>40</td>
<td>41</td>
<td>69</td>
<td>30</td>
</tr>
<tr>
<td>2002</td>
<td>4</td>
<td>40</td>
<td>41</td>
<td>69</td>
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<td>2003</td>
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<td>4</td>
<td>69</td>
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<td>2004</td>
<td></td>
<td>40</td>
<td>4</td>
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<td>41</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>49</td>
<td>4</td>
<td>63</td>
<td>44</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>49</td>
<td>4</td>
<td>64</td>
<td>58</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>49</td>
<td>4</td>
<td>66</td>
<td>58</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>49</td>
<td>4</td>
<td>67</td>
<td>58</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>53</td>
<td>6</td>
<td>67</td>
<td>58</td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999 – 2009*

### Table 7.8  Private Healthcare Infrastructure in Kabupaten Cirebon

<table>
<thead>
<tr>
<th></th>
<th>General Hospital (Rumah Sakit)</th>
<th>Maternity Hospital (Rumah Bersalin)</th>
<th>Medical Clinic (Balai Pengobatan)</th>
<th>Licensed Drug Store (Toko Obat Berizin)</th>
<th>Pharmacy with Pharmacist (Apotek)</th>
<th>Private Midwife Practice (Bidan Praktek)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3</td>
<td>nil</td>
<td>32</td>
<td>22</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>3</td>
<td>1</td>
<td>54</td>
<td>26</td>
<td>41</td>
<td>427</td>
</tr>
<tr>
<td>2001</td>
<td>3</td>
<td>2</td>
<td>53</td>
<td>26</td>
<td>48</td>
<td>370</td>
</tr>
<tr>
<td>2002</td>
<td>3</td>
<td>3</td>
<td>54</td>
<td>22</td>
<td>53</td>
<td>323</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
<td>4</td>
<td>58</td>
<td>28</td>
<td>53</td>
<td>323</td>
</tr>
<tr>
<td>2004</td>
<td>3</td>
<td>2</td>
<td>89</td>
<td>31</td>
<td>58</td>
<td>559</td>
</tr>
<tr>
<td>2005</td>
<td>6</td>
<td>4</td>
<td>114</td>
<td>30</td>
<td>61</td>
<td>614</td>
</tr>
<tr>
<td>2006</td>
<td>5</td>
<td>5</td>
<td>160</td>
<td>35</td>
<td>75</td>
<td>610</td>
</tr>
<tr>
<td>2007</td>
<td>4</td>
<td>6</td>
<td>140</td>
<td>35</td>
<td>75</td>
<td>700</td>
</tr>
<tr>
<td>2008</td>
<td>4</td>
<td>5</td>
<td>93</td>
<td>20</td>
<td>83</td>
<td>566</td>
</tr>
<tr>
<td>2009</td>
<td>4</td>
<td>4</td>
<td>66</td>
<td>19</td>
<td>98</td>
<td>566</td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999 – 2009*
Since OTDA, programs for the coordination of health services are arranged by the kabupaten health department. The department does its own planning and budgeting; and recruits its own staff. The health department, by making its own plans, can set targets that are attainable. In 2002, the Director of the Health Department lamented that, during the New Order administration, it was demoralising for the staff to be continuously set targets by the central government which were inevitably unachievable. An improvement in the health sector since the implementation of OTDA is that all of the puskesmas in the regions have direct access to the regional health department. There has been a dramatic increase in the number of health professionals in the health department in Kabupaten Cirebon. However, as described below, in spite of the increase in investment in healthcare infrastructure and in the numbers of healthcare personnel, the health indicators for 2009 are little improved from 2001 (Table 7.12 below).

### Table 7.9 Number of Health Department Personnel

<table>
<thead>
<tr>
<th></th>
<th>District Health Office (Dinas Kesehatan)</th>
<th>Health Centre (Puskesmas)</th>
<th>Government Hospital (RSUD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>90</td>
<td>979</td>
<td>179</td>
</tr>
<tr>
<td>2000</td>
<td>92</td>
<td>973</td>
<td>313</td>
</tr>
<tr>
<td>2001</td>
<td>111</td>
<td>998</td>
<td>434</td>
</tr>
<tr>
<td>2002</td>
<td>112</td>
<td>845</td>
<td>#271/151*</td>
</tr>
<tr>
<td>2003</td>
<td>#99/31*</td>
<td>#832/346*</td>
<td>#337/154*</td>
</tr>
<tr>
<td>2004</td>
<td>#109/41*</td>
<td>#871/778*</td>
<td>487</td>
</tr>
</tbody>
</table>

*Government Employee / Contract Personnel*

After 2004, the numbers of Health Department personnel working in the health department and in the health centres were amalgamated.

<table>
<thead>
<tr>
<th></th>
<th>District Health Office (Dinas Kesehatan) and Health Centre (Puskesmas)</th>
<th>Government Hospital (RSUD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>#987/383*</td>
<td>487</td>
</tr>
<tr>
<td>2006</td>
<td>#1060/836*</td>
<td>#358/625*</td>
</tr>
<tr>
<td>2007</td>
<td>1536</td>
<td>523</td>
</tr>
</tbody>
</table>

*Government Employee / Contract Personnel*


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569 Interview: Dr. H.D. Prihadi MPH, Kepala Dinas Kesehatan Kabupaten Cirebon August 2002
570 After 2007 the numbers were not available.
The increase in manpower in the Health Department has amplified the ratio of health workers to the population. As shown below (Table 7.10) this is most noticeable in the Second Level Health Centre (Puskesmas Pembantu) and in the Mobile Health Centre (Puskesmas Keliling), where the ratio of doctors to population has almost doubled.

### Table 7.10 Ratio of Health Workers to Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Health Centre with Nurse and immunisation facilities (Puskesmas)</th>
<th>Second Level Health Centre (Puskesmas Pembantu: Pustu)</th>
<th>Mobile Health Centre (Puskesmas Keliling: Pusling)</th>
<th>Physician</th>
<th>Midwife</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1: 44,028</td>
<td>1: 28,075</td>
<td>1: 64,574</td>
<td>1: 32,287</td>
<td>1: 4,431</td>
</tr>
<tr>
<td>2005</td>
<td>1: 39,030</td>
<td>1: 33,911</td>
<td>1: 50,454</td>
<td>1: 26,520</td>
<td>1: 4,648</td>
</tr>
<tr>
<td>2006</td>
<td>1: 40,276</td>
<td>1: 18,244</td>
<td>1: 36,804</td>
<td>1: 14,136</td>
<td>1: 4,801</td>
</tr>
<tr>
<td>2007</td>
<td>1: 40,444</td>
<td>1: 18,012</td>
<td>1: 36,957</td>
<td>1: 6,141</td>
<td>1: 3,062</td>
</tr>
<tr>
<td>2008</td>
<td>1: 40,276</td>
<td>1: 18,244</td>
<td>1: 36,804</td>
<td>1: 14,136</td>
<td>1: 4,081</td>
</tr>
<tr>
<td>2009</td>
<td>1: 40,276</td>
<td>1: 18,244</td>
<td>1: 36,804</td>
<td>1: 14,136</td>
<td>1: 4,081</td>
</tr>
</tbody>
</table>

Visits to the health centres (*puskesmas*) have shown a corresponding increase, from 1,243,765 visits annually in 1999, more than doubling in 2009 to 2,881,829 (Table 7.11).

**Table 7.11 Visits to Health Centres (*Puskesmas*)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Visits Each Year</th>
<th>Daily Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1,243,765</td>
<td>3,554</td>
</tr>
<tr>
<td>2000</td>
<td>1,746,452</td>
<td>5,940</td>
</tr>
<tr>
<td>2001</td>
<td>1,720,465</td>
<td>5,697</td>
</tr>
<tr>
<td>2002</td>
<td>1,707,904</td>
<td>5,528</td>
</tr>
<tr>
<td>2003</td>
<td>1,663,707</td>
<td>5,248</td>
</tr>
<tr>
<td>2004</td>
<td>1,660,902</td>
<td>5,536</td>
</tr>
<tr>
<td>2005</td>
<td>2,496,286</td>
<td>8,321</td>
</tr>
<tr>
<td>2006</td>
<td>2,697,612</td>
<td>8,509</td>
</tr>
<tr>
<td>2007</td>
<td>2,457,503</td>
<td>8,164</td>
</tr>
<tr>
<td>2008</td>
<td>2,659,585</td>
<td>8,552</td>
</tr>
<tr>
<td>2009</td>
<td>2,811,829</td>
<td>8,870</td>
</tr>
</tbody>
</table>


However, in spite of the increase in investment in healthcare infrastructure and in the numbers of healthcare personnel, the health indicators in 2009 in Kabupaten Cirebon do not show significant improvement. The critical situation peaked in 2005 and 2006, when the greatest number of cases of mother and infant deaths were registered. But the improvement since then has barely exceeded the figures for 2001 (Table 7.12 below).
### Table 7.1 Health Indicators *(Indikator Kesehatan)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Infant Mortality (AKB) Per 1,000 live births</th>
<th>Maternal Mortality</th>
<th>Crude Birth Rate</th>
<th>Life Expectancy (AHH) in years</th>
<th>Inadequate nutrition in children</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>362/33,361</td>
<td>54/50,399</td>
<td>12.45%</td>
<td>62.78</td>
<td>2.48%</td>
</tr>
<tr>
<td>2002</td>
<td>407/36,983</td>
<td>62/37,310</td>
<td>12.45%</td>
<td>62.78</td>
<td>2.74%</td>
</tr>
<tr>
<td>2003</td>
<td>359/37,078</td>
<td>fn(^{571})</td>
<td>19.95%</td>
<td>62.78</td>
<td>2.54%</td>
</tr>
<tr>
<td>2004</td>
<td>317</td>
<td>57</td>
<td>19.95%</td>
<td>65.17</td>
<td>2.21%</td>
</tr>
<tr>
<td>2005</td>
<td>521/38,995</td>
<td>77/38,995</td>
<td>19.93%</td>
<td>65.24</td>
<td>1.93%</td>
</tr>
<tr>
<td>2006</td>
<td>488/42,185</td>
<td>63/42,185</td>
<td>20.02%</td>
<td>64.78</td>
<td>1.81%</td>
</tr>
<tr>
<td>2007</td>
<td>431/41,684</td>
<td>62/41,684</td>
<td>19.21%</td>
<td>64.84</td>
<td>2.09%</td>
</tr>
<tr>
<td>2008</td>
<td>332/43,434</td>
<td>66/43,434</td>
<td>20.02%</td>
<td>69.97</td>
<td>1.89%</td>
</tr>
<tr>
<td>2009</td>
<td>329/42,802</td>
<td>51/42,802</td>
<td>19.12%</td>
<td>64.64</td>
<td>2.18%</td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 2001 – 2009*

### 7.8. Environmental Health *(Penyehatan Lingkungan)*

In a 2006 a report from the Netherlands Embassy\(^{572}\) in Jakarta stated that Indonesia was not meeting Millennium Development Goals in the area of water and sanitation. Before OTDA, better sanitation and clean water supplies were two of the health related development programs in Kabupaten Cirebon which needed urgent attention.

- Only 54 percent of houses in the *kabupaten* had access to clean water.
- Only 31 percent of houses in the *kabupaten* had latrines or other sanitation.
- Only 13 percent of house had adequate waste water disposal.

(Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999*)

Consequently, diseases of the skin, hands and eyes, as well as diarrhoea were prevalent and recurring. By 2005, the Clean Water Project (PAB)\(^{573}\) had improved all of these services:

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\(^{571}\) This figure cannot be correct, but the Department of Health in Kabupaten Cirebon was unable to supply a corrected figure.

\(^{572}\) [http://www.netherlandsembassy.or.id/dc-cooperation.cfm](http://www.netherlandsembassy.or.id/dc-cooperation.cfm) (Accessed July 2007)

\(^{573}\) PAB: *Penyediaan Air Bersih*
- Eighty percent of houses in the kabupaten had access to clean water.
- Sixty percent of houses in the kabupaten had latrines or other sanitation.
- Forty percent of house had adequate waste water disposal.

(Source: Kegiatan Bidang Kesehatan Kabupaten Cirebon 2005)

This Clean Water Project was financed by the kabupaten government, the central government, and the World Bank through the Water Supply and Sanitation for Low Income Communities scheme (WSLIC).

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Coverage</th>
<th>Latrine Coverage</th>
<th>Waste Water Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>54.45</td>
<td>31.21</td>
<td>13.00</td>
</tr>
<tr>
<td>2000</td>
<td>58.01</td>
<td>36.72</td>
<td>17.02</td>
</tr>
<tr>
<td>2001</td>
<td>59.79</td>
<td>36.96</td>
<td>18.34</td>
</tr>
<tr>
<td>2002</td>
<td>60.76</td>
<td>37.21</td>
<td>19.65</td>
</tr>
<tr>
<td>2003</td>
<td>(319,889)</td>
<td>(208,296)</td>
<td>(137,320)</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>2004</td>
<td>(345,737)</td>
<td>(328,546)</td>
<td>(147,535)</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>2005</td>
<td>(345,737)</td>
<td>(328,546)</td>
<td>(147,535)</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>

Note: Figures in brackets refer to number of households
Source: Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999 – 2005

In Kabupaten Cirebon health education is part of the school curriculum. Development programs are expensive and prolonged. Faced with limited resources, a program was implemented in the schools to help eliminate some diseases, and especially those arising from paucity of fresh water. The schools in the kabupaten joined a program called ‘Dokter Kecil’ (little doctor). With this activity it was expected that children of primary school age were able to understand basic principles of health. Each year, a number of students from Year 6 (Dokter Kecil) are given special training in basic sanitation and hygiene, for example the importance of hand washing, and were expected to pass on their training to other children. According to staff in the health department; the

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574 Pers. comm. Dr. Endang Susilowati Kepala Dinas Kesehatan Kabupaten Cirebon February 16, 2012

575 This program, called doctor cilik is one of a long line of such programs that go back to Hydrick in 1932, the Intensive Rural Hygiene Program in the Netherlands Indies.

576 Pers.comm. Dr. Endang Susilowati Kepala Dinas Kesehatan Kabupaten Cirebon February 16, 2012
teachers in the schools; and the people living in the villages this program worked well.\textsuperscript{577} The incidence of diarrhoea has tended to decline over the period 1999 and 2009 with substantially lower rates between 2002 and 2008 (Table 7.14 below).

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Under five years</th>
<th>Over five years</th>
<th>Deaths</th>
<th>Incidence Rate per 100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1,923,354</td>
<td>63,329</td>
<td>46,734</td>
<td>5</td>
<td>5.72</td>
</tr>
<tr>
<td>2000</td>
<td>1,937,228</td>
<td>80,935</td>
<td>60,559</td>
<td>15</td>
<td>7.32</td>
</tr>
<tr>
<td>2001</td>
<td>1,971,862</td>
<td>67,796</td>
<td>49,583</td>
<td>7</td>
<td>6.19</td>
</tr>
<tr>
<td>2002</td>
<td>1,975,519</td>
<td>58,123</td>
<td>44,283</td>
<td>2</td>
<td>5.10</td>
</tr>
<tr>
<td>2003</td>
<td>2,035,100</td>
<td>55,822</td>
<td>40,470</td>
<td>12</td>
<td>4.89</td>
</tr>
<tr>
<td>2004</td>
<td>2,084,572</td>
<td>51,784</td>
<td>40,585</td>
<td>2</td>
<td>4.57</td>
</tr>
<tr>
<td>2005</td>
<td>2,068,621</td>
<td>41,681</td>
<td>28,596</td>
<td>4</td>
<td>5.00</td>
</tr>
<tr>
<td>2006</td>
<td>2,134,656</td>
<td>42,502</td>
<td>30,605</td>
<td>4</td>
<td>3.24</td>
</tr>
<tr>
<td>2007</td>
<td>2,143,545</td>
<td>55,159</td>
<td>45,195</td>
<td>4</td>
<td>4.32</td>
</tr>
<tr>
<td>2008</td>
<td>2,192,492</td>
<td>59,153</td>
<td>48,316</td>
<td>6</td>
<td>3.74</td>
</tr>
<tr>
<td>2009</td>
<td>2,211,816</td>
<td>63,200</td>
<td>48,600</td>
<td>5</td>
<td>5.05</td>
</tr>
</tbody>
</table>


In 2004, a private company, PT Unilever who produced Lifebuoy soap, undertook to revitalise the \textit{Dokter Kecil} Program.\textsuperscript{578} This was done as part of an education program to the wider community of promoting Clean Living and Healthy Behaviour (PHBS).\textsuperscript{579} PHBS is designed as a planned approach to prevent the spread of infectious diseases.\textsuperscript{580} In Kabupaten Cirebon PHBS is implemented in five areas: households, schools, public places and health institutions.\textsuperscript{581}

\textsuperscript{577} Interviews in the ten study villages in 2002
\textsuperscript{578} Program RDK: \textit{Program Revilatiasi Dokter Kecil}
\textsuperscript{579} PHBS: \textit{Perilaku Hidup yang Bersih dan Sehat}. Nationwide, this program has not been particularly successful. According to a report in The Jakarta Post, (September 12, 2012): “Meanwhile, awareness about bad hygiene, as main contributor to diarrhoea, is still raised to young and elderly Indonesians who are not accustomed to washing their hands with soap before eating – even in up-market restaurants. Barely two years away from the Millennium Development Goals to which Indonesia is a United Nations signatory, almost 30 per cent of urban residents still lack basic sanitation facilities compared with Malaysia, which almost has 100 per cent access for urbanites to such facilities. Public Works Minister Djoko Kirmanto says Government priority was now high with regards to investing in sanitation but this will mean nothing if people simply neglect to wash their hands”.
\textsuperscript{580} http://www.berani.co.id/Utama (Accessed November 2010).
\textsuperscript{581} Pers.comm. Dr. Endang Susilowati \textit{Kepala Dinas Kesehatan} Kabupaten Cirebon February 16, 2012
7.9. Summary

In 2002 the health services in Indonesia were decentralised and the government in Kabupaten Cirebon assumed responsibility for healthcare. Since then, the healthcare budget has escalated and the number of healthcare workers has increased significantly. There are some demonstrable benefits, but also apparent deficiencies. The population expanded from 1,923,354 in 1999 to 2,211,816 in 2009, an increase of about 300,000. The increase in manpower increased the ratio of health workers to the population (Table 7.10.). This is most noticeable in the Second Level Health Centre (Puskesmas Pembantu) and in the Mobile Health Centre (Puskesmas Keliling). The ratio of doctors to population has more than doubled and visits to the health centres (puskesmas) have shown a corresponding increase. The health indicators (Table 7.12) in 2009 do not show significant improvement since 2001. The excessive numbers of mal-nourished children remains of concern.

Community participation is of fundamental importance in the decentralisation of the health sector. Without participation, and especially at the grassroots level, the objectives of the health sector can never be effectively realised. In Indonesia, public participation in the health sector has been manifested through the involvement of the people in programs such as: environmental health; immunisation; family nutrition; family planning; and health insurance (Dana Sehat) at village level. Such participation is an important element as the deconcentration of health services gave way to the decentralisation of the health sector. The Family Welfare Movement (PKK) accepted a major role in the deconcentration of health services in implementing posyandu. While the number of posyandu has increased from 2,140 in 1999 to 2466 in 2009 the number of kaders in the ten study villages has not increased. There is awareness in the villages that this problem needs to be resolved.

The findings of this research into the decentralisation of the health sector in Kabupaten Cirebon are in accord with the conclusions drawn in a 2006 paper summarising the impacts of decentralisation reforms in Indonesia:

... the local administration of health care services is without transparency and accountability, health centres are turned into profit centres, and the increasing roles of private actors tend to reduce concerns over preventative health care and the conditions of poor people. Our policy recommendations include increased government spending to maintain public efforts in
environmental and preventative health and in maintaining a minimum health service for the poor (Kristiasen and Santoso, 2006: 247).

The most disappointing aspect of the decentralisation of the Health Sector in Kabupaten Cirebon is, that in spite of the vast amounts of money being spent on healthcare in the kabupaten, little endeavour is being made to provide small honoraria for the kaders of the posyandu to encourage their continued participation. The kaders in the posyandu bring primary healthcare and family planning services to every hamlet in every village in the kabupaten. The kaders also have unique opportunities to ‘target’ the unwell and disadvantaged in their communities. The kaders deserve more support.
Chapter 8
The Decentralisation of the Education Sector

In recent decades considerable efforts have been made, by developing countries, to improve education facilities. “Educational attainment, especially primary education, is perceived as one of the main vehicles to improve living standards in developing countries and to spur on nation-wide economic growth” (Suryadarma, Suryahadi and Sumarto, 2004: 1). Prior to the 1997 - 1998 Asian economic crises (Krismon), Indonesia made significant progress in developing a national education system. In the early years of the Reform Era, a World Bank report (2007: 1) claimed Indonesia was close to achieving universal primary education enrolment. This progress was evidenced in rising rates of literacy and in the average level of education of those entering the workforce (Akhmadi, et al., 2003: iii). But there remained a strong correlation between minimal education and a future life of poverty (Oey-Gardiner 2000: 128).

A 2004 ILO report (cited by Usman, Akhmadi and Suryadarma, 2004: 11) stated that 87 percent of the poor in Indonesia had low levels of primary education; and 62 percent of poor citizens were under thirty years of age. Law No. 32 of 2004 on Regional Government Administration stated that regional governments were obliged to manage and finance education; so education is a key sector through which assessment of the effectiveness of decentralisation policies should be made.

Before Independence, schooling was the privilege of a select few. In the period after Independence, increasing numbers of students gained access to education as Indonesia made significant progress in expanding opportunities. In the early years of Indonesia’s Independence teachers were held in high esteem. Teaching was a widely respected career choice. In the 1950s Malaysia eagerly recruited teachers

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582 The Department of Education claimed that in 2007, the number of illiterate Indonesians had dropped from 11.8 million to 10.1 million. Around 70 percent of this number was female. The figure for illiterate people above 15 years of age was expected to drop further to 7.7 million people by the end of 2009 (Kompas September 5, 2008).

583 Research emphasises the significance of investment in education, and especially basic education, for future earnings (Sparrow 2004: 1).

584 ILO: International Labour Organisation

585 The education system was still by no means universal. Between 1953 and 1960 the number of entrants to primary school rose from 1.7 million to 2.5 million, but around 60 percent of those regularly dropped out before graduating (Rickles 1993: 238). The 1971 census revealed that, among those over the age of 10, the literacy rate (in any script) was 72 percent among males and 50.3 percent among females (Rickles 1993:286). By 1973, 57 percent (11.8 million) of 7 to 12 years of age were in primary school, leaving about 8.9 million in this age group still without schooling (Rickles1993: 286).
from Indonesia to help build its modern education system. Today, Indonesia spends significantly less on education than many of its comparable East-Asian neighbours, particularly Malaysia and Thailand (World Bank 2007aa: 8).586

8.1. Legislation Effecting the Decentralisation of Education

The concept of decentralisation of education can be found in Law No. 32 of 1947587 which allowed regions to establish primary schools but not secondary schools. Law No. 4 of 1950 on Basic Education and Learning 588 granted regional governments the authority to administer and establish public schools; and private organisations were accorded the right to establish private schools. Although supervision of public schools was placed with the regional governments, teachers and curricula were subject to the authority of the central government ministry (Malo 1997). Government Regulation No. 65 of 1951589 transferred the following responsibilities to the regions:

- building and maintenance of elementary schools;
- subsidies to private elementary schools;
- primary teacher training;
- youth movement affairs; and

The education sector fared better, financially, in 1985 when the government allocated up to 17.6 percent of the national budget for educational purposes.590 Subsequently, Law No. 2 of 1989, concerning the National System of Education,591 established that:

The national education system aims at creating a nation of intellectuals and developing the Indonesian people as whole beings, people with faith in one God, who have morality, knowledge, skills, physical and mental health, a strong personality [personal commitment] toward society and the nation.592

586 In 1998 Malaysia allocated 18 percent of GDP for education; Indonesia allocated only 8 percent (Jacquand 1999:396).
587 Undang-Undang No.32 Tahun 1947 Mendirikan dan Menyelenggarakan Sekolah-sekolah Lanjutan Negeri
588 Undang-Undang Nomor 4 Tahun 1950 tentang Dasar-dasar Pendidikan dan Pengajaran di Sekolah
589 Peraturan Pemerintah Nomor 65 Tahun 1951, Pelaksanaan Penyerahan Sebagian Daripada Pelaksanaan Urusan Pemerintah Pusat dalam Lapangan Pendidikan dan Kebudayaan kepada Propinsi
590 It should be noted that the large budget allocation was made possible by high oil revenues which stimulated Indonesia’s economic performance at that time.
591 Undang-Undang Nomor 2 Tahun 1989 tentang Sistem Pendidikan Nasional
592 The Jakarta Post August 24, 2002

8.2. Education during the New Order Era

Although, during the New Order, the decentralisation of the education system was expressed as a desirable goal, its implementation was far from a reality. The main interest in curriculum reform during the New Order was emphasis on national identity and Pancasila (Yulaelawati 2002). Functions such as curriculum development; entrance examinations for public institutions of higher education; and accreditation of private institutions of higher education; remained centralised (Malo 1997). Roles transferred to regional governments were limited to the execution of policies formulated by the central government. The Ministry of Education, Teaching and Culture became one of the most centralised ministries in the country. All government school teachers were central government employees, and their employment and placement were directed by the central government, not by the districts in which they worked. Fees, with the exception of BP3 contributions, were also set at a national level (Oey-Gardiner 2000: 128). The management of education was based, not only on an educational paradigm, but on administrative and bureaucratic scheduling. The central government office at each provincial level,

593 Wajar Dikdas, National Compulsory Education Program
594 Pancasila, the five basic principles of the Republic of Indonesia:
   • the belief in one God Almighty;
   • humanity that is just and civilised;
   • the unity of Indonesia;
   • democracy guided by the wisdom of representative deliberation; and
   • social justice for all Indonesians (Echols and Shadily 1989).
595 MPRS: Majelis Permusyawaratan Rakyat Sementara
596 In 1958, by Presidential Instruction (Penetapan Presiden R.I. Nomor 38 Tahun 1958 mengenai Kementerian Pendidikan Pengajaran dan Kebudayaan), the name of the Ministry of Education and Culture (Kementerian Pendidikan dan Kebudayaan) was changed to the Ministry of Education, Teaching and Culture (Kementerian Pendidikan, Pengajaran dan Kebudayaan).
597 BP3: Badan Pembinaan dan Penyelenggaraan Pendidikan BP3 is an organisation of parents of students who collect monthly students’ fees and contributions. BP3 payments are voluntary (tanpa paksaan). Private schools rely on tuition fees as well as BP3 contributions. Operational expenses for urban schools are covered by BP3 funding while rural schools rely more on government support (Akhmadi, et al., 2003: v; 37).
Kanwil, was responsible for education in the regions. Teachers were not empowered under such a system. They were treated as subordinates who were obliged to follow bureaucratic regulations.

8.2.1. National School Leaving Examinations: *Ebtanas*[^598]

Quality in education was deemed to be achieved through control and standardisation, with a highly structured curriculum. All students were required to take National School Leaving Examinations (*Ebtanas*) which were intended to provide a consistent measure of student quality and to determine students’ potential (Oey-Gardiner 2000: 128). *Ebtanas*, and the tests leading up to it, used a multiple-choice format almost exclusively. This system encouraged neither individual reasoning nor clear written expression. The fees for *Ebtanas* were substantial. Official fees for secondary level *Ebtanas* in Jakarta were usually more than twice the official monthly fees for public school attendance. They also presented a significant windfall to administrators (Oey-Gardiner 2000).[^599] Newspaper reports emphasised the large sums of money involved, and the hardships for families who had to pay the fees.[^600] There was a widespread view that *Ebtanas* should be eliminated altogether.[^601] Oey-Gardiner (2000: 131) suggested that “given the overall amount of money involved, it should not be surprising that the interests in maintaining the system are very strong”. The bureaucracy supported the continuation of *Ebtanas* claiming examinations were the best way to control variations in school ranking systems. However, the strength of these claims had never been tested. Indeed, “examination scores appear to have little influence on graduation or school quality” (Oey-Gardiner 2000: 129).

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[^598]: *Ebtanas: Evaluasi Belajar Tahap Akhir Nasional*

“*Ebtanas* examinations are held at the end of each school cycle – for elementary grade at grade 6, and for both junior and senior high school at grade 3. Taking the examination is a requirement for graduation. A diploma cannot be issued by the school (and this applies to both public and private schools) unless the student has sat for the examination. *Ebtanas* is also a requirement for progression. Inability to show a certificate indicating that the student has taken the *Ebtanas* for the previous level prohibits a school from accepting that student, irrespective of whether the school is public or private. Thus neither schools nor students have the freedom to choose. Schools are simply forced to administer the examinations, while students must sit for them if they want to graduate or progress further in the education system” (Oey-Gardiner 2000: 129).

[^599]: *Ebtanas* fees for 1999 - 2000 were Rp. 55,650 (US$ 7.78) at junior secondary level, Rp. 75,100 (US$ 10.50) at general senior secondary level and Rp. 115,400 (US$ 16.13) for vocational senior secondary (Oey-Gardiner 2000: 133). For the 1999 - 2000 academic year end examinations, the government declared expenditures for *Ebtanas* only on a per student basis. However, by multiplying per student fees by the number of participants, it suggested that total returns would reach at least Rp. 22 million, or close to $US 3 million. Around 42 percent of the budget of *Ebtanas* was allocated to administration (Oey-Gardiner 2000: 130).

[^600]: *Kompas*, May 22, 2000; May 23, 2000; *Media Indonesia*, May 23, 2000

[^601]: *Kompas*, May 24, 2000; May 25, 2000; *Suara Pembaruan*, May 23, 2000
Since the implementation of the 1999 Regional Autonomy Laws, Ebtanas has been changed to the National Final Examination (UAN). UAN is run nationally and simultaneously in Indonesia, but individual schools set the fees; some are free, and some schools demand payments. Some schools invite parents and the school committee to discuss proportional payment of the fees. UAN is still set in a multiple-choice format, but an essay is now a component of the examination. In 2007 a group of students, who had failed to receive places in university, and their parents, filed a lawsuit against the government seeking to eliminate the national exam. They claimed the exam was unfair because education standards were not uniform across the country. The Supreme Court ruled against the Government and the High Court upheld the verdict on December 6, 2007. The government, however, insisted that the national exam did not violate the law and will continue the policy.

Efforts to improve Indonesia’s education system were intensified in 1984, when the government introduced six years’ compulsory education for elementary school students, and abolished the school entry fee (SPP) for primary education. Concurrently a major building program began to construct primary schools through the Presidential Instruction (Inpres) system. By 1988 about 96 percent of all children aged between 7 and 12 years were enrolled in primary schools. In 1994, the school entry fee (SPP) was also abolished for junior high school, and in 1998 for senior high schools. At the same time, the Ministry of Education reminded officials that BP3 payments were voluntary (tanpa paksaan). But many schools increased BP3 payments to compensate for the elimination of SPP fees.

602 UAN: Ujian Akhir Nasional
603 Pers. comm. Agung Gumilang April 2009
604 The Jakarta Globe November 26, 2009; Kompas November 25, 2009
605 SPP: Sumbangan Penyelenggaraan Pendidikan
606 Jones and Hagul (2001: 207) suggest that this ‘universal’ coverage is only in the sense that almost all children spent some time in primary school. Only 70 percent of pupils entering primary school actually graduated from grade six. In 1971, among those of elementary school age (7 – 12), only about 60 percent were attending school. Figures for junior and senior high school aged children (13 – 15 and 16 – 18) were even lower, around 45 percent and 22 percent respectively. By 1999, according to the 1999 National Socio-economic Survey (Susenas) these attendance figures had risen dramatically, to around 96 percent at ages 7 – 12, 79 percent at 13 – 15, and 51 percent at 16 – 18 (Oey-Gardiner 2000: 127).
8.2.2. The Curriculum and the Quality of Education

The government focused on providing education to as many students as possible, inevitably in some cases at the expense of quality. Indonesian culture places emphasis on conformity and deference to those in authority. During the New Order, the school system encouraged a rote learning approach, which not only failed to teach students to think, but actually taught them not to think (Watkins 2004). A major problem facing the education system in Indonesia was the lack of qualified teachers and their disparate distribution. Teachers and textbooks continued to misrepresent history. Not being skilled in modern teaching methods, many teachers tended to treat written statements in school text books as the final truth. Momentum for change mainly came from a freed-up media, which produced images and ideas that made students question the version of events offered by their outdated textbooks. This placed serious teachers in a dilemma.

In an edition of The Jakarta Post devoted to education, respected educator Arief Rachman stated that better education could be realized through improvement in the quality of teachers, who should be trained to encourage students to engage in discussion and debate instead of memorizing the right answers. The noted sociologist Ignas Kleden said that the education system had completely ignored the need to nurture the individual, to create autonomous, independent and accountable human beings. “Without education that can develop the maturity of each individual, we will only have mobs who can easily be used for any purpose”, he said. School curricula did not place sufficient importance on practical and technical skills as a foundation for developing individual aptitudes (Usman, Akhmadi, and Suryadarma, 2004:12). Arief Rachman claimed that the actual criteria set for good performance at school were among significant reasons behind the failure of the education system. He pointed out four weaknesses in the system:

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607 Writing for The Washington Post Foreign Service, under the headline “The Communist Party did it” Ellen Nakashima says: “For more than three decades, that was the received wisdom in Indonesian classrooms concerning the night of Sept. 30, 1965, when six generals and a lieutenant said to be plotting against President Sukarno were kidnapped and murdered, their bodies stuffed down the well. But in a high school here [in Jakarta] one recent afternoon, a teacher drew a diagram on a board with arrows pointing to three possible culprits besides the Communist Party, including Sukarno’s successor, long-time dictator Suharto. During the Suharto era, that diagram could have landed him in prison, said Ali Ramlan, a teacher at Public High School 26. Today after Suharto was forced from power by mass protests, the teaching of history is slowly being freed of state-imposed dogma” (The Washington Post April 26, 2004, cited in Indonesian Observer May 8, 2004).
608 The Washington Post April 26, 2004
609 The Jakarta Post August 24, 2002
Abdul Malik Fadja, for the Ministry of Education, delivered a negative assessment of the existing system in Indonesia. He stated that the nine-year compulsory education scheme needed special attention; and that few schools had both good buildings and good teachers. Indonesia needed more vocational high schools, and tertiary institutions that could offer programs designed to accelerate the catch-up with developments elsewhere in science and technology. The development of community-based education and public schools needed to be advanced. Children in isolated areas should have better access to schools of good standards. There were big numbers of children living in refugee camps who did not receive any education. He acknowledged that education was becoming expensive and unaffordable for many people. However, he claimed the state budget was not the only source of funding. There were grants, soft loans and assistance from friendly governments to supplement money from the public purse.611

8.3. The Implementation of the Social Safety Net Programs in the Education Sector (JPS-BP)612

The deceleration in the growth of the number of primary school-aged children, resulting from a decline in fertility from the 1970s, greatly eased the burden of achieving and maintaining universal primary school education (Akhmadi, et al., 2003: 1; Jones and Hagul, 2001: 208-209). A relatively significant amount of money was needed to send children to school. Upon enrolment at any school, students were required to pay an enrolment fee (SPP), sometimes called ‘building money’ or ‘desk money’. The size of the payments varied between different areas and was often dependent on the reputation of the school (Akhmadi, et al., 2003: 36). Monthly fees for public schools were around Rp. 20,000 – Rp. 30,000 (US$ 2.80 - US$ 4.20) at junior secondary level and somewhat higher at senior secondary level (Oey-Gardiner 2000: 133).

The recession of the late 1980s saw a decline in school enrolments and there was official concern in 1998 that this should not be repeated (Daly and Fane, 2002:312;
Jones and Hagul, 2001:209). Before the beginning of the school year in August 1998, the Indonesian government, the World Bank and the Asian Development Bank, assisted by external donors which included the Australian aid agency, AusAID, introduced a loan package as part of the Social Safety Net program to fund an education support program (Daly and Fane, 2002:312; Sparrow 2004: 5; Sumarto, Suryahadi and Widyanti, 2001: 9). External donors made their contribution conditional on the government not reducing its own appropriation for education (Daly and Fane, 2002: 312).

The education support program within the JPS proceeded as planned in 1998. The program had two major components: scholarships to individual students and block grants (DBO) to schools. Scholarships were granted at three levels:

- Rp. 10,000 (US$ 1.34) per month to six percent of primary school (SD) students;
- Rp. 20,000 (US$ 2.68) per month to seventeen percent of lower secondary school (SLTP) students; and
- Rp. 30,000 (US$ 4.02) per month to ten percent of students from upper secondary schools (SLTA).

The scholarships were intended to exceed both official and unofficial school fees (Cameron 2001: 51; Sparrow 2004: 6; Sumarto, Suryahadi and Widyanti, 2001: 9). Widespread publicity surrounded the announcement that SPP fees had been eliminated and that BP3 payments must be voluntary, and reportedly resulted in a declining proportion of pupils making BP3 payments (Jones and Hagul, 2001: 220).

Nationwide, almost four million scholarships were provided (Sparrow 2004: 1). Each school received a number of scholarships, which were allocated to students by a

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613 In fact, only a small number of children were withdrawn from school – three percent in August 1998, declining to one percent in May 1999 (Cameron 2001: 49). Krismon impacted more heavily on students whose parents were industrial workers or labourers. Many plantation workers and fishermen fared better due to the price of export commodities (Akhmadi, et al., 2003: 80).

614 Jaring Pengaman Sosial - Bidang Pendidikan (JPS-BP)
615 DBO: Dana Bantuan Operasional
616 SD: Sekolah Dasar
617 SLTP: Sekolah Lanjutan Tingkat Pertama
618 SLTA: Sekolah Lanjutan Tingkat Atas
619 Committees to allocate the scholarships were formed in each kabupaten. Allocation of funds was based on the number of IDT (‘left behind’) villages in each kecamatan. The student family’s prosperity rating was assessed by the National Family Planning Coordinating Agency (BKKBN) (Sparrow 2004: 7).
school committee. The scholarship recipients were selected according to their score on administrative criteria, the main element of which was that the child came from either a pre-prosperous family (PS) or a stage 1 prosperity family (KS 1). The only subjective input was the school committee’s assessment of the recipient’s probability of dropping out of school without a scholarship. There was a further constraint that half of the scholarships went to females. Although decisions were to be approved by the committee, monitoring of this program revealed that the parents’ association representatives played only a minor role in overseeing the implementation of set criteria and the decisions of the school officials (Sumarto, Suryahadi and Widyanti, 2001: 12). A RAND Corporation report alleged that while scholarships were weakly targeted to the poor, there was a clear targeting towards rural areas especially at junior secondary school level (Strauss 2004: 347). The scholarships were paid directly to the students or to their families twice a year via a cash transfer handled by the local post office and avoiding possible ‘leakage’ along the way (Oey-Gardiner 2000: 131; Sumarto, Sudarno and Widyanti, 2001: 11).

Information gathered in a 1999 SMERU survey indicated that the scholarship program was a relatively effective program for the following reasons:

- Teachers rather than government officials undertook the selection of beneficiaries;
- The program existed in most villages;
- Assistance was given to children in non-government schools as well as government schools;
- On the whole financial assistance was not cut by local committees handling the program, beyond Rp. 2,000 or Rp. 3,000 (US$ 29 - 43 cents) per student for unofficial ‘administration’;
- The children granted scholarships came predominately from genuinely poor households;
- Unlike most government programs, the scholarship program received almost universal praise (Hardjono 1999: 30-31).

The aim of the block grant program was to help schools maintain their education services in the face of rising costs. All schools, SD, SMP and SMA were eligible for annual grants of Rp. 2 million (US$ 290), Rp. 4 million (US$ 580), and Rp. 10 million.

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620 The committee consisted of the principal; a teacher representative; a student representative; the head of BP3 as the representative of the local community; as well as the village head.
621 PS: Keluarga Pra-sejahtera
622 KS 1: Keluarga Sejahtera Tahap 1
623 It is interesting to note that, in an endeavour to eliminate corruption, BKKBN payments were also directed to the recipient through the local post office.
(US$ 1,451) respectively (Daly and Fane, 2002: 312). Surveys by CIMU\textsuperscript{624} found that 64 percent of schools used some of the grant to expand the scholarships grants (Jones and Hagul 2001: 225). In general, the school principals collected the funds from the post office. However, according to Kristiansen and Pratikno, (2006: 517) the implementation of the block grant program was repeatedly accused of lack of transparency and weak regulations that allowed serious ‘leakage’ of funds.\textsuperscript{625}

An assessment by the World Bank, in conjunction with the Department of Education and Culture, in October 1998, reported that while large-scale dropouts did not eventuate, there were some disturbing trends. Nationwide, primary school enrolments changed only slightly, although there were significant declines in poorer urban areas (over 8 percent in parts of Jakarta). In junior high schools, total enrolments only fell by 1.6%, again mainly in urban areas (Booth 1999: 23).

Households reporting difficulty in paying school fees decreased from 28 percent in August 1998 to 23 percent in December 1998 and continued around that level until May 1999. This decrease in the number of households reporting difficulties in meeting school expenses corresponded with the introduction of the JPS scholarships program in the 1998 - 1999 school year (Cameron 2001: 49; 51), and can be taken as indirect evidence of the program’s impact.

8.4. The Islamic Schools of Indonesia

In Indonesia there are two educational systems: one administered by the Department of National Education (Depdiknas)\textsuperscript{626} the other by the Ministry of Religious Affairs (Depag).\textsuperscript{627} Depdiknas directs the government schools – SD, SLTP, and SLTA, using a general education curriculum. Depag administers the Islamic schools, 35,000 madrasah in the country, which teach both general and religious subjects (Usman, Akhmadi and Suryadarma, 2004: ii). In 2002 there were 22,035 elementary Islamic schools (MI)\textsuperscript{628} 10,365 Islamic junior high schools (MT)\textsuperscript{629} and 3,705 Islamic senior high schools (MA).\textsuperscript{630,631} The existence of two forms of education created two distinctly

\textsuperscript{624} CIMU: Central Independent Monitoring Unit of the Scholarships and Grants Program
\textsuperscript{626} Depdiknas: Departemen Pendidikan Nasional
\textsuperscript{627} Depag: Departemen Agama
\textsuperscript{628} MI: Madrasah Ibtidaiyah
\textsuperscript{629} MT: Madrasah Tsanawiyah
\textsuperscript{630} MA: Madrasah Aliyah
\textsuperscript{631} The Jakarta Post June 28, 2002
different education standards. There was a tendency for madrasah students to show “low quality and low learning results in general studies subjects” (Usman, Akhmadi and Suryadarma, 2004: 11).

A 2003 SMERU survey suggested that “the quality of education in madrasah is generally inferior to public schools”. This was ascribed to a disproportionately large number of subjects in the curricula to cover both religious and non-religious subjects; a dearth of teachers with formal training in education; an inadequate supply of textbooks and other materials; the reliance of private schools on student fees, where the majority of students come from poor families; and a lack of coordination between the Departments of Education and of Religious Affairs (Akhmadi, et al., 2003: 16-17). Many of the teachers in non-government schools were classified as ‘substitutes’ or teachers’ aides, receiving only small honoraria and few benefits. Many worked in other schools as part-time teachers or gave private lessons (Akhmadi, et al., 2003: 32).

The oldest Islamic schools in Indonesia are the pesantren boarding schools. Pesantren attract students from both urban and rural families with orthodox Islamic backgrounds, as well as others who select a more strongly focused Islamic education for their children. Since pesantren are mainly located in villages or small towns, opportunities exist for close interaction between students, teachers, and the local people, with the latter willingly passing on their skills to the students (Eldridge 1995: 92). Pesantren are led by kyai, who are often descended over several generations from the original founder of the institution. Eldridge (1995: 92) says that for the most part, the kyai are held in considerable awe and esteem by both the students and the local people. Pesantren vary in their acceptance levels of female participation.

Unlike the pesantren, which have a strictly religious focus, the madrasah which are day schools, were conceived as a bridging medium to achieve a certain ratio between religious instruction and general knowledge. The curriculum for madrasah was designed in conjunction with the Ministry of Religious Affairs and the Ministry of National Education and included a flexible arrangement of 40 percent Islamic teaching and 60 percent general knowledge. Advisers at the Religious Affairs Ministry

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632 This dual authority in education system is being widely discussed for reform (Pers. comm. Uzair Fauzan September 25, 2012).
633 Madrasah are most prevalent in South Kalimantan, South Sulawesi, Aceh and West Nusa Tenggara (The Jakarta Post June 28, 2002).
have set out a number of steps to be taken to empower and improve these institutions, and to lessen the gap between the quality of basic competence attained by madrasah and pesantren students and those from other schools.\textsuperscript{634}

During the 1990s the Indonesian Islamist Party (PKS)\textsuperscript{635} developed a network of about 50 schools across Indonesia. Sydney Jones says of these schools: “They became very popular, not only as a way of ensuring the younger generation was steeped in the ‘proper’ doctrine, but also to employ young women as teachers, and to draw people into the party. It was basically a recruiting tool”.\textsuperscript{636} Between 2003 and 2007 Jemaah Islamiyah established primary schools, after-school study groups and kindergartens, modelled on those set up by PKS. These schools are known as ‘integrated elementary schools’, and teach a mix of secular and Islamic studies. Military training is included in the curriculum.\textsuperscript{637}

The implementation of Law No. 2 of 1989 gave rise for some concern to administrators of madrasah. One spokesman for the madrasah said his schools could not be expected to meet the goals of education, as set out in the legislation. In fact, thousands of madrasah were faltering under the dual burdens of surviving funding shortages and fighting their poor image as learning institutions.\textsuperscript{638} The Minister of Religious Affairs, Agil Husin Al Munawar, under whose jurisdiction the madrasah operate, admitted that less than 20 percent of madrasah graduates continued their studies at university. He was concerned that unless more help was available to madrasah, the remaining 80 percent of students would go on to be unemployed because their skills were inadequate and inappropriate to meet the expectations and demands of today’s workplace. Sixteen percent of all school-age children in Indonesia study at madrasah.\textsuperscript{639}

On the whole, Krismon impacted more severely on private schools than on government schools. Provision of government school teachers’ salaries were from government budgetary sources. Teachers’ salaries in private schools were mostly met from students’ fees. Severe financial problems and budget restrictions were common

\textsuperscript{634} The Jakarta Post June 28, 2002
\textsuperscript{635} PKS: Partai Keadilan Sejahtera
\textsuperscript{636} The Australian September 3, 2007
\textsuperscript{637} The Australian September 3, 2007
\textsuperscript{638} The Jakarta Post June 28, 2002
\textsuperscript{639} The Jakarta Post June 28, 2002
place in private schools where management was often tempted to raise fees to counter rising costs. But any rise increased further the number of students unable to maintain their fee payments. Overall, both madrasah and other private schools were “hanging on”, hoping the situation would improve (Jones and Hagul 2001: 219).

8.5. Towards Regional Autonomy in Education

The 1999 Regional Autonomy Laws had a substantial impact on the education sector. Attempts to achieve the right balance between centralisation and decentralisation became a significant policy issue in education reform (Bandur 2007: 4). The Minister of Education attempted to revoke powers delegated to regional governments arguing that the low quality of elementary education was caused by the inability of the regional governments to administer it effectively. The regional governments countered, blaming the content of the curriculum which was the central government’s responsibility.640

As the 1999 Regional Autonomy Laws were implemented, the regional administrations became responsible for education. They were confronted by multi-faceted problems of financial shortages; and qualitative deficiencies in human resources and managerial skills. Since the implementation of the 1999 Laws, government schools are supervised and controlled by district (kabupaten or kota) governments (Suryadarma, Suryahadi and Sumarto, 2004: 2).641 A national Competency-Based Curriculum (KBK) 642 was introduced into all regions in 2004. This curriculum established what students were expected to achieve in each grade. Allowances were made for provincial and regional differences in subject matter, as well as differences in local facilities and students’ abilities (SEAMEO INNOTECH 2003).

Into the 21st. century, the Indonesian government endeavours, in principle, to provide nine years’ universal basic education. Article 31 of the 1945 Constitution stated that every citizen had the right to education and such education was compulsory. The government was obliged to finance such education. Nearly sixty years later in 2002, the Constitution was amended to specify “The state prioritises a budget for education of at least 20 percent from the national and regional budgets to fulfil the needs of providing national education” (Chapter 13, Art. 31).

640 The Jakarta Post September 11, 2001
641 The religious schools remain under the central control of the Ministry of Religious Affairs (Depag) (Suryadarma, Suryahadi and Sudarno, 2004: 3).
642 KBK: Kurikulum Berbasis Kompetensi
Subsequently, the Education Law No. 20 of 2003\(^{643}\) (Chapter 4 Art. 49) redefined the 2002 benchmark. The 2003 law narrowed the range of spending items that count toward the 20 percent target by excluding salaries. It is difficult to understand how this can be achieved. A World Bank report (2007: 1) testified that expenditure increased from 2.5 percent of GDP in 2001, to an estimated 3.5 percent in 2006. The same report suggested that “implementing the 20 percent education mandate in its current definition, and maintaining the exclusion of teachers’ salaries from this benchmark, is unrealistic and problematic” (World Bank 2007a: 1).

In 2006 a further change in the curriculum, KTSP,\(^{644}\) was launched to give wider autonomy for each school and its supporting catchment area.\(^{645}\) Programs for KTSP were drawn up and developed by each school based on the standard issued by the National Education Standards Agency (BSNP).\(^{646}\) The decentralisation of the education system passed the management of schools to a school-based management system\(^{647}\) giving individual schools the authority to administer their own facilities and human resources. This new initiative was supported by two new independent regional institutions: the Kabupaten or Kota Education Board\(^{648}\) and individual school committees \(^{649}\) (Suryadarma, Suryahadi and Sudarno, 2004: 3). To establish their KTSP program documents, schools must organise workshops involving all the stakeholders. KTSP documents should be authorised by the head of the national education agency’s regional chapter for elementary education, and the head of the provincial chapter of the education agency for secondary education (Sampoerna Foundation 2008b). A problem arising is that the KTSP school based curricula diverge from that assumed by the centralistic national exam (Sampoerna Foundation 2008a).

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\(^{643}\) Undang-Undang Republik Indonesia Nomor 20 Tahun 2003 tentang Sistem Pendidikan Nasional

\(^{644}\) KTSP: Kurikulum Tingkat Satuan Pendidikan For the purposes of implementing KTSP, a school council was formed consisting of the principal and representatives of teachers, parents, local community, local government, alumni, and in the case of secondary schools, students (Bandur 2007: 4).

\(^{645}\) Media Indonesia October 4, 2006

\(^{646}\) BSNP: Badan Standar Nasional Pendidikan

\(^{647}\) Manajemen Berbasis Sekolah

\(^{648}\) Dewan Pendidikan

\(^{649}\) Komite Sekolah
8.5.1. Changes in Funding for Education

Funding for schools in Indonesia comes from diverse sources: student fees and levies; central and regional governments; community contributions; business establishments; and other donors. As a SMERU (2007: 15) report noted: “The availability of school operating funds varies between regions, even between schools in the same region. This diversity is affected by the capability and commitment of regional governments and the community supporting the school activities”. In 1998 the Indonesian government provided scholarships and block grants through the Social Safety Net Programs in the Education Sector (JPS-BP). However, there were still many poor children who had limited access to quality education. After reducing the fuel subsidy in 2001, the government established the Fuel Subsidy Reduction Compensation Program (PKPS – BBM). The Education Sector component of this program was known as Special Assistance for Students (BKM).

Whereas the JPS-BP program helped approximately six percent of primary school students, 17 percent of junior high school students, and nine percent of senior high school students, the BKM program covered approximately 20 percent of all school students (SMERU 2006: 5). BKM scholarships for students from poor families were valued at Rp. 60,000 (US$ 5.26) per primary school student per semester and Rp. 120,000 (US$ 10.52) per semester for junior high school students. Each school received a quota of scholarships and undertook the selection of students. The funds were dispersed directly to students through an appointed post office (SMERU 2007: 1).

A further significant reduction in the fuel subsidy in 2005 caused the government to make considerable changes to the Fuel Subsidy Reduction Compensation Program (PKPS – BBM). The BKM program for primary and junior high schools was replaced by the School Operation Assistance Program (BOS) (SMERU 2006: 5; World Bank 2007a: 16). BKM continued to subsidise senior high school students. In contrast to the BKM program which provided money directly to the families of poor students, BOS funds are allocated directly to schools. Direct funding for schools from the central government significantly altered the composition of revenue sources at the kabupaten level and the program significantly increased the available funds. People

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650 According to 2004 Susenas data (cited by SMERU 2006:4), for the poorest 20 percent of households, the cost of education as a percentage of total expenditure was ten percent for a primary school student, 18.5 percent for a junior high school student, and 28.4 percent for a senior high school student.

651 PKPS – BBM: Program Kompensasi Pengurahan Subsidi - Bahan Bakar Minyak

652 BKM: Bantuan Khusus Murid

653 BOS: Bantuan Operasional Sekolah is discussed below.
in the villages were conscious of the large amount being spent on education. One man commented that limited local revenue in Cirebon was mostly spent on education and “belanja pegawai”.654

The President of Indonesia, Susilo Bambang Yudhoyono announced, in 2009, that the Government would increase the education budget to reach the target of 20 percent of the national and regional budgets. This policy was taken due to the ultimatum arising from a verdict of the Constitutional Court.655

8.5.1.1. The Implementation of the School Operational Assistance Program (BOS)656

Law No. 20 of 2003 on the National Education System (Chapter 11, Art. 1) stated that “The central government and regional governments are required to provide service and easy access, as well as to guarantee the implementation of quality education for each person without discrimination”. As can be seen in Table 8.1 (above), a considerable amount of the kabupaten’s budget is spent on education. Even so, under the BOS program, BOS funding is entirely from the national budget and directs funds to individual schools, bypassing regional administrations. From the point of view of the central government, the direct transfer of funds to schools should reduce ‘leakage’ (World Bank 2007a: 8).

The BOS program allocates funds to schools on a per-pupil basis. Initially in July 2005, an annual amount of Rp. 235,000 (US$ 23.95) was allocated to each student in primary school (SD) and Rp. 324,000 (US$ 33.00) for each student at junior high school (SMP).657 The APBN allocation for BOS funds for the period of July - December 2005 was Rp. 5,136 trillion, or an approximate eightfold increase over the BKM budget for primary and junior high schools in the period of January - June 2005 (SMERU 2007: v).658 Schools that choose to participate in the program must sign

654 “belanja pegawai” literally means shopping for civil servants.
(Interview: Pak Suyadi, member of BPD, Desa Kamarang Lebal, January 2011)
656 BOS: Bantuan Operasional Sekolah
657 A World Bank report (2007:16) states these amounts paid were per pupil per semester. This is incorrect. The annual amounts received in Kabupaten Cirebon in 2005–2006 were Rp. 235,000 for each student in primary school (SD) and Rp. 324,000 for each student at junior high school (SMP).
658 The BOS program covers approximately 41 million students, of which 62 percent are at the primary school level and 38 percent at the junior secondary level. The program disbursed Rp. 5.3 trillion from June – December 2005 and Rp. 11.12 trillion in 2006, which is approximately 25 percent of the overall budget for education (World Bank 2007a: 16).
If a school agrees to accept the funding, theoretically, must comply with rules on eliminating fees and charges (World Bank 2007a: 16).

<table>
<thead>
<tr>
<th>Box 8.1. Authorised Uses of BOS Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Operational costs related to the registration of new students</td>
</tr>
<tr>
<td>• Text books and reference books</td>
</tr>
<tr>
<td>• Stationary and other daily school needs</td>
</tr>
<tr>
<td>• Remedial teaching programs, sports, art</td>
</tr>
<tr>
<td>• School examination costs and student report cards</td>
</tr>
<tr>
<td>• Teacher development and training</td>
</tr>
<tr>
<td>• School repairs and maintenance</td>
</tr>
<tr>
<td>• Electricity, water, telephone</td>
</tr>
<tr>
<td>• Remuneration of honorarium teachers</td>
</tr>
<tr>
<td>• Transport costs for poor students</td>
</tr>
<tr>
<td>• BOS program operation costs</td>
</tr>
<tr>
<td>• If BOS has already been used for all of the components above, funds can be used to buy sporting equipment, study materials, furniture</td>
</tr>
</tbody>
</table>


Schools set up bank accounts under an institutional name in which the funds are directly deposited, to provide better transparency (SMERU 2007: 39). Each school is responsible for the management of BOS funds within the school. Individual school committees must prepare a School Budget (RAPBS) which is a requirement to obtain BOS funds (SMERU 2007: 42). Although the BOS program encourages priority to the poor, a 2007 evaluation by the World Bank found that almost all schools gave no advantage to less well-off families (World Bank 2007a: 8). While it was anticipated that BOS funding would encourage the elimination of BP3 fund-raising and of the school entry fee (SPP), anecdotal reports suggest that SPP continued to be charged. Suryadarma (2012: 88) found that there were a number of cases of regional education officials “taking a cut from the BOS transfer.” He notes, further, that a state audit agency found embezzlement of BOS funds in six out of 10 schools.

The implementation of the BOS program could be seen as a re-centralisation of education policy (World Bank 2007a: 8). If regional autonomy in education is to endure, strong local committees - the Kabupaten and Kota Education Boards and individual school committees - must prevail. But, Kristiansen and Pratikno (2006: 524) report

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659 Surat Persetujuan Mengikuti Pendidikan
660 RAPBS: Rencana Pendapatan Belanja Sekolah
that “... the district education department and the headmasters tend to become superior over their respective boards and committees, due to unequal access to information.”

8.5.2. The Role of Teachers in the Decentralised Education System

The payment of teachers’ salaries is not included in the 20 percent education mandate from the national budget. Teachers are civil servants and are paid through funds distributed to the regions through General Allocation Grant (DAU). Under the DAU system, schools and districts have a robust incentive to apply for additional funding, and have little motivation to use teacher resources efficiently. This allocation formula promotes an oversupply of teachers in many schools (World Bank 2007a: 3). It could be argued, on the other hand, that, as teacher - student ratios are important for improving education, an oversupply of teachers used well, could be advantageous.

Since the implementation of the 1999 Regional Autonomy Laws teachers, while funded through DAU, are employed by the kabupaten government. Teachers are selected at kabupaten level and offered a place according to the need in each school in the kabupaten. The bupati approves the placement, salary and conditions of employment of teachers. The greatest improvement in teachers’ conditions was that they could no longer be forced to move out of the kabupaten to secure a position. Conversely, many teachers felt that their careers were restricted, when they could only advance within the kabupaten. Before OTDA, teachers could move between schools in other kabupaten to seek advancement of their careers. One leader of the PKK in Kabupaten Cirebon, who was also a teacher, said that it is now common for elementary school teachers to go back to college to obtain an S1 degree to meet national teaching standards. She attends college on weekends.

662 DAU: Dana Alokasi Umum
663 In Kabupaten Cirebon, teachers working in primary schools in grades 1 and 2 work a 27-hour week; and in grades 3 to 6 a 32 to 34-hour week. Subject teachers work a 24-hour week (Pers. comm. Agung Gumilang April 2008).
664 In a letter to the Bali Post on November 17, 2011 a reader commented that kabupaten were bidding against one another to attract teachers, and were offering the prospective teachers incentives as well as high wages.
665 Pers. comm. Agung Gumilang April 2008
666 S1: stratum satu, undergraduate program
667 Interview: Ibu Nur, Ketua Penggerak PKK Desa Purbawinangun, February 2011
A 2007 World Bank Report stated that:

The quality of schooling in Indonesia is low and education infrastructure is deteriorating. Some important determinants of education quality that need to be addressed include the level of teacher qualification, the structure of teacher compensation, classroom quality, teacher attendance rates, and class size. There is a clear need for teacher educational attainment to be improved in Indonesia.\(^{668}\) The government of Indonesia is tackling the problem with its recent law on teacher certification by providing a new form of incentive for all teachers to obtain certificates.\(^{669}\) These additional incentives will significantly increase teacher base salaries (World Bank 2007a: 7).

In 2009 of the 2.9 million teachers nationwide, only 600,000 were certified and 1.2 million of them did not even have a college degree.\(^{670}\) Local governments provided 70 percent of finance for education from their DAU allocation, and most of this was expended on salaries. The salary range is fixed by the central government. The remaining 30 percent of funds for education is provided by the central government. Local governments are in charge of running, building and maintaining school infrastructure (World Bank 2007a: 1). Suryadarma (2012: 89) comments on the high incidence of teacher absenteeism. He says that almost one-fifth of teachers in Indonesia are absent without notice, while continuing to receive their salary. He notes that “since teachers’ salaries are included in public spending on education, teacher absence reduces the effectiveness of such spending”.

8.6. Education in Kabupaten Cirebon

In Kabupaten Cirebon, in the years between 1997 and 2009, the percentage of people who never went to school and those who did not finish primary decreased. All other categories increased, with the most substantial rise in the numbers of those attending Junior High School (see Table 8.1 below).

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\(^{668}\) In Indonesia, only about 55 percent of primary level teachers and 73 percent of secondary level teachers have the minimum qualification required by the Ministry of National Education (World Bank 2007a: 7).  
\(^{669}\) Law Number 14 of 2005 concerning Teachers and Lecturers (Undang-Undang Republik Indonesia Nomor 14 Tahun 2005 tentang Guru dan Dosen) recognises teachers as professionals (Chapter 1, Part 1, Art.1); emphasises teacher qualification and competence standards (Chapter 4, Part 1, Arts. 8 - 13); and certification (Chapter 1, Part 1 Art.12)., In Chapter 4 professional development incentive for teachers is confirmed (Chapter 4, Part 2, Art.14); as is the regulation of competency standards for teachers (Chapter 4, Part 2, Art.19.1).  
\(^{670}\) The Jakarta Globe November 26, 2009
Table 8.1 The education level of the population of Kabupaten Cirebon of those ten years and above, in 1997 and 2009

<table>
<thead>
<tr>
<th>Education Level</th>
<th>1997</th>
<th>Percent</th>
<th>2009</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never went to school</td>
<td>143,769</td>
<td>10.3</td>
<td>150,715</td>
<td>8.3</td>
</tr>
<tr>
<td>Did not finish primary school</td>
<td>480,076</td>
<td>34.2</td>
<td>447,202</td>
<td>24.8</td>
</tr>
<tr>
<td>Graduated from primary school</td>
<td>514,857</td>
<td>36.7</td>
<td>676,971</td>
<td>37.5</td>
</tr>
<tr>
<td>Graduated from Junior High School</td>
<td>124,601</td>
<td>8.9</td>
<td>269,118</td>
<td>14.9</td>
</tr>
<tr>
<td>Graduated from Senior High School</td>
<td>124,916</td>
<td>9.0</td>
<td>221,751</td>
<td>12.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>9,437</td>
<td>0.7</td>
<td>20,911</td>
<td>1.1</td>
</tr>
<tr>
<td>Degree</td>
<td>3,378</td>
<td>0.2</td>
<td>20,016</td>
<td>1.1</td>
</tr>
<tr>
<td>Total population - 10 years and above</td>
<td>1,401,034</td>
<td>100</td>
<td>1,806,684</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Pemerintah Kabupaten Cirebon 1999i: 31; 2010b

After Krismon, a fundamental problem with the education system was that there were simply not enough junior high schools being constructed to keep pace with the growing number of students who wished to continue their education. Except in urban areas, there was usually only one junior secondary high school (SLTP) in each kecamatan. The cost of public transport to and from school was a serious burden for many parents. Entrance exams were held for SLTP and students who failed to gain a place must become fee-paying students at the private and non-government schools, such as the madrasah or pesantren.

As can be seen from Table 8.2 (below), between 2002 and 2009 the number of Junior High Schools increased from 105 to 125. However, a much bigger increase is evidenced in the number of Senior Technical High Schools (SMK) and in the number of teachers at those High Schools. The number of students attending the Senior Technical High Schools has increased exponentially, from 8,628 to 29,765 in that period. The Department of Education has been promoting these Senior

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671 A breakdown of these figures according to gender is given as Appendix ‘f’

672 SMK: Sekolah Menengah Keunggulan
technical High Schools over several years to encourage students to gain technical skills so that they can find jobs soon after graduation.\footnote{Pers. comm. Uzair Fauzan January 2011}

### Table 8.2
**Education Facilities in Kabupaten Cirebon in 2002 and 2009\footnote{These Department of Education figures do not include religious schools whose numbers are recorded by the Department of Religious Affairs.}

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Schools</th>
<th>Teachers</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>930</td>
<td>943</td>
<td>7,643</td>
</tr>
<tr>
<td>Junior High</td>
<td>105</td>
<td>125</td>
<td>2,669</td>
</tr>
<tr>
<td>Senior High</td>
<td>39</td>
<td>45</td>
<td>1,012</td>
</tr>
<tr>
<td>Senior High Technical School</td>
<td>28</td>
<td>51</td>
<td>1,056</td>
</tr>
</tbody>
</table>

Source: *Pemerintah Kabupaten Cirebon* 1999: 31; 2009

### Table 8.3 Condition of Schools Buildings in Kabupaten Cirebon

<table>
<thead>
<tr>
<th>No. of schools</th>
<th>No. of classrooms</th>
<th>No. of classrooms unusable</th>
<th>No. damaged but able to be used</th>
<th>No. of classrooms in good order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Schools (SD)</td>
<td>916</td>
<td>6110</td>
<td>1206</td>
<td>1483</td>
</tr>
<tr>
<td>Primary Schools (non-government)</td>
<td>12</td>
<td>77</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Junior High (SMP)</td>
<td>79</td>
<td>1471</td>
<td>132</td>
<td>208</td>
</tr>
<tr>
<td>Junior High (Non-government)</td>
<td>71</td>
<td>477</td>
<td>24</td>
<td>107</td>
</tr>
<tr>
<td>Senior High (SMA)</td>
<td>19</td>
<td>335</td>
<td>14</td>
<td>26</td>
</tr>
<tr>
<td>Senior High (Non-government)</td>
<td>26</td>
<td>160</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>Senior Technical High Schools (SMK)</td>
<td>7</td>
<td>33</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Vocational High Schools (Non-government)</td>
<td>60</td>
<td>573</td>
<td>29</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: *Pikiran Rakyat* October 22, 2011
8.6.1. Schools in the Ten Villages in Kabupaten Cirebon

In 2002, contrary to anecdotal reports that the school buildings in West Java were in a bad state of repair, with only one exception, the schools in the ten study villages were clean and well maintained. Much of the maintenance was done by the parents of the students. However, ten years after OTDA thousands of class rooms in Kabupaten Cirebon are in a bad state of repair, many unable to be used (see Table 8.3) While the head of education (Dinas Pendidikan: Disdik) in Kabupaten Cirebon, Kusnadi Muamarto, acknowledged that it was the responsibility of the regional administration to keep the school buildings in good repair, he said that the central government should provide more funding from the Special Allocation Fund (DAK).675

People in the villages said that because the family planning program was working so well there was little growth in the level of enrolment at primary schools. The people in the villages, without exception, affirmed that educational opportunities for their children were their highest priority. There remained an obvious need for more government Junior and Senior High schools.

While education is compulsory in Indonesia, attendance is left to the regional authorities to enforce. The Director of the Education Department in Kabupaten Cirebon said that, in 1999, six percent of children (and in some poorer areas up to 15 or 16 percent of children) were not attending school.676 However, he reported that by 2002 school attendance in the kabupaten was much improved. By 2002, throughout the whole kabupaten, less than one percent of students dropped out of primary school, while 61 percent of students continued on to junior high school (SLTP). The reasons suggested for the non-continuation to secondary level were lack of places in government schools; and the pressure for young people to ‘get a job’ as soon as possible.677 In rural areas where villages encountered large-scale outward movements of farm labour, children were frequently pressed to assist in seasonal activities relating to harvesting, planting and so on. Remote villages, in particular,

676 Nationwide it was estimated that, in 2000, 27 percent of school age children between seven and 15 years, a total of 33.5 million children were unable to continue their education after Krismon (The Jakarta Post December 7, 2001). However, later rounds of the ‘100 Villages Survey’ suggest that although school attendance rates may have declined slightly at the onset of the crisis they have since rebounded and by 2001 were above pre-crisis levels (Cameron 2001: 59).
677 Interview: Kepala, Dinas Pendidikan Kabupaten Cirebon July 2002
were affected where there was little chance of the return of seasonal workers who, after Krismon, worked in the towns and cities. In 2011, dropout rates were highest in several kecamatan along the north coast where many children were involved in fishing activities and spent days and nights at sea. The rattan industry has also drawn children away from schools. A senior bureaucrat in the Education Department said that a law should be passed to prevent children under 15 years of age working in the industry.678

8.6.2. Education Opportunities for Disabled Students and ‘Drop-outs’ in Kabupaten Cirebon

In 1999 the provincial government instructed all regional governments to locate and investigate the reasons for elementary school dropouts; elementary school graduates who failed to continue their education at the junior high school level; and junior high school students who withdrew from school. This was in line with the government’s open junior high school program designed to provide poor students with greater access to education. The program had two levels, Paket ‘A’ and Paket ‘B’. Paket ‘A’ offered a program of study equivalent to formal elementary education. It catered for illiterates who were taught to read and write Bahasa Indonesia. This was done by combining formal classroom education with field study. Paket ‘B’ supported junior high school education which determined the venue of study; the recruitment of qualified tutors (Pamong Belajar); and the mobilising of other necessary resources.679 Both programs were financed in cooperation between the central and regional governments. Evening classes were held to facilitate students who were working during the day. The success of the program was dependent on the sustained financial support of the central government and the motivated implementation by the local government.

Within the education system there was a scheme to help elderly people improve their literacy (buta huruf) and indeed their basic knowledge (buta pengetahuan umum). There were some people who were helped with Bahasa Indonesia (buta Bahasa Indonesia) by a scheme called Proyek Keaksaraan680 Fungsional: KF. Tutors helped

678 Interview: H. Iman, Kepala Seksi Kesiswaan, Dinas Pendidikan Kabupaten Cirebon January 2011
679 Adjustments at school and community level included the waiving of requirements to wear uniforms and even shoes; as well as contributions from teachers and better-off students to enable poorer students to stay at school (Jones and Hagul 2001: 226).
680 Aksarawan: one who is literate
with these schemes. This program was active in Kabupaten Cirebon and was financed by the kabupaten. Education for disabled students from the kabupaten was provided by Special Schools (SLB). There are two SLB in Kabupaten Cirebon. Both of these schools were established by a private foundation; no residential accommodation was provided; all fees were paid by the parents of enrolled children.

8.6.3. Financial Support for Education in Kabupaten Cirebon

Until the implementation of the BOS program, education was relatively expensive for Indonesian families. Parents were sensitive to the costs of keeping their children in school at the lower secondary level, and aware of the poor quality of education in many of the private schools and Islamic madrasah (Jones and Hagul, 2001: 208). Parents complained that even at a state junior high school they were required to pay Rp. 1.5 million (US$ 203.40) each year in fees for each child. This figure covered a building maintenance fee, school uniforms, and books. Fees for private junior high schools were in the vicinity of Rp. 5 million (US$ 678) to Rp. 6 million (US$ 814). State senior high schools cost parents about Rp. 1.5 million (US$ 203.40) for each child annually.

There was abundant evidence of parental and community support and concern for the schools in the ten study villages. The people in the villages were prepared to work together in an endeavour to access better education for all of the children in their villages. Apart from the Scholarships and Block Grants (DBO), which were available to schools through the Education Component of the Social Safety Net Program (JPS-BP), community support came in diverse forms:

- As part of the Social Safety Net program, the kabupaten administration provided a ‘gift of supplementary food’ (PMT) for school children.
- Members of the PKK and the kaders from the posyandu also provided supplementary food (PMT) to primary school children.
- Support in the way of scholarships, was given by the women’s groups: PKK; Dharma Wanita; Dharma Pertiwi; and Kowani.
- Additional scholarship funding was raised by individual communities who wished to extend education facilities to keep their children at school.

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681 SLB: Sekolah Luar Biasa (Luar biasa: extra ordinary, out of the ordinary)
682 The two SLB, schools for disabled students, in Kabupaten Cirebon are:
   - SLB Beringin Bhakti, Kecamatan Cirebon Selatan, and
   - SLB Wathoniyah, Kecamatan Arjawinangun.
683 The Jakarta Post July 6, 2002
684 Kowani: Kongress Wanita Indonesia is a federation of nationally based voluntary women’s organizations established in 1928.
Prior to the implementation of the BOS program, school fundraising was achieved through two organisations BP3 and Dewan Sekolah. BP3 charged a monthly levy to each student. As a direct impact of Krismon, some families were unable to pay the monthly levy. The implementation of the BOS program was meant to eliminate the BP3 program.

By 2002, in Kabupaten Cirebon, school fees were again being charged, and varied from school to school. In one of the villages in Cirebon, the fees were Rp. 10,000 (US$ 1.10) to enrol and then a fee of Rp. 1,500 (US$ 16 cents) per month. In another village the fees were Rp. 50,000 (US$ 5.50) a year. The entry fee (SPP) for each child was Rp. 5,000 (US$ 55 cents). These amounts were often beyond the capacity of families to pay. An example of the benefits of the scholarships can be seen in Desa Ciawa Gaja, Kecamatan Beber. In 1999, 40 percent of the students dropped out after primary school. In 2002, Desa Ciawa Gaja (population 6,300) had 719 students who were receiving various scholarships to stay at school. In that year in the kabupaten, only eleven percent of students left school before junior high school.

The Jakarta Post\textsuperscript{685} reported that, in 2002, it cost parents about Rp. 1.5 million (US$ 169) annually to keep a child at a state senior high school. In Kabupaten Cirebon the initial cost was Rp. 1,800,000 (US$ 203) per student each year, which covered:

- Annual school fee of Rp. 600,000 (US$ 68) per student;
- Rp. 110,000 (US$ 12.40) per student each year for books (Rp. 6,500 X 17 subjects);
- Rp. 40,000 (US$ 4.51) per student each year to cover the cost of uniforms (usually batik); Rp. 60,000 (US$ 6.77) for sports uniform, and Rp. 50,000 (US$ 5.64) for tie, hat and belt.

The remainder was used for the maintenance of school buildings.\textsuperscript{686} In 2006, Kristiansen and Pratikno (2006: 527) reported that fees were six times higher for primary school education than in 2003.

\textbf{8.6.3.1. The Implementation of the School Operation Assistance Program (BOS) in Kabupaten Cirebon}

Since the implementation of the School Operation Assistance Program (BOS) in 2005, funding for education has changed considerably. Before OTDA the government provided schools with books. The BOS program provides money for either schools or students to buy books.\textsuperscript{687}

\textsuperscript{685}The Jakarta Post July 6, 2002
\textsuperscript{686}Pers. comm. Agung Gumilang July 2003
\textsuperscript{687}Pers. comm. Agung Gumilang April 2008
In Kabupaten Cirebon, the BOS program paid each elementary school (SD or MI):

**Year 2005 – 2006**  
Rp. 235,000 (US$ 28.76) per student each year  
Rp. 20,000 (US$ 2.03) per student each year for books  

**Year 2007 – 2008**  
Rp. 254,000 (US$ 27.06) per student each year  
Rp. 22,000 (US$ 2.34) per student each year for books

In 2009 each SD student received a total of Rp. 400,000 (US$ 35.96)

Junior high schools (SMP or MT) in Kabupaten Cirebon also receive funding from the BOS program. The payments were:

**Year 2005 – 2006**  
Rp. 324,000 (US$ 32.92) per student each year  
Rp. 20,000 (US$ 2.03) per student each year for books  

**Year 2007 – 2008**  
Rp. 354,000 (US$ 37.72) per student each year  
Rp. 22,000 (US$ 2.34) per student each year for books

In 2009 each SMP student received a total of Rp. 570,000 (US$ 51.24).

Despite its high profile, the BOS program is not without its problems. In one village in Kabupaten Cirebon, a school principal said that there was a general practice of BOS corruption in the Education Department (*Dinas Pendidikan*). As a school principal she was responsible for submitting information about the number of students in her school for BOS funding. She submitted the correct number. When the school received the BOS funding, the amount was 50 percent more than had been claimed. When she consulted the *Dinas* officers, they told her that she could use the money as she wished. With this confirmation she used the money until the end of the budget year. When a statement of BOS usage was required at the end of the year, a *Dinas* officer asked her to return the money the school did not deserve. She asked for the state treasurer’s bank account number to return the money. But the officer kept giving her a personal bank number. When she hesitated about sending the money to a personal account, the *Dinas* officer offered a ‘solution’ for her to divide the money. After consideration, even though it was not a great deal of money, the income mattered to the school so she took the deal. She said that she now felt this was a mistake and she should not have taken that option. According to this school principal, this kind of manipulation of student numbers continued. What differed from previous years was the deal to divide the difference.

688 Pers. comm. Agung Gumilang July 2010

689 The total amount of money was Rp. 3 – 4 million (US$ 329 – US$ 439).

690 Interview in her village in January 2011
In Desa Kamarang Lebak, the chairman of the school committee was also a member of the kecamatan school board. He initially claimed that, at least in the local school, school management and BOS spending had been transparent. However, he contradicted his statement by complaining that too much BOS money was spent on books. He said that the content of the books was the same every year, but the Kabupaten Education Department kept on buying books. When asked why the school could not reject the books, he said that the books were simply delivered from the Department of Education. He suspected that a marketing deal had been done with the publishers. At this school, about 30 percent of BOS funding was spent on books. He said that the school needed more teachers, not more books. Students at this school were exempt from all fees, except for a contribution to buy paving blocks to make the school yard usable during the rainy season. This fee was Rp. 30,000 (US$ 2.91) every three years.

In Desa Cikansas, a teacher, who is also Chairman of the BPD, said that his school received BOS payments from the central government of Rp. 30,000 (US$ 2.91) per student per month. Each year, the school also received Rp. 4.2 million (US$ 407.82) from the provincial government. There were no school fees, but the school was asking parents to pay Rp. 50,000 (US$ 4.85) towards the construction of a new fence at the school. The teacher said that books were free, but that students were charged Rp. 35,000 (US$ 3.40) for uniforms for sports activities.

In 2009, in Kabupaten Cirebon, needy students at senior high schools received Rp. 65,000 (US$ 6.30) per month (paid once each semester) through the Special Assistance for Students program (BKM). There were several ways for students from poor families to receive financial support. One was ‘support for students from poor families’ (BSM) which comes from the central government. In Kabupaten Cirebon, a quota of 3,000 students has been given this support in 2009 and 2010.

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691 Interview: Pak Suyadi, member BPD in Desa Kamarang Lebak, January 2011
692 According to the authorised uses for BOS funds, schools were responsible for spending BOS funds on text books and reference books
693 This contradicts the notion that, because teachers’ salaries are paid from DAU funds, there is a tendency to overstaff.
694 In 2011 this fee was waived because the villagers were raising money for a new mosque. (Interview: Pak Suyadi, member BPD Desa Kamarang Lebak, January 2011)
695 Interview: Pak Juari, Ketua BPD Desa Cikansas in January 2011
697 BSM: Bantuan Siswa Miskin
To receive this help, the student must have a poor student identity card (KTSM). To obtain this card the family of the student must have a letter from a sub-village authority (Rukun Tetangga or Rukun Warga) which was only valid for one year. The next year the student must start the process all over again. A transitional scholarship (beasiswa transisi) was available from local government. Only 250 students receive this scholarship each year. It is called a transitional scholarship in anticipation of the vulnerability of students who may dropout between lower school and upper school and is only available to those attending grade 1 at an SMP. There were a small number of scholarships which were designed to help students at senior high schools (SMA).

8.6.3.2. Tertiary Education in Kabupaten Cirebon

Tertiary education is implemented by the provincial administration. Just as the province of Bali was providing tertiary education for students who want to enter the tourism industry Kabupaten Cirebon is making available courses in both tourism and the fishing industry. Just over 2.5 percent of students from Cirebon are successful in the nation-wide entrance examination for tertiary institutions, UMPTN.

A significant change in the education sector since the implementation of OTDA is the sub-division of the Ministry of Education, Teaching and Culture. At kabupaten level the department has been divided into the Department of Education (Dinas Pendidikan) and the Office of Tourism and Culture (Kantor Parawisata dan Kebudayaan). Both at primary school level and junior high school level, two hours a week are devoted to the study and understanding of local culture. Mask dances (Tarian Topeng) are a popular part of Cirebon’s cultural heritage. Four villages continue to practice this

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698 KTSM: Kartu Tanda Siswa Miskin
699 Beasiswa Khusus Murid Miskin
700 Interview: H. Iman, Kepala Seksi Kesiswaan, Dinas Pendidikan Kabupaten Cirebon January 2011
701 Bali Post January 14, 2002
702 SMK: Swasta Pariwisata, jurusan Perhotelan, The Private Tourism Hotel majoring in Hotel Management
703 SMKN: Pertanian jurusan Teknologi Penangkapan Ikan dan Budidaya Ikan, The Agricultural High school majoring in Fishery.
704 UMPTN: Ujian Masuk Perguruan Tinggi
705 The Villages are:
- Desa Astanalanggar, Kecamatan Losari
- Desa Slangit, Kecamatan Klangenan
- Desa Kalianyar, Kecamatan Panguragan
- Desa Gegesik Kidul, Kecamatan Gegesik
tradition which generates a scant income for those villagers. There is no funding or subsidy for the dance troupes, however.

8.7. Summary
Analysis of the decentralisation of the education sector has identified various anomalies within that sector. Many stakeholders – spokespersons for the Ministry of Education; educators and sociologists; the parents of students – proffered an avalanche of critical opinion. Until the implementation of the 1999 Regional Autonomy Laws, any responsibility for education vested in the regions was along the limited lines of deconcentration. During the New Order Government, the Ministry of Education, Teaching and Culture was one of the most centralised ministries in Indonesia. Teachers were not empowered under such a system. They were treated as subordinates who must follow bureaucratic regulations. At the same time, funding for education was filtered down through all levels of government. While financial ‘leakages’ at every level of government were tolerated; some vertical financial accountability did endure (Kristiansen and Pratikno 2006: 527).

With the implementation of regional autonomy, the ceding of responsibility for education to the regions brought many changes. Government schools are supervised and controlled by district (kabupaten or kota) governments, although religious schools remain under the central control of the Ministry of Religious Affairs (Depag). Teachers are no longer employees of the central government, but are employed by the kabupaten and kota governments. The decentralisation of the education system gave individual schools the authority to administer their own facilities and human resources, thus encouraging participation at the grassroots level. However, there are reports of friction between school committees and school principals. If regional autonomy in education is to endure, strong local committees, the Kabupaten and Kota Education Boards and individual school committees, must prevail.

Following the 1997 -1998 Asian Financial Crisis an education support program was implemented within the Social Safety Net program (JPS).\textsuperscript{706} Given the earlier anxiety over diminishing school enrolments, Indonesia’s education system came through Krismon comparatively intact. The real cost of the crisis, however, was the

\textsuperscript{706} JPS: Jaring Pengaman Sosial
failure of lower secondary enrolment rates to maintain the strong increases of the mid-1990s. Consequences of decentralisation for the quality of teaching and learning, though difficult to measure, also appear serious.

A national Competency-Based Curriculum (KBK)\textsuperscript{707} was introduced into all regions in 2004. In 2006 a further change in the curriculum (KTSP),\textsuperscript{708} was launched to give wider autonomy for each school and its supporting catchment area. Programs for KTSP were drawn up and developed by each school based on the standard issued by the National Education Standards Agency (BSNP)\textsuperscript{709} with necessary adaptation according to a school’s capacity and situation. A problem arising is that the KTSP school based curricula diverge from that assumed by the centralised national examination (Sampoerna Foundation 2008a).

Legislation passed in 2002 reinforced the concept that every Indonesian citizen has the right to education, that education is compulsory, and that the government is obliged to finance education. The most significant change in the financial management of education was the implementation of the School Operation Assistance Program (BOS)\textsuperscript{710} in 2006. BOS funds are allocated directly to schools. Direct funding for schools from the central government significantly altered the composition of revenue sources at the kabupaten level and the program substantially increased the available funds. While this may appear a re-centralisation of the sector, teachers are employed by the regional governments and their salaries are paid from the regions’ General Allocation Grant (DAU).\textsuperscript{711} The acceptance of BOS funds has eliminated BP3 fund-raising and is supposed to have eliminated the school entry fee (SPP).\textsuperscript{712} Anecdotal reports suggest that the SPP is still being charged. BOS funding has not eliminated corrupt practices in the system, and this should be viewed with some concern by both the regional government and the individual school committees.

Kristiansen and Pratikno (2006: 527) summarise the inadequacies of financial management in the education sector:

\textsuperscript{707} KBK: Kurikulum Berbasis Kompetensi
\textsuperscript{708} KTSP: Kurikulum Tingkat Satuan Pendidikan
\textsuperscript{709} BSNP: Badan Standar Nasional Pendidikan
\textsuperscript{710} BOS: Bantuan Operasional Sekolah
\textsuperscript{711} DAU: Dana Alokasi Umum
\textsuperscript{712} SPP: Sumbangan Penyelenggaraan Pendidikan
There is a total lack of transparency and accountability in government spending on education. Vertical financial accountability has been abolished and no alternative exists in horizontal accountability. The executive bodies at the district level are not enforced to reveal any detailed accounts or policy assessments to the legislative bodies or to civil society (Kristiansen and Pratikno 2006: 527).

In Kabupaten Cirebon, while there is some indication of improvement through increased funding, there remains the issue of informal costs despite the BOS claims to have removed this pressure. There is a need for funds to be found to repair the fabric of school buildings throughout the kabupaten. In this kabupaten, in spite of the problems with financial management, the percentage of people who never went to school and those who did not finish primary school decreased, while those who graduated from primary school, from high school and those who continued in tertiary education increased significantly.

Obviously, more cooperation between the national and kabupaten administrations and the village school committees can only be of benefit to education in the villages. While education is seen as one of the main vehicles to meaningful employment and a better standard of living, a better educated people will understand more readily the problems of an emerging democracy.
Chapter 9
The Kecamatan Development Program
(Program Pengembangan Kecamatan: PPK)

Overcoming endemic poverty continues to be a major and ongoing challenge for the Government of Indonesia. Indeed, a Kabupaten Cirebon planning document for 2009 – 2014 listed overcoming poverty as a priority. Implemented by the Ministry of Home Affairs, the Kecamatan Development Program (PPK) aimed at alleviating poverty in rural communities; and strengthening local government and community institutions. PPK began in 1998 at a time of overwhelming political upheaval. The country and its people were suffering the effects of the 1997 – 1998 Asian financial crises (Krismon). Concomitantly, extensive forest fires were burning uncontrolled, and widespread drought reduced the primary rice crop which exacerbated the situation of many of the rural poor as the economic gains made by the New Order government were eroded.

The World Bank played a fundamental role in the establishment and development of the Kecamatan Development Program. Krismon exposed gross inadequacies in both Indonesia’s governance and economic development strategies:

- Thirty-two years of authoritarian rule had stifled local-level initiative and decision-making. The government in the past had undermined local capacity and placed heavy restrictions upon local community organising. Government programs in general had not been responsive to local needs and the mismanagement of public projects and funds had led to general disillusionment with the government’s ability to provide essential services (World Bank 2003: 2).

Carroll (2010: 187) portrays the Kecamatan Development Program as a neoliberal development project, although differing from other neoliberal development

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713 It is interesting to note that the Indonesian word used for ‘development’ in this context is ‘pengembangan’ which translates as the flowering or development of something that already exists; and not the word more usually used for ‘development’, ‘pembangunan’, which implies building or constructing from ‘scratch’.

In World Bank literature, Program Pengembangan Kecamatan (PPK) is referred to as KDP, the Kecamatan Development Program. During 2007, the Kecamatan Development Program was formally renamed Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan or PNPM Mandiri Perdesaan (National Community Empowerment Program for Self-Reliant Rural Villages).


715 A similar program, the Urban Poverty Program (Program Pengentasan Kemiskinan Perkotaan) also began in 1998.

716 This is an understatement by the World Bank when one considers the systematic corruption, collusion and nepotism (KKN) which flourished during the New Order.
projects in its method of delivering reform. Within PPK, leverage for reform operates at the local level, bypassing much of the central government hierarchy and explicitly aiming at widening community participation.

The Kecamatan Development Program focussed on Indonesia’s poorest rural communities. The national planning agency, Bappenas, analysed the incidence of poverty based on Susenas data and Podes infrastructure surveys. An initial list of some 1,500 kecamatan with high poverty levels was prepared (Guggenheim, et al., 2004: 6; Sekretariat Nasional PPK 2000: 37). Basic to the function of the PPK was the provision of block grants directly to villages, for financing grassroots development initiatives, in order to promote bottom-up democracy and accountability (Edstrom 2002: 3; World Bank 2006). Significantly, the projects within the villages were to be devised and supervised by the villagers themselves (Callick 2002). The poor were to be major beneficiaries from millions of days of paid labour in construction projects. Abadi (2006) stressed that if poverty was to be ameliorated, the poor must be given a voice. There was a need also for them to be encouraged to acquire skills that would raise their standard of living.

9.1. The Subdistrict: Kecamatan

Kecamatan grew out of administrative need at supra-village level to coordinate the thousands of scattered villages of rural Java (Tjondronegoro 1984: 131-132). Kecamatan usually cover about 20 villages with a total population of about 50,000 (Sekretariat Nasional PPK 2000: 19). Kecamatan are not autonomous units of government. They are not democratically elected, and they have no budget or contracting powers of their own. The World Bank believed that the “collection of commercial and political interests that had a stranglehold” over kabupaten administrations was less of an impediment at the kecamatan level, which became the focus of planning for the Kecamatan Development Programs (Guggenheim 2004: 21). The focus of the Program at this bureaucratic level suggests the technocratic assumptions of the World Bank’s approach.

The head of a kecamatan, the camat, is not democratically elected. The camat is an appointed civil servant. Until the implementation of the 1999 Regional Autonomy Laws, the camat was an employee of the central government and part of the hierarchical chain of authority between the village and the central government. The camat and the kecamatan administration were mainly
concerned with the execution of instructions from the central government and
the solution of problems which could impede the execution of those instructions
(Tjondronegoro 1984: 135). The responsibilities of the camat place considerable
emphasis on farming issues. The camat, however, is usually a townsperson, a
civil servant, and seldom a ‘local’ person. He is usually better educated than the
kepala desa or lurah (Geertz 1963: 45). Since the implementation of the 1999
Regional Autonomy Laws, the camat is employed by, and responsible to, the
kabupaten administration, and typically has tertiary qualifications relevant to his
area of responsibility. The camat frequently is not a resident of the kecamatan to
which he is appointed.

9.2. The Objectives of the Kecamatan Development Program

The objectives of the Kecamatan Development Program were:

- to strengthen kecamatan and village-level government and communities by
  empowering them to manage increased funding and therefore to become
  accountable for it; and
- to contribute to rural development by providing increased economic
  opportunities at village level in the poorest kecamatan (World Bank 2003: 2).

Guggenheim (2004: 4) described the building blocks for PPK as “deceptively
simple”. But the scope of the program was simply enormous (Li 2007: 230). It was
the largest community development project in Southeast Asia.

The implementation in 2001, of the 1999 Laws, provided a positive environment
within which PPK could operate, and presented an opportunity to replace
standardised national development programs (World Bank 2001b: 28-29). Where
“serious abuse of office and top-down planning has been endemic”, the PPK
program aimed to put into practice transparency and democracy from the
bottom-up (Edstrom 2002: 2). Within the program, most management functions
were shifted from the central government administration to regional management
units. Decentralised, autonomous decision making was essential for a project the
size and diversity of PPK. Because people typically choose not to surrender
control, this kind of decentralisation is usually resisted. However, because at the
time, the move towards decentralisation in Indonesia was so strong, this decision
encountered little resistance (Guggenheim, et al., 2004: 6). The program was funded
through Indonesian government budget allocations, donor grants, and loans from
9.3. The World Bank and the Local Level Institutions Studies

Innovative research by the World Bank into the extent of ‘social capital’ in villages in Indonesia continued through two Local Level Institutions studies, in 1996 - 1997 and 2000 - 2001. The Kecamatan Development Program was “substantively different” because it saw “community-state relationships through the glasses of an anthropologist rather than those of a development economist, rural planner, or an irrigation engineer” (Guggenheim 2004: 3). The theory of social capital was the product of more than a decade of research.

While definitions and concepts of social capital vary, there is an emergent consensus that “social capital stands for the ability of actors to secure benefits by virtue of membership in social networks or other social structures” (Portes 1998: 6). Putnam’s (1993) long-term study of civic institutions in Italy looked primarily at horizontal associations where members were assumed to enjoy an equal relationship. Halpern (2005: 269) considered that

One of the characteristics of low social capital societies appears to be the preponderance of rigid and strongly hierarchical social structures. Such structures are typically highly patriarchal, where progress depends on loyalty to, and favours from, those on higher rungs of the ladder of power.

Halpern (2005: 271) argued that economic inequality is a form of social hierarchy. However, Coleman (1988; 1990) argued that social capital can include hierarchical relationships where unequal power distribution is experienced by members (Grootaert 2001: 2). Both of the Local Level Studies embraced a mixture of qualitative and quantitative research so that a complete picture of the existence and operation of local level institutions of all types –

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717 This research was part of a study to see whether ideas on social capital published in Robert Putnam’s 1993 book, Making Democracy Work: Civic Traditions in Modern Italy, made sense in the context of developing countries (Guggenheim 2004: 15). The World Bank’s appraisal report for PPK opened by citing the need to engage village institutions in local governance reform, and in this sense the project located itself squarely within Putnam’s interpretation of democratic reform in Italy (Bebbington, et al., 2004: 53).

718 The first Local Level Institution study in Indonesia was conducted in 1996 - 1997 in 38 villages in six kabupaten in three provinces. Due to violence in Nusa Tenggara Timor, the second study was not repeated in some villages. This meant that the second-round sample was from five kabupaten, forty villages with thirty households interviewed in each village, a total of 1200 households (Alatas, Pritchett and Wetterberg, 2003: 5).

719 Bourdieu’s (1986) approach to social capital focuses specifically on this aspect and is preferred by critics of Putnam.
social, religious and economic – could be obtained (Alatas, Pritchett and Wetterberg, 2003: 5).720

The Local Level Studies in Indonesia found that while top-down development under the New Order caused a “lamentable loss of traditional mechanisms of social control” especially at the village level, autonomous institutions continued to exist in Indonesian villages, and these institutions remained capable of securing village resources for collective purposes (Bebbington, et al., 2004: 52; Dharmawan 2002:-i; Guggenheim 2004: 29). A “troubled” relationship between villagers and the state apparatus was noted. Local capacity was undermined by distrust; by a lack of communication between community and the state; and by limited involvement of civil society in decision-making and in the provision of services (World Bank 1999: 41). In particular, there was an “inverse correlation between the presence of a project-based organization and the participation of the poor in the same activity” (Guggenheim 2004: 18).

Communities were practising many kinds of gotong royong, although limited in scale, because these were mainly exercised at sub-village levels.721 The second Local Level Institutions study (LLI-2) in 2000 – 2001 found that one of the noticeable changes in village communities was the relationship between the village leadership and the villagers. There was a change from the “dynasty-like system” that previously prevailed (Dharmawan 2002: i). Many of the village heads were much younger than their predecessors and their “supporters are their cohorts - the young people of the village” (Dharmawan 2002: -i). The LLI-2 study showed that

“(1) there is a positive link between social capital and household welfare; (2) local capacity for collective action is strong;722 (3) there is a disconnect between communities and government: government

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720 A World Bank report (Grootaert 2001: 10) recorded that in Indonesia, social service groups account for 27.3 percent of membership of local associations. Among social service groups, the Family Welfare Movement (PKK) was considered the most important. Finance and credit groups, religious groups and government affairs groups each accounted for slightly less than 20 percent of memberships. Most of these groups were found at sub-village or hamlet level.

721 Mutual aid practices, in common with rotating credit associations, represent investments in social capital (Putnam 1993: 169). However, Bowen (1986: 558) maintained that “gotong-royong has lent cultural continuity to state control, refracting state interventions through the forms of, inter alia, cooperatives, local labour mobilization, and village organization.”

722 Local capacity is defined as “the ability of community to solve problems collectively” (Dharmawan 2002: 2 fn3).
does not work well with the existing capacity and creates barriers that have resulted in institutional gap” (Dharmawan 2002: 2).

9.4. Kecamatan Development Program and Social Capital

The Kecamatan Development Program was among the first large development projects funded by the World Bank to draw directly on social theory:

PPK’s design documents drew on the social capital vocabulary, and the project presented itself as a contribution to building bottom-up accountability in rural Indonesia by strengthening the planning and management role played by civic and associational groups and by building up what have since been termed bridging and linking forms of social capital (Bebbington, et al., 2004: 53).723

Li (2007: 244) discusses linking, bonding and bridging social capital. “Some social groups were found to have too much of one, not enough of another. Too much bonding and not enough linking made social groups too tight – crime families, clans, and ethnic enclaves were often cited examples. Bridging capital named the vertical links between poor people and the patrons, experts, and officials who, the experts proposed, could be invited to help them.”

The correlation between social capital and credit access is an important issue because the availability of formal credit facilities, in rural areas, is considered significant in reducing poverty levels (Brata 2005: 1). The Local Level Institutions studies found that memberships in non-financial associations were also a factor in contributing to improving access to credit. The establishment of “networks and trust among members in the context of social setting, spills over into the financial arena” (Grootaert 2001: 26). Poor households in rural areas are usually not users of credit through formal financial institutions. However, Grootaert (1999) concludes that households with higher social capital are better able to obtain credit; and that those who were members of associations are more likely to obtain credit than non-members. As Putnam (1993: 169) explains:

Like conventional capital for conventional borrowers, social capital serves as a kind of collateral, but it is available to those who have no access to ordinary credit markets. In fact, their lack of feasible alternatives itself may increase their credibility as participants in the rotating credit associations. Lacking physical assets to offer as surety, the participants in effect pledge their social connections. Thus

723 ‘Bonding’ social capital describes robust links between family, friends and work colleagues; ‘Bridging’ social capital describes weaker links between individuals from different occupations and different ethnic backgrounds; and ‘Linking’ social capital refers to linkages between people from diverse strata of society – for example, the poor and the influential (The World Bank 2001f: 128).
social capital is leveraged to expand the credit facilities available in
these communities and to improve the efficiency with which markets
operate there. However, the accumulation of social capital in itself does not guarantee that poor
people will be able to access formal credit.

9.5. Organising the Program

Initially, the Kecamatan Development Program was managed by the National
Planning Agency, Bappenas. Due to changes in the roles of government agencies,
PPK was moved to the Ministry of Home Affairs’ Community Development Agency
(PMD)\(^\text{724}\) which formed a central management secretariat providing policy and
operational guidance to PPK. This structure was replicated at regional levels, with
Bappenas’ coordinating role replaced by Bappeda, the provincial and kabupaten
planning boards. At the national level, the government’s involvement in the PPK
project developed its capacity to implement a large-scale national program, which
involved the recruitment and training of some 34,600 consultants and village
facilitators (World Bank 2003: 7).\(^\text{725}\) As Li (2007: 238) explains, the Bank did not focus
on organisations such as NGOs, but on “society at large, especially the rural poor
in tens of thousands of villages”. The Bank program linked the empowerment of
villagers directly to the Bank’s mandate of poverty reduction (Li 2007: 240).

The Program could finance infrastructure; and social and economic activities,
which could be joint proposals for multi-village programs. PPK’s upgrading of
village roads considerably enhanced the life expectancy of many market roads.
The PPK did not support kabupaten infrastructure, which had its own budget.
Workshops were held at provincial, kabupaten and kecamatan levels. Using
consultants rather than government staff provided more flexibility, and also
avoided inflating the civil service payroll (Guggenheim, et al., 2004: 9). While PPK
provided technical assistance, communities were given direct responsibility for
planning and implementing their projects. Guggenheim says: “Project menus are

\(^{724}\) PMD: Pembangunan Masyarakat Desa.

\(^{725}\) “During the second year, the program employed a total of 20,500 contract staff serving a
population of almost 10 million. By far the largest percentage was at village level with
15,300 village facilitators or one for every 650 people. In addition, some 1,200 consultants
from 16 private companies at the national (15), provincial (21), district (164) and kecamatan
(959) levels provided technical assistance and guidance to the project. The UPK (Unit
Pengelolaan Keuangan), the financial management arm of PKK, employed about 3,000
people countrywide, most at the kecamatan level (Edstrom 2002: 7). Most staff were employed
on temporary contracts of 5 - 12 months” (Edstrom 2002: 7fn 13).
open to all productive investments except those on a negative short list".\textsuperscript{726}

Guggenheim (2004: 26) says that the PPK project revived interest in village and kecamatan meetings that were previously attended only by an elite few.\textsuperscript{727} Dissemination of information at the village level occurred through village meetings and through group and sub-village level meetings to encourage people to propose ideas for PPK support. Approximately 50 to 100 villagers often attended village meetings.\textsuperscript{728} According to Guggenheim (2004: 21), having villagers compete for PPK funds encouraged "the kinds of direct negotiations and cooperation that would provide a basis for rebuilding the supra-village horizontal institutions destroyed or neglected by the New Order". Villagers were encouraged to use the private sector instead of relying on the government for all services. There were many reports of the surprise of villagers at discovering the savings that was the consequence of competitive purchasing (Guggenheim, et al., 2004: 15). Villagers could also directly contract and manage private sector engineers from a pre-qualified shortlist certified by the project.

Initially the program was implemented through the Village Community Resilience Council (LKMD). Subsequently, a separate organisation, the Sub-district Development Assembly (UDKP),\textsuperscript{729} was established. As determined in the ‘Method of Operation of the PPK’,\textsuperscript{730} in each participating village the UKDP committee consisted of the village head, and the head of the LKMD/LPMD,\textsuperscript{731} who was also usually the village head, and three village representatives - two women and one man. This committee then established a Financial Management Unit (UPK).\textsuperscript{732}

\textsuperscript{726} PPK funds cannot be used for military or paramilitary purposes; civil works for government administration or religious purposes; manufacture or use of environmentally hazardous goods, buying arms or illegal drugs; planting tobacco, buying pesticides, or financing of government salaries. Land acquisition is also restricted (Guggenheim, et al., 2004: 8fn).

\textsuperscript{727} Hatmadja and Mursitama (2003: 275-277) also recall that public attendance at village meetings was frequently very low, particularly in the case of the poor, and that the attendance of poor women was often non-existent.

\textsuperscript{728} According to Guggenheim, et al., (2004: 7) in some areas, several hundred villagers attended.

\textsuperscript{729} UDKP: \textit{Unit Daerah Kerja Pembangunan}

\textsuperscript{730} \textit{Cara Kerja PPK}

\textsuperscript{731} It should be noted that the PPK program commenced in August 1998 even before the 1999 Regional Autonomy Laws were promulgated. For this reason, at village level, the LKMD initially supervised the PPK program. Following the implementation of the 1999 Laws in 2001, and the establishment of UDKP, the \textit{Lembaga Pembangunan Masyarakat Desa} (LPMD) had a minimal role.

\textsuperscript{732} UPK: \textit{Unit Pengelolaan Keuangan}
which distributed the funds (Sekretariat Nasional PPK 2000: 21). In Desa Cikancas a school teacher named Juari, who is the chairman of the BPD, was co-opted on to the proposal writing team (TPU)\textsuperscript{733} of the UDKP. He said: “It is actually not allowed for BPD members to be involved in PNPM. But, if there is no one willing to get involved, then I think I need to help”.\textsuperscript{734} Changes brought about by the 2004 Laws constrained the activities of the BPD, but an involvement of members of BPD with PPK/ PNPM can only be of benefit to the village.

Each village determined which two of their proposals would be presented to the kecamatan council. PPK rules required that any village group submitting a proposal must send a delegation of at least two women and one man to the kecamatan decision meeting. Where a village submitted two proposals, one must be from women (Daly and Fane, 2002: 313). Each proposal was put into a simple written form, and initially provided only minimum information such as the purpose and location of the proposed project; the number of beneficiaries, the size; and could include the approximate cost (Guggenheim, et al., 2004: 8). In one village, Kamarang Lebak, the second proposal, which did not win PPK support in one year, would be upgraded to be the top priority in the next year. Desa Kamarang Lebak has little Titi Sara land and the PPK program is seen as the most successful development program. A member of BPD in Kamarang Lebak said that PPK gave people lessons in how to raise swadaya (self help) funds for common projects; how to use limited resources in the best way; and how to monitor development spending.\textsuperscript{735}

Within organised meetings extending from neighbourhood to village to kecamatan levels, the “simple act of participating in PPK planning and decision making forums often becomes the first occasion in which villagers from different identity groups congregate around purposeful collective action and decision making” (Gibson and Woolcock, 2005: 35). The review process of negotiation, collaboration and teambuilding among villages could be prolonged (Bebbington, et al., 2004: 53). However, once the kecamatan forum agreed on which proposals merited funding,

\textsuperscript{733} TPU: *Tim Penulis Usulan*. TPU plays an important role in PNPM because it prepares and structures the proposals of activities discussed in the village meeting, to be submitted to UPK (*Unit Pengelola Kegiatan*) at Kecamatan level.

\textsuperscript{734} Interview: Pak Juari, *Ketua BPD Desa Cikancas January 2011*

\textsuperscript{735} Interview: Pak Suyadi, member BPD Desa Kamarang Lebak, January 2011
no higher level of government could interfere with those plans (Guggenheim, et al., 2004: 8).

*Kecamatan* Facilitators and technical staff, recommended by the *Kabupaten* Engineer, verified the proposals. The *Kabupaten* Engineer made a final check before the results of the verification were presented and considered by the *kecamatan* decision forum. The verification team reviewed such criteria as:

- the proposals were technically and economically feasible;
- the projects benefited large numbers of people, especially the poor;
- there were maintenance plans (or repayment plans in the economic loans) in place;
- people genuinely participated in the formulation of proposal ideas;
- there was local community contribution (Guggenheim, et al., 2004: 8).

PPK’s decentralised design was very adaptable and responded easily to adjustments caused by “cultural, geographical, or administrative variances ... Because there are no big contracts involved, stopping or delaying works in conflict or natural disaster areas is relatively simple” (Guggenheim, et al., 2004: 16). Part of the World Bank’s contribution was to keep processing delays to a minimum. PPK was a very simple project – preparation averaged about 5 months from identification of a project to Board approval (Guggenheim, et al., 2004: 19). However, in the view of many of the facilitators and village participants the amount of paperwork, meetings and so on were disproportionate to the benefits.

### 9.5.1. Financial Management of the Program

The World Bank worked closely with the Indonesian government to make and improve specific parts of the project design to ensure that the formats and disbursement procedures were kept simple and easy to use. The Program’s disbursement system provided a direct transfer of funds to the end user. The village administration was not involved with the distribution of funds which were released from the provincial branch of the national treasury directly to a bank account held in the name of the village (Bebbington, et al., 2004: 53; Edstrom 2002: 3).³³⁶

The Village Consultative Body (BKM)³³⁷ received the funding from PPK, but the funding was usually transferred, on the same day, to the account of the Self Help Group (KSM)³³⁸ which supervised the project.³³⁹ Instalments were paid in 40-40-

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³³⁶ While these funds are not passed through different levels of government, they are recorded in provincial and *kabupaten* budgets (Guggenheim 2004: 4).

³³⁷ BKM: *Badan Keswadayaan Masyarakat*

³³⁸ KSM: *Kelompok Swadaya Masyarakat*
20 percent components. Village communities received reports as each instalment of the funds was used. The district engineer signed off the project before the last 20 percent of the funding was released (Guggenheim, et al., 2004: 9).

Corruption in highly decentralised projects, such as PPK, could quickly spread out of control if prompt action was not taken to check its spread (Guggenheim, et al., 2004: 14-15). PPK was instigated at a time when it was recognised that, in Indonesia:

Traditional means of gaining the patronage of rural people – pumping money downward through successive levels of government – had become counterproductive. Corruption was so rife\(^{740}\) that few funds actually reached the villages, and the credibility of all levels of government had long been destroyed in the process (Edstrom 2002: 2).

Both the Indonesian government and the World Bank took a hard, activist line on corruption.\(^{741}\) The first audit findings by the central government’s Financial and Development Supervisory Board (BPKP),\(^{742}\) the World Bank and PPK’s own internal audit unit reveal only Rp. 8.7 billion (US$ 967,000) or 0.5% of grant funds being diverted. Misappropriation of funds in individual cases was, on average, US$ 1,000 to US$ 2,000. The Bank reported that perceptions by villagers themselves are that much less goes missing in PPK projects than in other development projects (World Bank 2003: 10). A 2010 PNPM Rural report to members of the Joint Management Committee and to the World Bank \(^{743}\) stated that:

PNPM’s capacity to transfer resources directly to beneficiaries, to detect fraud and corruption if and when it occurs, and to take decisive correction action as needed, is the backbone of the program. However, with the expansion of the program to a national scale, the fiduciary systems have come under strain at a time when there has been some complacency in the Program, stemming from the general recognition of its success.

The same report (2010: 12) recommended that if no resolution was reached in a case of misuse of funds at village level, through family, traditional leaders or local

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\(^{739}\) Interview: Ibu Saemah, *Kader Posyandu*, Desa Karangasem, February 2011

\(^{740}\) According to the *Corruption Perceptions Index 2001* published by the NGO Transparency International, Indonesia ranked number 88 out of 91 countries surveyed. Indonesia has been at the bottom of the index ever since it was first established in 1995. Indonesia usually scores approximately 2 on a scale from 10 (highly clean) to 0 (highly corrupt) [http://www.globalcorruptionreport.org] (Cited by Edstrom 2002: 2).

\(^{741}\) The anti-corruption strategy occupies a seven-page annex in the PPK Phase-Two project appraisal document and is integral to the objective of the project.

\(^{742}\) BPKP: *Badan Penyelenggaraan Keuangan Daerah*

\(^{743}\)PNPM Rural: Update on Fraud and Corruption, and Mitigating Measures September 2010 [http://pnpm-support.org/sites/all/sites/default/] (Accessed December 2012)
government, it was to be escalated by consultants to district, provincial and national levels as required. The report noted that, because a significant number of fraud and corruption cases were attributed to the non-repayment of revolving funds, it was critically important for PNPM to continue to monitor revolving loans funds even after the funds have been revolved several times.

According to the 2010 PNPM Rural report from 1998 to 2010, nationally 7,317 complaints were reported. Forty-six percent of cases or 3,393 cases of misuse of funds were either non-repayment of revolving funds or erroneous book keeping by UPKs and TPKs. The total amounts of funds involved in these cases was estimated to be US$5.9 million with 2,680 cases (or 79%) resolved through corrective actions, community agreements or court decisions with 66 percent of funds recovered. Of the 822 cases in progress (in 2010) 713 cases involved misuse of funds amounting to US$ 2.86 million.

Of PPK funding, one kepala desa claimed: “Pak Camat does not dare to ask for money, neither do I. There is a committee for the project, which was appointed by the community themselves. And the money is transferred directly to their account”. There are, however, still some reports of corruption. One village facilitator was a partner in her PPK village activity team, TPK. But she was only involved in the proposal formulation. When the proposal was approved, she was sidelined. A male facilitator made his own deal with the Financial Management Unit (UPK). She did not know how much they received and how they spent the money. One day the other facilitator gave her an envelope containing Rp. 50, 000 (US$ 5.60), and said this is for you. She kept the money. Her only rationalisation was that she felt uncomfortable if she must always keep an eye on him.

Guggenheim (2004: 5) described the battery of monitoring systems:

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744 UPK: Unit Pengelolaan Keuangan, Financial Management Unit
745 TPK: Tim Pelaksana Kegiatan, Village Activity Team
746 Interview: Toto, Kepala Desa, Desa Cikancas, January 2011
747 TPK: Tim Pelaksana Kegiatan
748 Interview in her village January 2011
The project has the legal obligation to contract independent NGOs in each province, and to provide a blind contract\(^{749}\) for the Indonesian Association of Independent Journalists [\textit{Aliansi Jurnalis Independen} AJI] to publish stories on how the project is performing in the villages. So far [2004] the journalists have published 850 articles in regional newspapers, about a third of which deal with corruption or other forms of abuse.\(^{750}\)

9.6. Activating the Kecamatan Development Program

In the first year, (August 1998 - August 1999) PPK gave financial assistance to 501 \textit{kecamatan} in twenty provinces. More than 6,000 village activities were included. In the second year, 269 \textit{kecamatan} were added, which brought the total to 727 \textit{kecamatan} encompassing 12,269 villages. By the end of 2002, a total of 984 \textit{kecamatan} were included. PPK could be found in some 18,000 – 20,000 villages, almost one out of every four villages in the country, benefitting a population of about 35 million people.

Over 126,000 public meetings were held in villages, where women made up 35 percent of those present\(^{751}\) while 53 percent represented the poorer members of communities. The planning process was implemented in all of these villages, and 986 financial management units (UPK) were formed at the \textit{kecamatan} level (World Bank 2003: 5). While education levels of those employed by PPK were relatively high, salaries remained low.\(^{752}\) Village facilitators needed to have graduated from junior high school (Dharmawan 2002: 23).

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\(^{749}\) The “blind contract” meant that the project funds an intermediary NGO to pay for a fixed number of trips to the field but the project never knows who is going where, nor was there any prior review of what the journalists publish (Guggenheim 2004: 5).

\(^{750}\) Full partnerships with NGOs and the media were developed through contracts with over 40 NGOs and 31 journalists based in the provinces who were involved in independent monitoring of PPK. PPK provided training to these groups and sponsored national workshops to exchange ideas and experiences (World Bank 2003: 7-8).

\(^{751}\) Gender issues in Indonesia are neither simple nor easy to address. PPK’s affirmative action measures formed an initial step, but they were not enough to ensure women’s empowerment. Women formed a significant block of participants at the village and inter-village meetings, 32 to 37 percent of participants, but they were still the minority, and a generally silent one at that (World Bank 2003: 15).

\(^{752}\) A part-time village facilitator received US$15 a month. A full-time facilitator at \textit{kecamatan} level received a monthly base pay of US$135 to US$170 based on experience. In addition to salaries, the \textit{kecamatan} facilitator received about US$70-80 for motorbike and house rental, a travel allowance and additional funds to manage the PPK office (Edstrom 2002: 7).
When the PPK project commenced, within communities villagers could access personal loans and village communities could access revolving funds. Interest was set at commercial rates. The repayment of loans remained a major challenge. Repayment rates from the first two years averaged only 45 percent nationwide, with wide provincial variation (Li 2007: 248; World Bank 2003: 5). The micro-credit component of PPK was difficult to manage. External evaluation reports and household surveys indicated that a large portion of loans were allocated to better-off villagers (World Bank 2003: 5). Nevertheless repayment rates remained relatively low, and the micro-credit option was terminated at the end of the initial phase of PPK (Guggenheim, et al., 2004: 3). Subsequently, a key feature of PNPM was individual loans through the women’s savings groups (SPP), and is described below.

9.7. Some Outcomes of the Kecamatan Development Program

The first stage of the Kecamatan Development Program finished in 2002. Community and local government contribution levels rose as the project became more familiar and villagers saw for themselves that their investment proposals were actually funded. Community contributions across 15,000 villages averaged 17 percent. In West Java, community contributions exceeded 30 percent (Guggenheim, et al., 2004: 12). There were many communities where the villagers matched the contribution received from the project in cash or kind. In view of the fact that PPK provided relatively large investment funds to kecamatan – between US$ 60,000 to US$ 110,000 – these percentages represented substantial contribution from poor villages (Li 2007: 247).

A review of PPK projects showed them costing about 25 percent less than the next cheapest form of infrastructure construction and as much as 50 percent less than normal public works budgets for the same items. For a number of basic

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753 For example, the eastern provinces of Nusa Tenggara Timor and Papua had the lowest repayment rates averaging 10 to 20 percent while Yogyakarta and Central Java, with a long tradition of village credit activities were averaging 85 to 90 percent repayment rates (World Bank 2003: 5.)

754 Although ‘better off’ in this context meant only average earnings of US$1.25 to US$2.00 per day per capita averaged across members of a household (World Bank 2003: 5)

755 SPP: Simpan Pinjam Perempuan

756 As described below, this situation was not manifested in the ten villages in Kabupaten Cirebon where it became increasingly challenging to marshal volunteers for the PPK/PNPM projects. Some villages also continued to find it difficult to raise swadaya masyarakat, the people’s contribution for village projects.
facilities such as primary schools and clinics, water supply systems, and so on, PPK costs were less than half of public agencies’ expenses. With a billion dollar program, 25 percent lower expenditure levels represented major cost saving, and accounted for a large measure of local government’s rising interest in the project (Guggenheim, et al., 2004: 12).

A second stage of the Program began in 2003 and ended in late 2006. By the end of 2006 PPK was active in 30 provinces, 268 kabupaten, 2,006 kecamatan and 34,103 villages (Ministry of Home Affairs 2007: 3). A tenet of PPK was the participation of women in the planning process. In stage one special attention was made to the attendance of women at meetings. Studies found that they were not, however, actively involved in discussions. For this reason, in stage two, special women’s meetings were encouraged, which was an important development for more active involvement of women (Mc. Laughlin, Satu and Hoppe, 2007: 30). By 2005, 40 percent of programs were generated by women. This increased to 43 percent in 2006; 49 percent in both 2007 and 2008; and 59 percent in 2009.  

The third stage of the Kecamatan Development Program began in late 2005. From 1998 to 2006, PPK reached more than 50,000 villages while providing benefits to more than 11 million households. A World Bank report showed an increase in real per capita consumption of eleven percent among poor households and the number moving out of poverty at the kecamatan level was 9.2 percent higher in PPK areas than in non-PPK areas. As of December 2007 the cumulative disbursements for all sources of PPK funds since 1998, totalled US$1,208 billion. Local government contributions for the same period totalled US$119.8 billion (Ministry of Home Affairs 2007: 12). The national poverty rate fell from 16.7 percent of the population in 2004 to 14.1 percent in 2009. Some of this can be attributed to the impact of the Kecamatan Development Program.

9.8. National Community Empowerment Program for Self-Reliant Rural Villages (PNPM)

In September 2006, the Indonesian Government announced the implementation of a nationwide poverty alleviation program which would be built on the PPK and

760 PNPM: Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan
the Urban Poverty Program (PKP). All 70,000 villages in the country would be covered. The President of Indonesia, Susilo Bambang Yudhoyono announced that Program Pengembangan Kecamatan would be renamed Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan or PNPM Mandiri Perdesaan under the Ministry of Home Affairs. PNPM encompassed both urban villages (PNPM Perkotaan) and rural villages (PNPM Perdesaan). Regional governments continued to support PNPM by committing significant amounts from their own budgets to community block grants. This support was taken as recognition of the fundamental change in the way rural communities viewed the importance of participating in decisions that directly affect their development.

The main objectives and implementation strategies of PNPM remained basically the same as those of the PPK (Ministry of Home Affairs 2007: i). A vast network of support workers was established to implement the program:

<table>
<thead>
<tr>
<th>Table 9.1 Total PNPM Consultants and Facilitators as of December 2007</th>
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<tbody>
<tr>
<td>Nasional Management Consultants</td>
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<tr>
<td>Provincial Management Consultants</td>
</tr>
<tr>
<td>UPK (Financial Management Unit) Support Facilitators</td>
</tr>
<tr>
<td>Kabupaten Management Consultants</td>
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<tr>
<td>Kabupaten Assistant Management Consultants</td>
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<tr>
<td>Kecamatan Facilitator PPK/PNPM</td>
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<tr>
<td>Kecamatan Facilitator Pilot Generasi</td>
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<td>Kecamatan Facilitator Pilot Education</td>
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<td>Information Facilitators</td>
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<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Total Village-based Facilitators</strong></td>
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</tbody>
</table>

Source: Ministry of Home Affairs 2007: 4

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761 PKP: *Penanggulangan Kemiskinan Perkotaan*
763 The National Community Empowerment Program for Self-Reliant Rural Villages
764 PNPM *Generasi* was an pilot program designed to accelerate achievement of three Millennium Development goals:

- Universal basic education
- Reduction in child mortality
- Improvement in maternal health

*Generasi* is an abbreviation of *Generasi Sehat dan Cerdas*, which means “A Healthy and Bright Generation.”

Each village selects two village facilitators (one male and one female) to assist the *kecamatan* facilitator. Separate meetings are held for women. The PNPM activities within the villages remain as they were for PPK:

- A Sub-district Development Assembly (UDKP)\(^{765}\) is established in each participating village.
- Village Consultative Body (BKM)\(^{766}\) Signatures of three members of BKM must be on all bank forms required for every financial transaction for PNPM.
- Technical unit at *kecamatan* level (UPT)\(^{767}\)
- A Financial Management Unit (UPK) is set up by UDKP. This unit distributes the funds.
- Village Activity Teams (TPK)\(^{768}\)
- Self Help Group (KSM)\(^{769}\)
- Proposal Writing Team (TPU)\(^{770}\)
- Instalments are paid in 40-40-20 components.

PNPM is the Government of Indonesia’s Flagship poverty program.\(^{771}\)

Nationwide, PNPM contributed US$1.7 billion a year to rural communities. There were approximately 35 million poor who were beneficiaries. Women’s participation in PNPM projects averaged 45 percent as against four percent in other government projects (Guggenheim 2009). As of October 2009, PPK/PNPM programs have built or rehabilitated over 62,000 kilometres of roads, provided 11,000 clean water supply units, 11,000 irrigation schemes, 6,500 kilometres of drainage, 17,500 village health posts and 10,000 new schools (World Bank 2010).\(^{772}\)

In many ways, following the 1997 -1998 Asian Financial Crisis, PPK/PNPM eclipsed the poverty reduction programs of the New Order. However, despite its administrative bypass measures, PPK/PNPM remained a program of the Government of Indonesia. Carroll (2010: 10) claimed PPK/PNPM to be “a temporarily successful program” with reservations about the underlying agenda:

\(^{765}\) UDKP: *Unit Daerah Kerja Pembangunan*

\(^{766}\) BKM: *Badan Keswadayaan Masyarakat*

\(^{767}\) UPT: *Unit Pelaksana Teknis*

\(^{768}\) TPK: *Tim Pelaksana Kegiatan*

\(^{769}\) KSM: *Kelompok Swadaya Masyarakat*

\(^{770}\) TPU: *Tim Penulis Usulan*

\(^{771}\) S. Guggenheim: ‘Development and Village Politics in Indonesia’ Paper given at Asian Research Centre, Murdoch University Western Australia on November 26, 2009

Drawing upon the political technology of community-driven (participatory) development, the Kecamatan Development Program (KDP) in Indonesia seeks a radical realignment of social relations by bypassing the state and extending capitalist social relations at the local level and attempting to instil the ‘requisite’ institutional arrangements of accountability and transparency (Carroll: 2010: 11).

According to Li (2007: 275) critics have already begun to argue that community-based development has failed to live up to its promise:

It has not solved the problems of poverty and exclusion it was supposed to correct. Some critics argue that participatory approaches are tyrannical, embodying the illegitimate or unjust use of power to control, co-opt, contain, and manipulate people. The conclusion these people reach, however, is not that participatory approaches should be abandoned, but that they should be improved. ... Despite the promising language, contemporary development interventions emphasising community, participation, and empowerment still have crucial limitations (Li 2007: 275).

Within the context of PNPM, “powers are now vested with district governments, which are collaborating with civil society organisations to incorporate local preferences into village level and district plans. ... In spite of appearances, however, the patronage-based system of distribution of favours and largesse continue to dominate the administration of development in much of Indonesia” (Ito 2011: 420).

While it cannot be denied that PPK actively contributed to rural development by providing increased economic opportunities at village level, its second tenet to strengthen kecamatan and village-level government has been less successful. As Law No. 32 of 2004 concerning Regional Government was implemented, corrupt activities within regional political parties were exacerbated. ‘Money politics’ became one of the most popular expressions to explain the behaviour of members of parliament at the local level (Pratikno 2005: 31). Local governments still lacked capacity and were seriously compromised by corruption and failings of the political party system. In the villages, kepala desa, backed by political parties, disregard the BPD now called Village Consultative (rather than Representative) Councils.773 It is as though there are two parallel organisations within the villages. On the one hand the kepala desa and an ineffectual BPD; on the other hand the PPK/PNPM hierarchy which increasingly came under the control of the

773 BPD: Badan Permusyawaratan Desa
village government. Each organisation competes for the participation of human resources for projects in the villages.

Nonetheless, from the funding agency’s perspective, the World Bank’s Country Director for Indonesia, Joachim von Amsberg, argued that PPK/PNPM changed the paradigm of poverty alleviation efforts in Indonesia. More than 20 countries have visited Indonesia and studied PNPM to be implemented in their own countries.774

9.9. The Kecamatan Development Program in Kabupaten Cirebon
Kabupaten Cirebon embraced the Kecamatan Development Program from its inception. In the first year of the program, 1998, five kecamatan - Astanajapura, Ciwaringin, Plumbon, Waled and Mundu – covering 47 desa, participated in the scheme.775 In the first year Rp. 3,500,000,000 (US$ 389,900) was advanced to these kecamatan. Village development programs utilised 22.84 percent of the loan, and 77.06 percent was loaned to villagers for specific private enterprises. The repayment level was 46.09 percent. In the second year, Rp. 4,750,000,000 (US$ 689,405) was advanced. Of this 43.09 percent was used for community development programs while 56.91 percent was loaned to individual villagers. The repayment level was 62.20 percent.776

In the third year (2000), three more kecamatans, Kapetakan, Klangenan and Palimaran joined the scheme. This brought the number of participating desa in Kabupaten Cirebon to 126 and Rp. 8,000,000,000 (US$ 911,681) was advanced. Of this, 69.77 percent was used for community development programs and 30.23 percent was allocated as loans for villagers. The repayment level achieved for the loan schemes was 73.36 percent. The average repayment over the three years was 60.79 percent.777 In some villages, the program caused considerable angst. People borrowed money they could not repay; others said they thought the money was a grant and did not have to be repaid; other people refused to repay the loans arguing that it was government money which really belonged to the

775 Kabupaten Cirebon comprised 29 kecamatan which included 412 desa and twelve kelurahan
people. Subsequently, negotiations with prospective recipients were more discerning. Peer group pressure was applied to ensure that the loans approved were repaid so that others, in turn, could avail themselves of financial help.

Repayment of loans is a recurring problem. Although the micro-credit option of PPK was terminated at the end of the first phase, it was replaced by revolving funds for women’s groups (SPP) from which members could borrow small amounts of capital for income-generating activities. This program continued through subsequent stages of PPK/PNPM. In Desa Cikancas, there were four SPP groups each of which has about 40 members. The money borrowed by the women was usually applied to small trading ventures such as operating a warung or a catering service. However, sometimes the money was borrowed by a woman for her husband’s business. It was reported that in one SPP group in Desa Cikancas some elderly members were borrowing money for businesses managed by their grand children who lived in Jakarta. In this village, the loans were usually about Rp. 500,000 (US$ 55.70). The money was supposed to be repaid in instalments of Rp. 50,000 (US$ 5.57) each month for twelve months. If the group was punctual in repaying the loans, the leader of the group was given incentives by the Financial Management Unit (UPK). The repayment level was about 70 percent.

In Desa Ciawi Gajah there were six SPP groups each of which has ten members. Village women borrowed between Rp. 500,000 (US$ 55.70) and Rp. 1,000,000 (US$ 111.40). Repayments were around Rp. 100,000 (US$ 11.14) and Rp. 150,000 (US$ 16.36) a year. The level of repayment was 98 percent. Desa Jatipancur in Kecamatan Greged achieved 100 percent repayment and was seen as an example

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778 The fact that there was no concerted effort to demand repayment of the funds owing from the IDT program, may have initially given people the impression that the PPK funds would also not have to be repaid. Similarly, the Bupati had experienced problems with repayment in the early part of the DAKABALAREA program.

779 Interview H. Sutisna SH Bupati Cirebon July 2002

780 SPP: Simpan Pinjam Perempuan

781 Interview: Ibu Yayah, Facilitator PNPM Desa Cikancas, January 2011

782 Interview: Ibu Yayah, Facilitator PNPM Desa Cikancas, January 2011

783 Interview: Teh Eti, Kader PKK and Posyandu; Ketua Kelompok SPP, Desa Ciawi Gajah January 2011
(percontohan) for other villages in the kecamatan.784 One village in Kecamatan Beber, Desa Sindangkasih, used PNPM funds for its UP2K group.785

9.9.1. Desa Karangmulya – Kecamatan Plumbon

One of the kecamatans in Kabupaten Cirebon which has been actively involved in the PPK program since its inception is Kecamatan Plumbon. This kecamatan consisted of 29 villages (28 desa and one kelurahan). Five villages in Kecamatan Plumbon joined in this research. Three of those villages participated in the Kecamatan Development Program. One village was Desa Karangmulya.

Desa Karangmulya had a population of 3,188 in 1999, rising to 3,268 in 2008. This village could be compared with an urban neighbourhood in a big Indonesian city. Desa Karangmulya is situated on the main road to the provincial capital, Bandung. At the eastern side of the town is a military barracks. Because of the close proximity of Kota Cirebon, many of the citizens of Desa Karangmulya work in that city. The village took advantage of the expanding rattan export industry in Kecamatan Plumbon and exploited the need for accommodation of people working in the rattan industry by providing lodgings. The village market (Pasar Desa) is an important source of income for the villagers, and is the economic centre of the village. Consumers and traders come, not only from the village, but from neighbouring villages – sometimes from far afield and from neighbouring kecamatan. The villagers have shown enterprise in supporting and diversifying the services of the village market. Local markets not only play an important commercial and social role in communities, but contribute to local government income by paying levies (retribusi) to the kabupaten administration.

Desa Karangmulya had a number of gotong royong groups in the village, each of which had between 50 and 120 members, which is an indication of a strong base for social capital formation. Their activities ranged from building houses; building and maintaining roads and bridges and other public facilities; and keeping the

784 Pers. comm. Uzair Fauzan January 2011
785 UP2K: Usaha Peningkatan Keluarga, formed in 1998, is a Family Income Improvement Group and part of the Main 10-part Program of the PKK. It is a community effort to increase family incomes. Apart from using money for improvement to existing businesses, funds are used to foster the capacity of families to be self-employed; and to expand employment (http://pkk.tanjabbarkab.go.id/up2kpkk.htm) (Accessed June 2011).
village clean. Five teams of ten men acted as voluntary village security guards.\textsuperscript{786} There were farmers’ organisations and four cooperatives with about 200 members.\textsuperscript{787} Many political parties\textsuperscript{788} were represented in the village. Other groups in the village included those who support Islamic obligations and ceremonies.\textsuperscript{789} A comprehensive neighbourhood organisation for youth\textsuperscript{790} provided opportunities for young people to enjoy sport and recreation, and to participate in *arisan*.

The village was fortunate in being home base for a number of people with economic training and expertise, who supported and encouraged village activities. They are groups of civil servants, teachers, and government officials; many of whom worked in the city of Cirebon, and who actively contributed their time and became group leaders. The *camat* suggested that perhaps these people could be described as part of an emerging middle class (*kelas menegah*) who were aware of, and prepared to help improve, the lot of their neighbours.\textsuperscript{791} Some of these people were part of the 13-member Village Representative Council (BPD) which was elected when the 1999 Laws were implemented in 2001. The BPD reportedly worked well with the *kepala desa*.

Variables which contributed to the initial success of Desa Karangmulya’s participation in the Kecamatan Development Program include:

- The enthusiasm, personality and drive of the *camat* in Kecamatan Plumbon who encouraged participation in the program;
- The energetic leadership of the *kepala desa*, and his wife, in support of the program;
- The accumulation of social capital within the *kecamatan*, and especially built up over time by the active involvement of the women of Desa Karangmulya;
- The close proximity of Kota Cirebon;
- The long-established and expanding market place in the village itself, attracting passing trade in addition to servicing the community;

\textsuperscript{786} Kelembagaan Keamanan
\textsuperscript{787} Monografi Desa, Desa Karangmulya 1999 – 2003; Daftar Isian Potensi Desa: Desa Karangmulya 2004 – 2006
\textsuperscript{788} They include: Partai Demokrasi Indonesia – Perjuangan (PDI-P), Partai Golongan Karya (Golkar), Partai Perbangkitan Bangsa (PKB), Partai Persatuan Pembangunan (PPP), Partai Keadilan Sejahtera (PKS), Partai Amanat Nasional (PAN), Partai Sosialis Indonesia (PSI), and Partai Nasional Indonesia (PNI)
\textsuperscript{789} These include Majelis Taklim Kegiatan Upacara Adat Setempat; Kegiatan Hayat Bumi; Kegiatan Bersih Kuburan; Kegiatan Penguburan Mayat.
\textsuperscript{790} Karang Taruna
\textsuperscript{791} Interview: Camat Plumbon, July 2002
The burgeoning rattan export industry centred on Kecamatan Plumbon;
The Village Representative Council (BPD) which was formed immediately after the 1999 Village Government Law was implemented and cooperated effectively with the village head.

When asked why he thought the program was outstandingly successful in Desa Karangmulya, the former Bupati H. Sutisna suggested it was because of the high level of involvement of the women in the village; their assurance and pride in their community. Kecamatan Plumbon received recognition from the World Bank because of its successful operation of the Kecamatan Development Program in their community.\textsuperscript{792}

Only some of these variables could be found in the two other study villages in Kecamatan Plumbon, (Desa Purbawinangun and Desa Karangasem) which were part of this research and which also joined the Kecamatan Development Program. Neither village experienced the dynamic boost from the PPK that was experienced by Desa Karangmulya. Desa Purbawinangun was a farming community with eighty percent of the workforce involved in agriculture. There were very few traders or business people in this village and no market place. The rattan industry brought significant economic rewards to this community as many people were employed in the industry. Fewer young people were prepared to work in the farming sector, leaving the elders to accept the lion’s share of responsibility for growing food crops, which was of concern to the kepala desa.\textsuperscript{793}

The participation of these villagers in the PPK was directed firmly towards supporting their rural lifestyle. Desa Karangasem, on the other hand, was close to the city and many of the people worked in the city of Cirebon. A new toll road cut through the village. The main concern of the villagers was to re-establish and maintain village institutions and facilities utilising compensation funds received for the appropriation of land for the new road. Nevertheless, by 2011, a member of Village Consultative Body (BKM)\textsuperscript{794} in Desa Karangasem, said that she thought

\textsuperscript{792} Pers. comm. H. Sutisna SH Bupati Cirebon, January 2003
\textsuperscript{793} Interview Kepala Desa Ny. Renesih K., Desa Purbawinangun, August 1999. When asked what she would wish for her village if she was granted one wish, she said she would like two tractors to work in the rice paddy.
\textsuperscript{794} BKM: Badan Keswedayaan Masyarakat
PNPM was more active than the village council (BPD), and more effective than the former PPK. In her opinion PNPM managed the finances better than PPK.\footnote{Interview: Ibu Saemah, Kader Posyandu, Desa Karangasem, February 2011 who was a business woman, and actively involved in posyandu for many years. She has been a member of the Social Activity Unit (UPS); the Community Management Unit (UPL); the Financial Management Unit (UPK) and the Self Help Group (KSM) within PNPM.}

\subsection{The Women of Desa Karangmulya}

For many years Desa Karangmulya willingly participated in many welfare and development programs organised by kabupaten and kecamatan administrations.\footnote{Development programs with which Desa Karangmulya have been involved include: Desa Percontohan Program Keluarga Sadar Hukum (Kadarkum); Program Hukum Masuk Desa; Program Kelompencapir and Program Kependudukan.} There was a wealth of voluntary organisations in Desa Karangmulya: social service groups; financial and credit groups; religious groups and groups which support government administration. The largest and the most vigorous was the Family Welfare Movement (PKK). The activities of the PKK, which had a management committee of between twenty and thirty women, were extensive. They organised four posyandu and an after school health-clinic for school-age children. There was a puskesmas with overnight accommodation and a doctor.\footnote{Puskesmas Dengan Tempat Penginapan: Puskesmas DTP} One of the four large arisan regularly held in the village was conducted by the kaders of the posyandu, who managed another savings and lending group (SPP). Members of the PKK provided supplementary food (PMT)\footnote{PMT: Pemberian Makanan Tambahan} for the children at the four schools and two kindergartens. PKK members were also concerned with improving sanitation in the village.

There were no women on the BPD in Desa Karangmulya,\footnote{It should be remembered that from 2001 – 2004, BPD in Kabupaten Cirebon were elected by heads of households (kepala keluarga) who were usually male. However, even by 2010 there was only one woman on the BPD.} which is surprising considering that, during the New Order, the head of the PKK was a member of the LKMD. Although the women of Desa Karangmulya cannot be described as “outward looking”\footnote{As described by Sullivan (1994: 70)} they were prominent leaders in their community for a long time, and the PKK was a very active and motivated organisation. Women involved in various types of activities were recipients of funds from the Kecamatan Development Program. Many of the women were small traders in the Pasar Desa. There are also those who developed cottage industries (industri rumahtangga).
manufacturing small foodstuffs, and those who established catering businesses. Some of the women were the main breadwinners for their households. Until 2002, of the 511 people who received funds from the Kecamatan Development Program in Desa Karangmulya, 358 were women. There were numerous ways the Kecamatan Development Program supported efforts to encourage poverty reduction programs in Indonesia. For example, even within poor villages, the poorest of the poor were disproportionately made up of households headed by females. The socio-economic situation of female headed households made it difficult for the women to earn sufficient income. These marginalised women did not attend meetings and were thus less well represented in PPK’s normal decision-making (Guggenheim, et al., 2004: 17). Many of these women were accumulating debts to money lenders charging high rates of interest.

In Desa Karangmulya, borrowers from PPK were usually limited to borrowings of around Rp.100,000 (US$11.40) to Rp.200,000 (US$22.80). Desa Karangmulya had been consistent in this, maintaining a return to UPK of between 80 and 100 percent. Compared to world-wide evidence, on micro-finance schemes which indicate that default and delayed repayment rates are often high the Bupati of

801 Until 2002, of the 511 people who received funds from the Kecamatan Development Program in Desa Karangmulya, 358 were women.
802 Mbok Satrio had been discriminated against by her deceased husband’s family and received nothing from his estate. She once successfully managed a shop with her late husband. When she was widowed, she had to start again from nothing, to support her household. With backing from PPK, she began selling snacks from door to door. In 2000 she started a new enterprise, a warung, near her house. Because of the increased activity in the rattan industry she started to sell food and drink to the workers in the factories. She borrowed Rp. 100,000 (US$11.40) through the PPK fund to buy the initial goods for the warung, and to buy vegetables and other daily needs of her neighbours who also became her customers (Interview: Drs. Rony Rudyana, May 1999 and July 2002).
803 Micro finance loans are often rolled over and refinanced rather than the lender admit that the loans have not been repaid. Grameen Bank, launched in Bangladesh in 1976 and which pioneered loans for the poor, was an example of loans not repaid, or turned-over. In two northern districts of Bangladesh that have been used to highlight Grameen’s success, half the loan portfolio was overdue by at least a year, according to monthly figures supplied by Grameen. For the whole bank, 19% of loans were one year overdue. Grameen itself defines a loan as delinquent if it still isn’t paid off two years after its due date. Under those terms, 10% of all the bank’s loans were overdue (The Wall Street Journal November 27, 2001). However, recent information from the Grameen Foundation Website (http://www.grameenfoundation.org/what-we-do/microfinance-basics Accessed on July 4, 2012) reported that repayment rates averaged between 95 and 98 percent. Roslan and Karim (2009: 45) agreed that loan repayments of Grameen Bank in Bangladesh were almost always above 95 percent. In Malaysia, the repayment rate of Amanah Ikhtiar, which is a modified replication of the Grameen Bank, is about 97 percent. Oke, Adeyemo, and Agbonlahor (2007: 63) confirm that in South Western Nigeria, microcredit repayments on average reach 90 percent. But in all cases the loans had more flexible repayment periods.

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Cirebon confirmed that Desa Karangmulya had indeed repaid 100 percent in the first and second years and 85.25 percent in the third year, which was an average of 92.63 percent over the three years.\(^{805}\) In 2010 in Kecamatan Beber, because one of the villages in the kecamatan misused the allocated fund in the previous year no village in the kecamatan received PNPM grants.\(^{806}\) This case of corruption is pending, but the villagers think that there is no fair punishment for such misconduct, if other villages must bear the brunt.\(^{807}\)

While the women of Desa Karangmulya were occupied with their individual economic activities, they were also influential in directing PPK funds to the development of village infrastructure.\(^{808}\) They used development funds to build paths to public lavatories in the village and to establish safe bathing places in the river. In this way the funds were utilised in the acquisition of facilities for healthier living. According to the kepala desa, funds were also used by the women to cement some small alleyways (gang) in the village. The activities of the women in Desa Karangmulya demonstrate how women’s groups can organise themselves efficiently and effectively and have a role in the process of decision making in their community.

As well as building social capital, communities need strong and motivated leadership to coordinate development programs. Coleman (2007) considered that it was almost impossible for social capital to flourish in communities of very low socio-economic status. He gave the example of subsistence farmers, where, because of the demands of their arduous workload, it was difficult for community leaders (both men and women) to emerge, and community organisations to be established. In Desa Karangmulya, the former kepala desa and his wife were a dynamic duo, who gave strong leadership to the community. After 2004, in Kabupaten Cirebon, kepala desa were again appointing their wives, or close female relatives, as heads of PKK.\(^{809}\) In Desa Karangmulya the current kepala

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\(^{805}\) Pers. comm. H Sutisna SH Bupati Cirebon, January 2003

\(^{806}\) The problem of the misuse of funds and the non-repayment of loans is not peculiar to Indonesia. For example, sanctions against recalcitrant groups in Senegal for non-repayment are described by Duffy–Tumasz. She also cites instances in Bolivia, Bangladesh and Nepal (Duffy–Tumasz 2009: 248).

\(^{807}\) Interview: Nur Rochim, Kaur Ekbang, Desa Ciawi Gajah, January 2011. This case of corruption is still to be processed.

\(^{808}\) Interview: Kepala Desa, Desa Karangmulya, August 2002

\(^{809}\) Pers. comm. Agung Gumilang, January 2010
desa has a younger wife, who is not a local person. She does not socialise with the village women, but with the wives of the military personnel who live in the army barracks on the edge of the village. While she is the nominal leader of the PKK in the village, her focus is the PKK at kecamatan level. She has represented the village in competitions conducted by PKK in Kecamatan Plumbon. When interviewed, she had no information about the posyandu in the village. A kader in another village said that it was very difficult to attract “bawahan” to help in the posyandu if the wife of the kepala desa was not motivated or previously an active member of PKK or a posyandu kader. One of the village women in Desa Karangmulya accepted responsibility for the day-to-day activities of the PKK. She has a committee of five to help her. Previously there was a committee of 20 – 30 active members.

Although the lack of robust leadership can be a contributing factor in the socio-economic status of a community, it must be remembered that Desa Karangmulya was the centre of the burgeoning rattan industry with a preponderance of its population dependent upon that industry for their livelihoods. The decline of the rattan industry in the kabupaten from 2005, which saw 32,000 workers, subcontractors and piece workers made redundant, caused a serious economic downturn. The health sector data confirmed a decline in the health of the population. In 2005 the kabupaten administration granted an extra Rp. 300 million (US$ 30,602) for the gift of supplementary food program (PMT) through posyandu. The Kecamatan Development Program (PPK) in Cirebon also worked with the Health Department through the posyandu to improve children’s nutrition. By 2005 living conditions in the whole of Indonesia, not only in communities that had become dependent on the rattan industry, became very

810 *Ibu Kepala Desa*, Desa Karangmulya comes from Yogyakarta.
811 *Ibu Kepala Desa* paid all of her expenses for these competitions. (Interview: *Ibu Kepala Desa*, Desa Karangmulya, February 2011).
812 *Bawahan*: people from a lower social strata
814 Ibu Su. explained her involvement: About five years earlier she was asked by the previous designated midwife to get involved in PKK. They were old friends, having been to the same elementary school. She wanted more villagers to participate in PKK activities. Ibu Su. considered herself to be a “common” villager, not a wife of “aparat desa” (village officials). She worked as a tailor in her own home. She said that Ibu Kuwu was not one of the five women on the committee. “She only monitors PKK activities. The active ones are the wives of RT or RW leaders,” she said. (Interview Ibu Su., *Kader PKK*, Desa Karangmulya, April 2012).
difficult indeed. In October 2005 as a consequence of a significant rise in world oil prices, fuel prices throughout Indonesia were increased by an average of 114 percent (Sen and Steer, 2005: 285). To compensate, the government under Inpres No. 12 of 2005,817 instigated an unprecedented cash compensation program for poor and near poor households. In December 2008, because of the global food security crisis, a second round of Cash Transfers was commenced in accordance with Inpres No. 3 of 2008.818

In 1999, in Kecamatan Plumbon, 11.53 percent of families were classified pre-prosperous (Keluarga Pra-Sejahtera). In Desa Karangmulya in 2005, from a total of 755 families, 170 families, or 22.51 percent of families, were living below the ‘poverty line’, Keluarga Pra-Sejahtera. Another 42 families were classified as Keluarga Sejahtera 1, marginally above the poverty classification. In 1999 there were no mal-nourished children in Desa Karangmulya. By 2002 there were four mal-nourished children in the village and the number had grown to 27 in 2005.819 There remain four active posyandu in the village, but the number of kaders has fallen from 30 in 1999 to 15 in 2012.820,821 These figures suggest that, although there had been a very high participation of villagers in voluntary organisations, over the last ten years there has been a significant change in the dynamics in the village. It is not realistic to expect the dynamism of the previous kepala desa and his wife to be automatically replicated. Ibu Su., a PKK leader in the village, said that it was difficult to attract younger women to be active in the PKK.822 As Putnam (1990: 18) suggests “civic involvement generally doesn’t bloom until middle age”. Dharmawan (2002: 2) emphasised the “positive link between social capital and household welfare”. In Desa Karangmulya, since the collapse of

817 Instuksi Presiden Republik Indonesia Nomor 12 Tahun 2005 tentang Pelaksanaan Bantuan Langsung Tunai Kepada Rumah Tangga Miskin
818 Instuksi Presiden Republik Indonesia Nomor 3 Tahun 2008 tentang Pelaksanaan Bantuan Langsung Tunai untuk Rumah Tangga Sasaran
820 Interview: Ibu Su., Kader PKK, Desa Karangmulya, April 2012.
821 These figures are not peculiar to Desa Karangmulya. There are fewer kaders in each of the ten study villages than in 1999. In Desa Karangmulya the kaders are given no honoraria. As an incentive each year they are each given Rp. 70,000 (US$ 7.42) to cover the cost of their uniforms
822 Interview: Ibu Su., Kader PKK, Desa Karangmulya, April 2012
the rattan industry, about 50 - 60 local women have gone to work in other countries.823

It can be argued that after 2005, the problems of Professor Coleman’s ‘subsistence farmers’ were visited upon the citizens of Desa Karangmulya; that people were so engrossed in their time-consuming activities of gathering basic needs that there was no time to participate in community activities. Conversely, the kepala desa in one village said that the recipients of widespread subsidies such as BLT824 and Raskin825 were increasingly reluctant to participate in voluntary activities. They asked how much money they will be paid whenever they are asked to participate in community activities.826

9.10. All the Kecamatan Join the Program

In 2004, in Kabupaten Cirebon, 199 villages were participating in the Kecamatan Development Program (Abadi 2006:13). By 2005, all the kecamatan in the kabupaten had joined. Each village maintained multiple savings and lending groups (SPP). Efforts were made to keep PPK free of corruption. In Kamarang Lebak one villager showed photos of an auction where local contractors were competing to give the best deal for construction materials to be used for PNPM projects.827

Some villages continued to find it difficult to raise the people’s contribution (swadaya masyarakat) for village projects. All projects funded by PNPM should be accompanied by a people’s contribution which is usually written on a wooden information plank located on the project site. One kepala desa said that the amount was usually fabricated for formality. In reality the amount might be much less or even nothing at all. He said that people remember the bangdes828 funding of the New Order government and expect PNPM projects to be funded similarly.829 The head of the BPD also spoke of the problems of raising community funds for PNPM projects. Villagers often only contributed by

823 Saudi is the most popular destination, but many others have gone to Singapore, Taiwan and Hong Kong (Interview: Ibu Su., Kader PKK, Desa Karangmulya, April 2012).
824 BLT: Bantuan Langsung Tunai, Direct Cash Transfers
825 RASKIN, Beras untuk Rakyat Miskin, rice for the poor
826 Interview Pak Nur, Kepala Desa, Desa Purbawinangun, February 2011
827 Interview: Pak Suyadi (aka Gayo) member of BPD in Kamarang Lebak, January 2011
828 Bangdes: bantuan pembangunan desa, government program for rural development
829 Interview: Toto, Kepala Desa, Desa Cikancas, January 2011
providing food for the workers on the projects. Desa Cikeduk found it difficult to find villagers who were willing to participate in voluntary works. Those with tertiary education were especially reluctant to become involved. Initially, the village council decided to require those who sat on the Village Consultative Body (BKM) to have at least graduated from high school. After several meetings, they finally revised the policy to enable appointments of people who had graduated from junior high school. Desa Cikancas also reported the difficulty of recruiting volunteers to help with the projects, particularly during planting or harvesting time. As a result paid labour must be hired. While this made the project more expensive, perhaps exceeding the budget, an aspiration of the Kecamatan Development Program was that poor people were to be major beneficiaries from millions of days of paid labour in construction projects.

Into this century, the concept of participatory approaches in development programs has attracted critical commentary. Cooke and Kothari (2001) and their co-authors write of the potential for ‘tyranny’ in the focus on participation in development programs. They argue that the exaggerated emphasis on participation which is often token, whether by bureaucracy, by NGOs or by development agencies, is frequently coercive and without benefits claimed. However, in reply, Hickey and Mohan (2004: 3) say “the evidence so far in the new millennium suggests that participation has actually deepened and extended its role in development ... that people in developing countries are continually devising new and innovative strategies for expressing their agency in development arenas.”

One project for which PNPM funds have been used in a number of villages in the kabupaten is the construction of afternoon schools for religious studies, madrasah diniyah (MD). There are anecdotal reports that, in 2008, Bupati Dedi Supardi gave a verbal instruction that by 2012 all elementary students who wished to continue to high school were required to have a certificate of

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830 Interview: Pak Juari Ketua BPD Desa Cikancas January 2011
831 BKM: Badan Keswadayaan Masyarakat
832 Interview: Kaur Ekbang, Kaur Kestra and Kader Posyandu Desa Cikeduk, February 2011
833 Interview: Toto, Kepala Desa, Desa Cikancas, January 2011
834 It is unclear how PNPM funds can be used for this activity when “religious purposes” are excised from activities which may utilise PNPM funds (Guggenheim, et al., 2004: 8fn).
graduation from MD. The kabupaten government allocated Rp. 1,000 (US$ 11 cents) per student each month for MD fees.

The Bupati of Cirebon during the first and second stages of the Kecamatan Development Program, from 1998 until 2002, said the most pleasing aspect was the participation and cooperation of the people in the program. Villagers discussed the planning and the implementation of the detailed and various parts of the programs. He was particularly pleased that people were encouraged to develop private enterprises and that many people earned additional income because of the scheme. He felt that within the bureaucracy people had a change of perception about “productive aid”. However, subsequent research shows that the very poor in Kabupaten Cirebon were benefitting less than others from PPK/PNPM (Abadi 2006: 112).

In 2003, Abadi comprehensively surveyed 100 households in Kabupaten Cirebon who had accessed funds from the Kecamatan Development Program:

- The average size of households was 4.44 persons;
- The average monthly income of the household was Rp. 312,000 (US$ 32.10);
- Sixty three people described themselves as traders;
- Six were farmers;
- Fifty three had only attended primary school (SD), and only 55 percent of those had graduated from primary school;
- Sixteen had attended senior high school.

Abadi found that this group had inadequate access to technology and most were without basic services such as electricity and water. They did not participate in the PPK planning process. The poor were not well represented in the kabupaten government, in part due to their lack of education (Abadi 2006: ii). There was a sense of powerlessness and voicelessness in the group (Abadi 2006: 106). Many of those who accessed capital from PPK used the funds for everyday living expenses: food, clothing, housing, education and health. They looked upon the PPK money, not as a loan but as a gift that did not have to be repaid (Abadi 2006: 110). People participating in PPK complained that they had inadequate access to markets for their produce. Although many of the poor have limited education,

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835 One member of a BPD January 2011 stressed that it was a verbal instruction only and not ‘surat edaran’ (a circular or press release). Interview, January 2011.
836 Interview: Pak Suyadi member of BPD in Desa Kamarang Lebak, January 2011
Abadi considered that participation in technical courses could be beneficial to this group of people (Abadi 2006: 112).

Kabupaten Cirebon continues to need support. In 2008 the number of unemployed reached 85,729 persons or 9.3 percent of the population. The number of under-employed was about 200,000 or 21.4 percent of the population. Thirty two percent of the population or approximately 900,000 people were classified as poor. The number of villages considered in absolute poverty (pra-sejahtera) was 34.43 percent of villages (146 of 424). Poor people have no reserves, no savings. When there is an economic downturn they have no resilience. In Kabupaten Cirebon, after ten years of PPK/PNPM programs, there was an increase of households classified as pre-prosperous (pra-sejahtera) from 25.19 percent in 2000 to 30.91 percent in 2008 (See Table 9.2 below), which is undoubtedly also a reflection of the deteriorating economic circumstances. Further research is needed to show why the number of marginal Stage I Prosperity families declined, while both the Pre-prosperous and Stage II prosperity groups increased. This seems to suggest a trend towards polarisation that may reflect the widely recognised limited reach of interventions aimed at poverty alleviation strategies such as those introduced with PPK/PNPM.

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<td>Pre-prosperous</td>
<td>25.19</td>
<td>26.19</td>
<td>30.91</td>
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<tr>
<td>Stage I Prosperity</td>
<td>35.32</td>
<td>36.07</td>
<td>27.91</td>
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<tr>
<td>Stage II Prosperity</td>
<td>20.80</td>
<td>19.64</td>
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<td>Stage III Prosperity</td>
<td>15.04</td>
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<td>Stage III prosperity Plus</td>
<td>2.65</td>
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Commencing in 1995, BKKBN classified every Indonesian household into one of four levels of socio-economic status: Pre-prosperous (Keluarga Pra-Sejahtera), then three stages of prosperity (Keluarga Sejahtera I – Keluarga Sejahtera III). An additional category for well-off households was stage 3 prosperity-plus (Keluarga Sejahtera III plus) (Sumarto Suryahadi, and Widyanti, 2001: 10; Usman and Mawardi 1998: 1). The PNPM microcredit program may have contributed to improvement in 2008 from among the the Stage II prosperity group, but not the two poorer categories. However, it is not possible to directly attribute these outcomes to the PNPM program.
9.11. Summary

The World Bank’s appraisal report for the Kecamatan Development Program opened by citing the need to engage village institutions in local governance reform, and in this sense the project located itself squarely within Putnam’s arguments on democratic reform in Italy (Bebbington, et al., 2004: 53). The design and implementation of PPK initially entailed a large investment by the World Bank. The planning required significant analytical work on community-level institutions and their relationship with formal public institutions. The fundamental approach of PPK was to mobilise and develop the capacity of rural communities to take an active role in improving the quality of a range of social services and in building small-scale infrastructure. Although programs initiated a range of bottom-up reforms, initially care was taken to build on local voluntary planning structures. From initial access to PPK funds, villagers were encouraged to accede to a detailed set of rules obliging them to form committees, hold consultations, and interact in new forums. As the program progressed, new consulting roles were established: facilitators, NGOs, journalists, accounting groups and so on, all of whom were funded and therefore likely to wither away if funding ceased.

Within the PPK/PNPM project, many villages continued to find it difficult, not only to raise the people’s self-help (swadaya masyarakat) contribution for village projects, but also to find villagers who are willing to work in a voluntary capacity. In Kabupaten Cirebon the very poor have benefitted less than others in the program. At the same time the challenge of non-repayment of loans remains unresolved.

The innovations of PPK/PNPM prevailed, not in the conventional activities of rural infrastructure and credit, which represented the main focus of these village programs, but in the implementation of project planning and delivery. Tackling corruption was an important aspect of planning. PPK/PNPM instituted a vigorous system of checks and balances which encouraged transparency and social inclusion (Edstrom 2002: 1). There remains, however, evidence of some corrupt activities in the ten study villages, for which the villagers have little recourse.

The second tenet of the PPK/PNPM’s project was to strengthen kecamatan and village-level government. The move towards decentralisation, culminating in the implementation of the 1999 Regional Autonomy Laws in 2001, created a fertile
environment for the Kecamatan Development program to be introduced. It was anticipated that the years of hard-line authoritarian rule; the inheritance of top-down development planning; and the lack of accountability and transparency would be addressed. The expectation was that control of local politics would pass to the people. With the implementation of the 2004 Laws concerning Regional Government the balance of power in the villages became distorted and the unchecked authority of the village head was restored. In Dharmawan’s résumé of the second Local Level Institutions study (LLI-2) in 2000 -2001 he said: “there is a disconnect between communities and government: government does not work well with the existing capacity and creates barriers that have resulted in institutional gap” (Dharmawan 2002: 2). It appears that, basically, little has changed. If, as Guggenheim (2004: 33) suggested, the true test of the PPK/PNPM is the extent to which changes introduced by the program “carry over into other areas of community decision making”, PPK/PNPM cannot be portrayed as an unambiguous success. Nonetheless, the multitude of infrastructure developments and facilities built with PPK/PNPM funds were those selected by the participants in each project, and in varying degrees expanded the number of villagers involved in local development programs. The longer term impact of the program remains to be assessed.
Chapter 10
Conclusion
With the implementation of the 1999 Regional Autonomy Laws in 2001, Indonesia embarked on simultaneous programs of political, fiscal and administrative decentralisation, moving the country from one of the most centralised political systems in the world to one of the most decentralised. This move resulted in civil society being given unprecedented opportunities to participate in local governance and other mutually beneficial activities. As a result of combined democratisation and decentralisation policies in the immediate Post-Suharto period, Antlov (2003a: 80) estimated that more than half a million democratically elected Village Representative Council (BPD) members were in a position to act politically. This thesis endeavoured:

- To examine the impact on regional government of the Regional Autonomy Laws of 1999 and 2004;
- To assess the implications of these changes in law and policy for the democratic process and community participation; and
- To investigate whether the implementation of decentralised policies have resulted in better development outcomes, particularly in the fields of education and health.

10.1. Local Governance and Participation
Into the 21st century, the debate concerning the effectiveness and efficiency of decentralisation programs persists. In Indonesia, Law 22 of 1999 concerning Regional Governance was based on the premise that the relationship between the central government and regional administrations would be founded on the devolution model of political decentralisation. In the preamble to the law it was stated that in the “... organisation of Regional Autonomy, it is deemed necessary to emphasise more the principles of democracy, community participation, equity and justice, as well as to take into account the Region’s potential and diversity.” Any policy destined to achieve effective decentralisation in Indonesia must, as a basic tenet, accept and understand the unique conditions of each specific region. Local governments and their bureaucracies become part of the decentralisation process as they negotiate with the central government and its administration.

For the first time since 1955, Indonesia held free and open elections at national, provincial and district levels on June 6, 1999. These elections were a major step in

840 Undang-Undang Republik Indonesia Nomor 22 Tahun 1999 tentang Pemerintahan Daerah
Undang-Undang Republik Indonesia Nomor 25 Tahun 1999 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah
841 BPD: Badan Perwakilan Desa,
building a nationwide political constituency for decentralisation. The 1999 Regional Autonomy Laws reinforced the focus of regional autonomy at the district (kabupaten or kota) level of government. The newly elected Village Representative Council (BPD) encouraged kepala desa to adopt inclusive decision-making in their administrations, which enabled villagers to participate in the management of their communities. Nonetheless, undemocratic practices were not eliminated by the legislation. Although the BPD were meant to be composed of properly elected representatives, in most of the villages in Kabupaten Cirebon members of BPD were only elected by heads of households (kepala keluarga) which disenfranchised the majority of women, and resulted in very few women being elected to the Council. However, for the first time village women had the right to participate in an election for the leaders of the women’s organisation, the PKK. BPD members, who represented a wide range of occupations, were elected immediately the 1999 Law was promulgated. The Village Community Resilience Council (LKMD)\textsuperscript{842} was abandoned and a Community Development Council (LPMD)\textsuperscript{843} was developed as an advisory body for each kepala desa.

But even as the 1999 Laws were being executed, various central government regulations were implemented to limit their effectiveness. There was concern that regional governments had embellished their powers in exercising their autonomy; while the central government was criticised for its reluctance to devolve more authority to local governments. Law No. 32 of 2004 concerning Regional Government\textsuperscript{844} was promulgated to restore more power and authority to central and provincial governments. From 2004, the President and Vice-President of the Republic of Indonesia are directly elected. Subsequently, regional heads (gubernur, bupati and walikota) and their deputies are similarly elected by the pilkada.\textsuperscript{845} In direct elections, candidates are selected and endorsed by one of the major political parties or by a coalition of smaller political parties. The pilkada encouraged well-connected bureaucrats and wealthy businessmen to join forces to profit from political candidacies. The implementation of the 2004 Regional Government Laws witnessed the permeation of party politics and ‘money politics’ into every level of government. Thus, although adult suffrage was maintained, and despite the expectation that, under the 1999 Laws, control of local politics would pass to the

\begin{flushright}
\textsuperscript{842} LKMD: Lembaga Ketahanan Masyarakat Desa
\textsuperscript{843} LPMD: Lembaga Pembangunan Masyarakat Desa
\textsuperscript{844} Undang-Undang Republik Indonesia Nomor 32 Tahun 2004 tentang Pemerintahan Daerah
\textsuperscript{845} Pilkada: Pemilihan Kepala Daerah dan Wakil Kepala Daerah
\end{flushright}
people, power in fact shifted to the elite of the political parties and the people remained marginalised (Pratikno 2005: 30; Rasyid 2003: 65). However, the people in the ten study villages seemed less concerned about political domination, than about the endemic corrupt activities of their political leaders.

The 2004 Law changed the Village Representative Council into a consultative body whose members were determined through deliberation (musyawarah mufakat), rather than the explicit requirement of an election, and who no longer had decision-making powers. In the ten study villages, the implementation of the 2004 Law brought great disillusionment. While the kepala desa was still elected by adult suffrage, the BPD was appointed by the kepala desa just as the LKMD had been appointed during the New Order. The BPD meet infrequently and play little role in the day to day village affairs. Whereas the 1999 Laws emphasised the principles of democracy, community participation, equitable distribution and justice, the implementation of the 2004 Laws diminished many of these values.

10.2. Welfare Programs

A number of welfare and development programs were examined as part of this research. The recurring impediment to the successful execution of all of these programs was the failure to accurately target prospective recipients. None of the programs met best-practice targeting criteria and most of the programs could readily be exposed to corrupt practices. A lesser difficulty was differentiating between welfare payments that were grants and payments that were loans. These problems continued through successive parliaments and presidencies. Neither the implementation of the 1999 Regional Autonomy Laws, nor the ensuing implementation of the 2004 Laws, mitigated these irregularities. However, the planning for the Kecamatan Development Program (PPK) included wide ranging provisions for villagers to participate in program planning; and endeavours to curb corruption.

Hickey and Mohan (2004: 159) summarise a standard of excellence for participatory development programs:

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846 BPD: Badan Permusyawaratan Desa, Village Consultative Council
847 In 2007, the Kecamatan Development Program, Program Pengembangan Kecamatan (PPK) was formally renamed Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan or PNPM Mandiri Perdesaan (National Community Empowerment Program for Self-Reliant Rural Villages).

280
Participatory approaches are most likely to achieve transformations where (i) they are pursued as part of a wider (radical) political project; (ii) where they are aimed specifically at securing citizenship rights for marginal and subordinate groups; and (iii) when they seek to engage with development as an underlying process of social change rather than in the form of discrete technocratic interventions.

10.3. The Kecamatan Development Program (PPK)

The Kecamatan Development Program (PPK), which was implemented by the World Bank, was among the first large development projects funded by the World Bank to draw directly on social theory, in particular the importance of community participation and empowerment (Bebbington, et al., 2004: 56). The Kecamatan Development Program aimed at alleviating poverty in rural communities; and strengthening local government and community institutions. The fundamental approach of PPK was to mobilise and develop the capacity of rural communities to participate in an active role in development projects. Consideration was given to ameliorating difficulties which had been experienced in previous welfare and development programs.

The implementation in 2001, of the 1999 Laws, provided a positive environment within which PPK could operate. The responsibility for planning passed from the centre to the kecamatan level of government, bypassing both the provincial and kabupaten administrations. Funds were directed to bank accounts held in the name of the village committee, the Sub-district Development Assembly (UDKP), which was intended to prevent leakage of funds to other levels of government. The Kecamatan Development program instituted a vigorous system of checks and balances which encouraged transparency and social inclusion. The program management took a hard, activist line on corruption. Misappropriation of funds in individual cases was generally for small amounts. The Bank reported that perceptions by villagers themselves were that much less goes missing in PPK projects than in other development projects (World Bank 2003: 10). Monitoring by independent NGOs, and the media, was fundamental to the maintenance of transparency. However, there continued to be reports of corruption in the ten study villages.

848 UDKP: Unit Daerah Kerja Pembangunan
Basic to the function of the PPK was the provision of block grants directly to villages, for financing grassroots development initiatives, in order to promote bottom-up democracy and accountability (Edstrom 2002: 3; World Bank 2006). Significantly the projects within the villages were to be devised and supervised by the villagers themselves. There was an emphasis on community projects which were considered to be pro-poor. The poor were also the major beneficiaries from millions of days of paid labour in construction projects. PPK revived interest in village and kecamatan meetings that were previously only attended by an elite few. PPK rules encouraged the participation of women in the program.

By the end of 2006 PPK was active in 30 provinces, 268 kabupaten, 2,006 kecamatan and 34,103 villages (Ministry of Home Affairs 2007: 3). By 2005, 40 percent of programs were generated by women. This increased to 43 percent in 2006; 49 percent in both 2007 and 2008; and 59 percent in 2009.849 As of December 2007 the cumulative disbursements for all sources of PPK funds since 1998, totalled US$1,208 billion. Local government contributions for the same period totalled US$119.8 billion (Ministry of Home Affairs 2007: 12). Infrastructure projects including roads, bridges, maintenance and construction of irrigation schemes, water and sanitation systems, basic facilities such as primary schools and clinics, were supported by PPK/PNPM all over the country.

Kabupaten Cirebon embraced the Kecamatan Development Program from its inception. By 2005, all the kecamatan in Kabupaten Cirebon had joined the PPK. Each village maintained multiple savings and lending groups (SPP).850 Some villages continued to find it difficult to raise swadaya masyarakat, the people’s contribution for village projects. The economic downturn from 2005, caused in part by the decline in the rattan industry in the kabupaten and in part by a significant rise in world oil prices, created mass unemployment. While this situation could have made it possible for many more people to participate as volunteers, this did not happen. The PPK found it increasingly difficult to find voluntary labour. A continuing criticism of PPK in the kabupaten is that the poor were not able to participate in the planning process. There was a sense of powerlessness and voicelessness among the poor who were involved in the program (Abadi 2006: 106).

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850 SPP: Simpan Pinjam Perempuan, lending groups for women
In Kabupaten Cirebon in 2008 the number of unemployed reached 85,729 people or 9.3 percent of the population. The number of under-employed was about 200,000 or 21.4 percent of the population. The number classified poor were 32 percent of the population or approximately 900,000 people. The number of villages considered in absolute poverty was 34.43 percent of villages (146 of 424). After ten years of PPK programs, 30.91 percent of households were still classified as pre-prosperous (pra-sejahtera) indicating that, if three out of every ten households are living below the poverty line, much more external help is needed.

While it cannot be denied that PPK actively contributed to rural development by providing increased economic opportunities at village level, its second tenet to strengthen kecamatan and village-level government has been less successful. With the implementation of Law No. 32 of 2004 concerning Regional Government, political parties in Indonesia gained inordinate power. Local governments lacked capacity and were seriously compromised by corruption and failings of the political party system. In the villages, kepala desa backed by political parties, disregard the BPD, now called Village Consultative Councils. The BPD no longer have equal power in village decision-making originally provided in the 1999 legislation.

10.4. Decentralisation of the Health Sector

In 1999 the President of Indonesia, Dr. B.J. Habibie launched a campaign for a healthier Indonesia by 2010. In Kabupaten Cirebon the responsibility for the health sector, was passed to the kabupaten administration in August 2002. Since that time exponential amounts of money have been spent on healthcare in the kabupaten. Commensurate with the increase in the budget was a massive increase in the number of health sector employees. However, in spite of the increase in investment in healthcare infrastructure and in the numbers of healthcare personnel, the health indicators in 2009 in Kabupaten Cirebon showed little improvement from 2001. The critical situation remained high in 2005, 2006 and 2007, when the greatest number of cases of mother and infant deaths were registered. But the improvement since then, as a percentage of the total population, has barely exceeded the figures for 2001.

851 http://bataviase.co.id/node/263627(accessed August 2011)
852 Health Indicators: Infant Mortality (AKB) per 1,000 live births; Maternal Mortality; Crude Birth Rate; Life Expectancy (AHH) in years; and inadequate nutrition for children.
In Kabupaten Cirebon, the numbers of the volunteer workforce in the health sector, the *kaders* in the *posyandu*, whose participation in primary health care is so important, has also declined. In the ten years since 1999, the population in each of the ten study villages in Kabupaten Cirebon has increased by an average of nine percent. The numbers of *posyandu* in the villages has remained static while the numbers of *kaders* has decreased. It would seem that, in view of the vast amounts of money being spent in the health sector, small honorarium could be found to secure the continued participation of the *posyandu kaders*. The 2005 economic downturn did not result in a rise in the number of volunteers.

At the national level, a move towards universal health insurance was made in 2005 with the introduction of the Health Insurance for the Poor (*Askeskin*) program, a subsidised social health insurance scheme for the poor and the informal sector (Sparrow 2010: ii; Sumarto and Suryahadi, 2010: 225 - 226). Some regional governments protested at the launching of *Askeskin* because it meant that the regions received less financial support from the central government for their healthcare enterprises (Sumarto and Suryahadi, 2010: 226).

**10.5. Decentralisation of the Education Sector**

Before the implementation of the 1999 Regional Autonomy Laws, the Ministry of Education, Teaching and Culture was one of the most centralised ministries in the country. All government school teachers were central government employees, and their employment and placement were directed by the central government, and not by the districts in which they worked. Teachers were not empowered under such a system. They were treated as subordinates who had to follow bureaucratic regulations.

The ceding of responsibility for education to the regions brought many changes. Government schools are supervised and controlled by district (*kabupaten* or *kota*) governments, although religious schools remain under the central control of the Ministry of Religious Affairs (*Depag*). Teachers are no longer employees of the central government, but are employed by the *kabupaten* and *kota* governments who

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853 *Askeskin:* Asuransi Kesehatan untuk Masyarakat Miskin  
854 *Kementrian Pendidikan Pengajaran dan Kebudayaan*  
855 *Depag:* Departemen Agama
establish Education Boards. The decentralisation of the education system passed the administration of schools to school-based management. This meant that individual schools had the authority to administer their own facilities and human resources, thereby giving some control of the system to the community. Participation in the education sector is encouraged by the formation of school committees at kecamatan and village level. Kecamatan School Boards - and individual school committees consist of the principal and representatives of teachers, parents, local community, local government, and alumni. In the case of secondary schools, students are also included. There are, however, reports of some dislocation between the school committees and school principals.

The most significant change is the implementation of the School Operation Assistance Program (BOS) which dramatically altered the manner in which education is funded. Schools are individually funded by the central government. While this may appear, prima facie, a re-centralisation of the sector, teachers are employed by the regional governments and their salaries are paid from the regions’ General Allocation Grant (DAU). The acceptance of BOS funds was meant to eliminate BP3 fund-raising and the school entry fees (SPP), but there are reports of the SPP still being charged. BOS funding has not eliminated corrupt practices in the system, and this should be viewed with some concern by both the regional government and the individual school committees.

In Kabupaten Cirebon, in the years between 1997 and 2009, the number of people ten years and over increased by 400,000 or 28.95 percent. The percentage of people who never went to school and those who did not finish primary school decreased, while the percentage of those who graduated from primary school, from high school and those who continued in tertiary education increased significantly.

If regional autonomy in education is to endure, strong local committees - the Kabupaten and Kota Education Boards and individual school committees must prevail. There is a need for funds to be found to repair the fabric of school buildings

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856 Dewan Pendidikan
857 Komite Sekolah
858 BOS: Bantuan Operasional Sekolah
859 DAU: Dana Alokasi Umum
860 BP3: Badan Pembinaan dan Penyelenggaraan Pendidikan
861 SPP: Sumbangan Penyelenggaraan Pendidikan
throughout Kabupaten Cirebon. Obviously, more cooperation between the national and kabupaten administrations and the village school committees can only be of benefit to education in the villages. Education is one of the main vehicles to meaningful employment and a better standard of living.

10.6. Summary
The results of this study of decentralisation in Kabupaten Cirebon are in accord with the conclusions drawn by Frerks and Otto (1996: 7):

… the record of decentralisation on the whole is disappointing and beset by a series of problems. Though incidental successes are reported, the overall tenor is rather gloomy.

In Indonesia, the 1999 Regional Autonomy Laws promised a more equitable society where the people’s voices could be heard; and decentralisation and democratisation were paramount. As Turner and Podger (2003: 23) explain “democratisation and participation are the leading objectives” of Law No. 22 of 1999. But the 2004 Laws consolidated ‘money politics’ and the people were marginalised. The 2004 Law circumvented participation by elected members of the BPD in the democratic process, provided by the 1999 Laws.

The outcomes for the decentralised health sector are disappointing. Despite the vast amount of funding invested in the health sector and the quantum leap in the number of healthcare sector employees, the healthcare indicators remain much as they were in 2001. The biggest disappointment in this sector is the decline in the voluntary workforce, the kaders in the posyandu, which does not reflect positively on objectives of enhancing community participation in development programs. The decentralisation of the education sector produced better results than those indicated by statistics in the health sector. The percentage of people who never went to school and those who did not finish primary school decreased, while those who continued their education increased significantly. At the same time, the multi-level committees within the kabupaten encourage the participation of the community in schools’ activities.

Ultimately, in all examples of decentralisation a basic tenet endures: within a unitary system of government, the extent of regional autonomy depends upon the degree of power and control retained by the central government. It is the central government and its administration, which has the most responsible and enabling
role in the process of implementing decentralisation programs. The 1999 decentralisation emphasised the principles of democracy, equitable distribution and public participation in development. The implementation, by the national government, of the 2004 Regional Government Law curbed the impetus of both the decentralisation and the democratisation agendas. Despite significant steps in the democratisation and decentralisation process, this study finds that much of the promise of the reform program has yet to be realised.
APPENDICES

Appendix ‘a’

Election of Head of Region I and II
Gubernur and Bupati or Walikota

Law No. 5 of 1974 (Article 14) concerning Regional Government
Those who can be appointed Head of Region are Indonesian Citizens
who fulfil the following requirements:

a. to be devoted to the Almighty God;
b. to hold faithfully to the PANCASILA and to the 1945 Constitution;
c. to hold faithfully to the State and the Government;
d. never been involved directly or indirectly in any activity committing treason to
the Unitary State of the Republic of Indonesia which is based on the
PANCASILA and the 1945 Constitution such as the Communist movement G.
30 S, the PKI and/or other prohibited organisations;
e. to devote himself to the service of the country and nation;
f. to possess personality and leadership;
g. to possess integrity;
h. to be honest;
i. to be intelligent, capable and skilled;
j. to be just;
k. not been deprived of the right to vote on the basis of a court decision;
l. to be physically and mentally healthy;
m. to be at least 35 years old for head of region level I (gubernur), and at least 30
years old for head of region level II (bupati/walikota);
n. to be able and to have enough experience in the field of administration;
o. to possess knowledge equal to an academic graduate or at least followed an
education which is similar to a bachelor study for the head of region I
(gubernur) and to possess knowledge equal to an academic graduate or at least
having followed an education to senior high school level for the head of region
level II (bupati/walikota).

Law No. 5 of 1974 (Article 20) concerning Regional Government
A Head of Region was prohibited from:

a. deliberately performing activities causing damage to the interests of the State,
the Government, and the Region or the People;
b. participating in an enterprise;
c. performing other work which yields profit for himself in matters which are
related to the region concerned;
d. becoming a lawyer or an attorney at law in a lawsuit before the court.
Appendix ‘b’

Election of Head of Region I and II
Governor and Bupati or Walikota

Law No. 32 of 2004 (Article 58) concerning Regional Government
The Candidates for the Regional Heads and Deputy Regional Heads
shall be Indonesian citizens meeting the following prerequisites and qualifications:

a. Believe in God the Almighty;
b. Loyal to the PANCASILA as the state ideology, 1945 Constitution, ideals of the Independence Proclamation of 17 August 1945, and the Unity State of the Republic of Indonesia as well as the Government;
c. At least are graduates of senior high school and/or equivalent;
d. Aged minimum 30 (thirty) years old;
e. Physically and mentally healthy pursuant to the general check up administered by a team of physicians;
f. Have never served imprisonment based on a court decision that has a permanent legal effect due to having committed a crime punishable with imprisonment of maximum 5 (five) years or longer;
g. Their voting rights are not being revoked based on a court decision that has a permanent legal effect;
h. Are familiar with their region and are publicly known in their respective regions.
i. Have submitted list of personal wealth and have no objection of their official announcement to the public;
j. Do not have any personal and/or corporate borrowing under their responsibility that is detrimental to the state.
k. Not declared bankrupt based on a court decision that has permanent legal effect;
l. Never committed any inappropriate conduct;
m. Own Tax Payer Registration Number (NPWP) or those without it must own tax receipts;
n. Have submitted complete resumes containing among others history of education and employment, as well as family record.
o. Have never served as regional heads or deputy regional heads for 2 (two) times in the same positions; and
p. Their current statuses are not acting region heads.
Appendix ‘c’

Election of Head of a Village ‘Kepala Desa’

**Law No. 5 of 1979 (Article 4) concerning Village Government**

To be eligible to nominate for election as Head of a Village an Indonesian Citizen must:

a. be devoted to the Almighty God;
b. hold faithfully to the *PANCASILA* and to the 1945 Constitution;
c. be of good character, honest, just, intelligent, and have authority;
d. have never been involved directly or indirectly in any activity committing treason to the Unitary State of the Republic of Indonesia which is based on the *PANCASILA* and the 1945 Constitution such as the Communist movement *G.30 S*, the *PKI* and/or other prohibited organisations;
e. have never been deprived of the right to vote on the basis of a court decision;
f. not be presently incarcerated in jail, nor have served a sentence in jail based on a Court Decision which imposes a criminal sentence of at least five years;
g. be registered as a citizen of the village for at least two years uninterrupted, except for sons of the village who have lived outside the village to which they are connected;
h. to at least have graduated from junior high school ‘Sekolah Lanjutan Pertama’

Election of Head of a Village ‘Kepala Desa’

**Law No. 22 of 1999 (Article 97)**

Persons that can be elected as Head of a Village shall be Indonesian Citizen, living in the Village concerned, and meeting the following requirements:

a. Devoted to One Almighty God;
b. Loyal and obedient to the *PANCASILA* and to the 1945 Constitution;
c. Have not directly or indirectly involved in conduction treason to *PANCASILA* and the 1945 Constitution. *G30 S*, the *PKI* and/or other prohibited organisations;
d. Having not less than Junior High School educational background and/or having equal knowledge;
e. Not less than 25 years of age;
f. Physically and mentally healthy;
g. Not mentally disturbed;
h. Having proper conduct, honest and fair;
i. Have never been imprisoned due to criminal act;
j. Whose franchise is not revoked by virtue of a court decision having permanent legal effect;
k. Have a good knowledge of his region and known to the people of the Village;
l. Willing to be nominated as the Head of the Village; and
m. Meet with other requirements in accordance with local custom set forth in Regional Regulations.
## Appendix ‘d’

### Taxes and Levies in Kabupaten Cirebon in August 2002

<table>
<thead>
<tr>
<th>Name of Tax</th>
<th>Local Government Regulation [Peraturan Daerah: Perda]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration and Processing of C Mining Activities</td>
<td>Regulation No. 1 of 1998</td>
</tr>
<tr>
<td>Ground and Surface Water Tax</td>
<td>Regulation No. 2 of 1998 ¹⁸⁶²</td>
</tr>
<tr>
<td>Hotel and Restaurant Tax</td>
<td>Regulation No. 6 of 1998</td>
</tr>
<tr>
<td>Entertainment Tax</td>
<td>Regulation No. 7 of 1998</td>
</tr>
<tr>
<td>Advertisement Tax</td>
<td>Regulation No. 8 of 1998</td>
</tr>
<tr>
<td>Street Light Tax</td>
<td>Regulation No. 9 of 1998</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Levy</th>
<th>Local Government Regulation [Peraturan Daerah: Perda]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abattoir Levies</td>
<td>Regulation No. 22 of 1983</td>
</tr>
<tr>
<td>Extraction of Resources Levies</td>
<td>Regulation No. 5 of 1985; No. 19 1993 and Bupati Decision Letter No. 028/SK/142.Um/86</td>
</tr>
<tr>
<td>Sale of Local Production Levies</td>
<td>Bupati Decision Letter No.187 of 1986</td>
</tr>
<tr>
<td>Third Party Contribution Fees</td>
<td>Regulation No. 7 of 1987</td>
</tr>
<tr>
<td>Transport Route Permit Fees</td>
<td>Regulation No. 14 or 1989</td>
</tr>
<tr>
<td>Terminal Levies</td>
<td>Regulation No. 4 of 1991</td>
</tr>
<tr>
<td>Sports and Recreation Facility Levies</td>
<td>Regulation No. 3 of 1993</td>
</tr>
<tr>
<td>Use of Land Allocation Fees</td>
<td>Regulation No. 15 of 1993</td>
</tr>
<tr>
<td>Market Levies</td>
<td>Regulation No. 10 of 1996</td>
</tr>
<tr>
<td>Parking and Public Roads Levies</td>
<td>Regulation No. 13 of 1996</td>
</tr>
<tr>
<td>Sanitation and Cleaning Service Levies</td>
<td>Regulation No. 17 of 1997</td>
</tr>
<tr>
<td>Septic Tank Removal Levies</td>
<td>Regulation No. 17 of 1997</td>
</tr>
<tr>
<td>Health Services Levies</td>
<td>Regulation No. 20 of 1997</td>
</tr>
<tr>
<td>Location License Fees (National Land Agency)</td>
<td>Regulation No. 2 of 2000</td>
</tr>
<tr>
<td>Building Permit Fees</td>
<td>Regulation No. 3 of 2000</td>
</tr>
<tr>
<td>Noise/Disturbance License Fees</td>
<td>Regulation No. 4 of 2000</td>
</tr>
<tr>
<td>Fees for Issuing ID cards</td>
<td>Regulation No.18 of 2000</td>
</tr>
<tr>
<td>Fees for Issuing Registration Document</td>
<td></td>
</tr>
<tr>
<td>Motor Vehicle Road Worthiness Levies</td>
<td>Regulation No. 19 or 2000</td>
</tr>
<tr>
<td>Special Parking Permit Fees</td>
<td>This regulation was revoked in 2001 because it brought in insufficient revenue</td>
</tr>
</tbody>
</table>

**Source:** Details of Taxes and Levies, Dinas Pendapatan Daerah, August 2002; Local Government Regulations: SMERU Report (Usman, et al., 2002: 18)

¹⁸⁶² The authority for this tax was Law No. 18 of 1997. In accordance with Law 34 of 2000 the authority has been revoked and returned to the provincial government though some revenue is still received from this source.
### Appendix ‘e’

**Variables used to evaluate villages for the President’s Backward (‘left behind’) Village Program: IDT Program Inpres Desa Tertinggal**

<table>
<thead>
<tr>
<th>1993 Selection: Rural</th>
<th>1994 Selection: Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Type of Local Community Organisation</td>
<td>1. Type of main road</td>
</tr>
<tr>
<td>2. Type of Main Road</td>
<td>2. Main Sector of Work of the Villagers</td>
</tr>
<tr>
<td>3. Main Sector</td>
<td>3. Education Facility</td>
</tr>
<tr>
<td>4. Average agricultural area per household</td>
<td>4. Health Facility</td>
</tr>
<tr>
<td>5. Distance to district capital</td>
<td>5. Type of Paramedics</td>
</tr>
<tr>
<td>6. Education Facility</td>
<td>6. Communication Facility</td>
</tr>
<tr>
<td>7. Health Facility</td>
<td>7. Density</td>
</tr>
<tr>
<td>8. Type of Paramedics</td>
<td>8. Source of Drinking Water</td>
</tr>
<tr>
<td>10. Type of Market</td>
<td>10. Percentage of Households with Electricity</td>
</tr>
<tr>
<td>11. Density</td>
<td>11. Percentage of Households with TV</td>
</tr>
<tr>
<td>13. Is there any Epidemic last year</td>
<td>13. Percentage of Households with motorcycles</td>
</tr>
<tr>
<td>14. Type of Fuel</td>
<td>14. Socioeconomic Status of the Villagers</td>
</tr>
<tr>
<td>15. Type of Garbage Dump</td>
<td>15. Access to Health Facility</td>
</tr>
<tr>
<td>16. Type of Toilet</td>
<td>16. A subscriber to a newspaper or magazine</td>
</tr>
<tr>
<td>17. Type of electricity</td>
<td>17. Access to Markets</td>
</tr>
<tr>
<td>18. Ratio of place of worship/1000 citizens</td>
<td>18. Access to Stores</td>
</tr>
<tr>
<td>19. Crude Birth Rate per 1000 citizens</td>
<td></td>
</tr>
<tr>
<td>20. Crude Mortality Rate per 1000 citizens</td>
<td></td>
</tr>
<tr>
<td>21. Enrolment rate (7-15 years old)</td>
<td></td>
</tr>
<tr>
<td>22. Number of Livestock</td>
<td></td>
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<tr>
<td>23. Percentage of Households with TV</td>
<td></td>
</tr>
<tr>
<td>24. Percentage of Households with telephone</td>
<td></td>
</tr>
<tr>
<td>25. Socio Culture Status</td>
<td></td>
</tr>
<tr>
<td>26. Percentage Agricultural Households</td>
<td></td>
</tr>
<tr>
<td>27. Type of Transportation</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Alatas 2000**
### The education level of the population by gender in Kabupaten Cirebon, of those ten years and above, in 1997

<table>
<thead>
<tr>
<th>Education</th>
<th>Men</th>
<th>%</th>
<th>Women</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never went to school</td>
<td>44,811</td>
<td>6.4</td>
<td>98,958</td>
<td>14.0</td>
<td>143,769</td>
<td>10.3</td>
</tr>
<tr>
<td>Did not finish primary school</td>
<td>235,528</td>
<td>33.8</td>
<td>244,548</td>
<td>34.7</td>
<td>480,076</td>
<td>34.2</td>
</tr>
<tr>
<td>Graduated from primary school</td>
<td>258,072</td>
<td>37.1</td>
<td>256,785</td>
<td>36.4</td>
<td>514,857</td>
<td>36.7</td>
</tr>
<tr>
<td>Junior High school</td>
<td>73,933</td>
<td>10.6</td>
<td>50,668</td>
<td>7.2</td>
<td>124,601</td>
<td>8.9</td>
</tr>
<tr>
<td>Senior high school</td>
<td>76,688</td>
<td>11.0</td>
<td>48,228</td>
<td>6.8</td>
<td>124,916</td>
<td>9.0</td>
</tr>
<tr>
<td>Diploma/ Akademi</td>
<td>5,239</td>
<td>0.8</td>
<td>4,198</td>
<td>0.7</td>
<td>9,437</td>
<td>0.7</td>
</tr>
<tr>
<td>Degree/ Sarjana</td>
<td>1,880</td>
<td>0.3</td>
<td>1,498</td>
<td>0.2</td>
<td>3,378</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>696,151</strong></td>
<td><strong>100</strong></td>
<td><strong>704,883</strong></td>
<td><strong>100</strong></td>
<td><strong>1,401,034</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Pemerintah Kabupaten Cirebon 1999i: 31*

### The education level of the population by gender in Kabupaten Cirebon, of those ten years and above, in 2009

<table>
<thead>
<tr>
<th>Education</th>
<th>Men</th>
<th>%</th>
<th>Women</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never went to school</td>
<td>49,279</td>
<td>5.5</td>
<td>101,436</td>
<td>11.2</td>
<td>150,715</td>
<td>8.3</td>
</tr>
<tr>
<td>Did not finish primary school</td>
<td>218,607</td>
<td>24.3</td>
<td>228,595</td>
<td>25.2</td>
<td>447,202</td>
<td>24.8</td>
</tr>
<tr>
<td>Graduated from primary school</td>
<td>337,837</td>
<td>37.6</td>
<td>339,134</td>
<td>37.4</td>
<td>676,971</td>
<td>37.5</td>
</tr>
<tr>
<td>Junior High school</td>
<td>141,147</td>
<td>15.7</td>
<td>127,971</td>
<td>14.1</td>
<td>269,118</td>
<td>14.9</td>
</tr>
<tr>
<td>Senior high school</td>
<td>129,696</td>
<td>14.4</td>
<td>92,055</td>
<td>10.1</td>
<td>221,751</td>
<td>12.3</td>
</tr>
<tr>
<td>Diploma/ Akademi</td>
<td>10,995</td>
<td>1.2</td>
<td>9,916</td>
<td>1.1</td>
<td>20,911</td>
<td>1.1</td>
</tr>
<tr>
<td>Degree/ Sarjana</td>
<td>11,813</td>
<td>1.3</td>
<td>8,203</td>
<td>0.9</td>
<td>20,016</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>899,374</strong></td>
<td><strong>100</strong></td>
<td><strong>907,310</strong></td>
<td><strong>100</strong></td>
<td><strong>1,806,684</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Pemerintah Kabupaten Cirebon 2010b*
### Appendix ‘g’

#### Percentage of vaccinations, of those eligible, in Kabupaten Cirebon in 1999 -2004

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BCG</strong></td>
<td>90.81</td>
<td>108.16</td>
<td>96.12</td>
<td>95.99</td>
<td>90.10</td>
<td>91.62</td>
</tr>
<tr>
<td><strong>DPT – HB1</strong></td>
<td>94.44</td>
<td>107.80</td>
<td>96.56</td>
<td>93.99</td>
<td>90.98</td>
<td>93.35</td>
</tr>
<tr>
<td><strong>DPT – HB2</strong></td>
<td></td>
<td>87.16</td>
<td>89.27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DPT – HB3</strong></td>
<td>87.76</td>
<td>99.84</td>
<td>91.15</td>
<td>87.60</td>
<td>86.28</td>
<td>89.22</td>
</tr>
<tr>
<td><strong>Campak</strong></td>
<td>85.21</td>
<td>98.33</td>
<td>88.54</td>
<td>88.30</td>
<td>85.62</td>
<td>89.93</td>
</tr>
<tr>
<td><strong>Polio 1</strong></td>
<td></td>
<td></td>
<td></td>
<td>93.78</td>
<td>95.16</td>
<td></td>
</tr>
<tr>
<td><strong>Polio 2</strong></td>
<td></td>
<td></td>
<td></td>
<td>89.44</td>
<td>91.98</td>
<td></td>
</tr>
<tr>
<td><strong>Polio 3</strong></td>
<td>90.31</td>
<td>103.84</td>
<td>92.18</td>
<td>91.49</td>
<td>89.01</td>
<td>91.50</td>
</tr>
<tr>
<td><strong>Polio 4</strong></td>
<td>90.78</td>
<td>101.55</td>
<td>90.76</td>
<td>90.89</td>
<td>87.91</td>
<td>90.95</td>
</tr>
<tr>
<td><strong>HB 1</strong></td>
<td>867</td>
<td>104.3</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HB 2</strong></td>
<td>85.07</td>
<td>85.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HB 3</strong></td>
<td>84.87</td>
<td>85.44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TT – 1 Bumil</strong></td>
<td>95.05</td>
<td>95.60</td>
<td>88.98</td>
<td>89.38</td>
<td>81.66</td>
<td>83.23</td>
</tr>
<tr>
<td><strong>TT – 2</strong></td>
<td>85.10</td>
<td>88.90</td>
<td>81.25</td>
<td>82.15</td>
<td>75.27</td>
<td>77.53</td>
</tr>
<tr>
<td><strong>UCI Desa</strong></td>
<td>88.68</td>
<td>88.68</td>
<td>68.40</td>
<td>78.07</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 1999 – 2004*

#### Percentage of Vaccinations, of those eligible, in Kabupaten Cirebon in 2005 -2009

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BCG</strong></td>
<td>78.24</td>
<td>89.35</td>
<td>89.35</td>
<td>81.71</td>
<td>90.47</td>
</tr>
<tr>
<td><strong>DPT – HB1</strong></td>
<td>80.57</td>
<td>60.31</td>
<td>60.31</td>
<td>89.97</td>
<td>92.15</td>
</tr>
<tr>
<td><strong>DPT – HB2</strong></td>
<td>78.69</td>
<td>58.68</td>
<td>58.68</td>
<td>88.13</td>
<td>90.30</td>
</tr>
<tr>
<td><strong>DPT – HB3</strong></td>
<td>76.01</td>
<td>59.79</td>
<td>59.79</td>
<td>87.46</td>
<td>89.31</td>
</tr>
<tr>
<td><strong>Campak</strong></td>
<td>83.53</td>
<td>86.88</td>
<td>86.88</td>
<td>85.77</td>
<td>89.61</td>
</tr>
<tr>
<td><strong>Polio 1</strong></td>
<td>59.33</td>
<td>82.79</td>
<td>82.79</td>
<td>92.10</td>
<td>95.60</td>
</tr>
<tr>
<td><strong>Polio 2</strong></td>
<td>57.48</td>
<td>82.15</td>
<td>82.15</td>
<td>89.90</td>
<td>92.27</td>
</tr>
<tr>
<td><strong>Polio 3</strong></td>
<td>57.49</td>
<td>80.06</td>
<td>80.06</td>
<td>88.91</td>
<td>91.85</td>
</tr>
<tr>
<td><strong>Polio 4</strong></td>
<td>57.95</td>
<td>79.93</td>
<td>79.93</td>
<td>87.27</td>
<td>90.29</td>
</tr>
<tr>
<td><strong>HB 1</strong></td>
<td>119.32</td>
<td>90.82</td>
<td>90.82</td>
<td>76.04</td>
<td>82.06</td>
</tr>
<tr>
<td><strong>HB 2</strong></td>
<td>81.76</td>
<td>64.28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HB 3</strong></td>
<td>84.22</td>
<td>64.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TT – 1 Bumil</strong></td>
<td>80.71</td>
<td>84.38</td>
<td>84.38</td>
<td>87.11</td>
<td>89.29</td>
</tr>
<tr>
<td><strong>TT – 2</strong></td>
<td>74.76</td>
<td>68.02</td>
<td>68.02</td>
<td>82.45</td>
<td>82.18</td>
</tr>
<tr>
<td><strong>UCI Desa</strong></td>
<td>88.68</td>
<td>88.68</td>
<td>68.40</td>
<td>78.07</td>
<td></td>
</tr>
</tbody>
</table>

Source: *Kegiatan Bidang Kesehatan Kabupaten Cirebon 2005 - 2009*

---

863 BCG: Bacille Calmette Guerin vaccine to prevent tuberculosis  
864 DPT–HB1 to prevent diphtheria, pertussis (whooping cough), tetanus and hepatitis B  
865 Campak: measles  
866 HB: Hepatitis B  
867 The Health Department in Kabupaten Cirebon was unable to explain these figures.  
868 TT – 1 Bumil: tetanus toxoid during pregnancy  
869 UCI Desa: Universal Child Immunization in village
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The historical exchange rates for Indonesian Rupiah and US Dollars were accessed through http://www.oanda.com/currency/converter/