

The Dynamics of Local Governance Reform in Decentralizing Indonesia: Participatory Planning and Village Empowerment in Bandung, West Java

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Abstract

Conservatives within the central government and experts on democratic theory insisted that Indonesian people (let alone people in the regions) are “not yet ready for democracy.” Contrary to the statement, quite a few innovations in local governance have appeared during the process of Indonesia’s democratic decentralization. Among them, the district (kabupaten) government of Bandung, West Java Province has put in place two reform initiatives — participatory development and village empowerment — despite the long tradition of centralized control and the military’s involvement in local politics.

How did reform initiatives emerge from the old political landscape in the first place? Who are the key actors in local governance reform? What are the impediments to local governance reform and how can these be removed? And what is meant by “deepening democracy?” This paper explores these questions by focusing on the process of local governance reform upon which the district government of Bandung has embarked.

The local political landscape in Bandung in the *Reformasi* era is distinguished from that of the New Order by increased political competition. With power not only decentralized to the district government but also diversified to several political institutions, the new mechanism of accountability in the region has influenced not only how the district government thinks but also what it does. Political competition with increased responsibilities propels the district government to cooperate with civil society organizations (CSOs). In Bandung, CSOs with links to the district government and a practical knowledge of public policy played a critical role in transforming the concepts of local governance reform into the concrete models of participatory planning and village empowerment.

The process of reform in the local government has been complicated by the political actors who continue to compete for power. This struggle has been between key political institutions within the district government and at times it has resulted in the reform of local governance being stalled. It was at such moments that the CSOs with links to the district government played a vital role in reconciling vested political interests. As will be shown in the case of Bandung, the involvement of CSOs in local governance reform facilitated communications, reduced the tension between the agencies, and helped to bridge the gap between the state and civil society.

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1. Introduction

Since the 1980s, a number of developing countries have begun to decentralize central government functions to local governments. Decentralization—defined by Litvack, Ahmad, and Bird [1998: 4] as the assignment of fiscal, political, and administrative responsibilities to lower levels of government—is occurring worldwide for different reasons and in different political and economic contexts.¹⁾ Policymakers, development practitioners, and scholars view decentralization as a means of improving public services, accelerating economic growth, reducing corruption, deepening democracy, and acquiring legitimacy and grassroots support [Manor 1999: 1]. Since the 1990s, this view has gained global currency among international donors as what Harry Blair [2000] calls “democratic local governance” which combines the devolutionary form of decentralization with democracy at the local level. Successful decentralization promotes participation and accountability, which in turn lead to successful democratization [Manor 1999; Blair 2000; Cornwall and Gaventa 2001; Heller 2001; Hidayat and Antlov 2004]. It is the idea of democratic decentralization that efforts to make government more accountable, transparent, and responsive must not only begin at the national level but also be driven by innovations at the regional level. Among other democratic values, the school of thought emphasizes participation in order to remedy the previous model of state-centered development. Citizen participation leads to the inclusion of wider popular preferences in the formation of policies, thereby increasing accountability, transparency, and responsiveness of both national and subnational governments.

In Indonesia, no events more forcefully facilitated the process of democratizing the highly centralized political system than the collapse of the Suharto’s New Order regime in 1998. The breakdown of the New Order ushered in the era of *Reformasi*, and precipitated regime change after 32 years of the state’s domination over the society. As in elsewhere, decentralization constitutes an essential part of democratization. To quote Ryaas Rasyid [2002: 23], “Democracy goes hand in hand with decentralization. Put it differently, there is no democracy without decentralization.”²⁾ It

1) For instance, as Litvack, Ahmad, and Bird [1998: 1] argues, decentralization has taken place in the context of the transition from a plan to market economy in Eastern Europe and the Former Soviet Union, the devolution of central authority in East and Southeast Asia, the challenge of ethnic and geographic diversity in South Asia, and the deepening of democratization in Latin America. This trend marks a major shift in the previous development model in the 1950s and 60s, in which centralization was viewed as the model for development of the newly emerging nations in Asia, Africa, and Latin America.

2) Ryaas Rasyid was the main architect of Indonesia’s decentralization, and later took the position of the Minister of Regional Autonomy under the Abdurrahman Wahid government.

is, therefore, expected that democracy combined with decentralization obliterate the notorious legacies of the authoritarian regime — state’s violence, unequal development and limited freedoms, and that it come to grip with emerging challenges — centrifugal forces, ethnic and religious conflicts, and communal violence in the regions.³⁾

Indonesia’s decentralization was implemented in January 2001 based on Laws No.22/1999 on Regional Government and No.25/1999 on the Fiscal Balance between the Central Government and Regional Governments.⁴⁾ The two laws drastically altered the national-subnational relations by transferring powers, taxes, funds, and personnel to the regions. The authority of the central government has been devolved to subnational governments except for defense, diplomatic, judicial, fiscal, and religious policies. The hierarchical relationship between the province (the first-level subnational government) and the district/municipality (the second-level subnational government) has been abolished.⁵⁾ Thereby, district governments have virtually become the frontline service administration which directly affects the quality of public services available to the population. Regional heads (provincial governors and district heads) are no longer appointed by the central government, but are elected by and accountable to regional parliaments (at the respective level).⁶⁾ Regional parliaments have the right to approve or reject regional heads’ annual accountable reports. Most state agencies of the prefect at the regional and local levels were dissolved, and their personnel were transferred to subnational governments. 239 provincial-level offices of the central government, 3,933 district-level offices, and more than 16,000 service facilities were transferred to district (kabupaten) governments. With the increased responsibilities and personnel, the subnational share in government spending jumped from 17 percent to over 30 percent in 2001 and 2002 [World Bank 2003: 1-2].

3) Most Indonesianists see decentralization in the larger context of democratization. William Liddle, long-time observer of Indonesian politics, says “the success of the democratization project in post-Suharto Indonesia is heavily dependent on the success of decentralization in democratizing local politics and in constructing the foundation — administrative, political, economic, social, and cultural — for democratization at the national level” (personal communication, September 2, 2004). See also Aspinall and Fealy [2003] and Hidayat and Antlov [2004] for similar views.

4) The central government revised the 1999 regional autonomy laws into Law No.32/2004 on Regional Government and Law No.33/2004 on the Fiscal Balance between the Central and Regional Governments in October 2004. I will not discuss the changes made in the revised decentralization laws because the local dynamics which this paper is about to analyze happened in the legal framework provided by the Laws No.22 and 25/1999.

5) Indonesia is a unitary state with 32 provinces (the creation of Central Irian Jaya Province is pending). Below each province are districts (kabupaten) and municipalities (kotamadia), which stand at the same administrative level. Hereafter, I use “district” to indicate the second-level regional government.

6) According to the new law (No.32/2004) on Regional Government, regional heads will be directly elected by people (Article 24).

A growing number of studies on Indonesia's decentralization have been produced, and have identified numerous problems and policy implications for democratization. The main analytical focuses of the previous studies are placed on three key themes: the institutional design of decentralized local governance, organizational capacity of local governments in providing public services, and the impacts of the decentralization laws and regulations on local administration, business, and fiscal balance. One of the limitations of the previous studies is that the problems and policy implications are analyzed only through a lens of the central government. World Bank [2003] provides a thorough examination of the institutional design of "Big Bang" decentralization, and identifies four main problems which need immediate solution: 1) the unclear assignment of functions over levels of government; 2) low local capacity to implement the functions; 3) the unequal intergovernmental fiscal system; and 4) low accountability at the local level. The Asia Foundation's Appraisal Series [Asia Foundation 2002; 2004] reports with data from 30 districts and municipalities how local governments are managing the increased responsibilities delegated to them by the central government, and concludes that despite the radical transfer of massive responsibilities, local governments are coping with increased functions fairly. In addition, the joint research conducted by Hitotsubashi University and the University of Indonesia [2004] discusses problems found in the institutional design of decentralization after two years of implementation, and makes policy recommendations for the revisions of the laws to the government of Indonesia in light of administrative efficiency. Although the previous studies provide a precise roadmap of Indonesia's democratic decentralization, the analyses do not go beyond the matter of technical (re)arrangements of institutions, in which politics is inexistent. If the current condition of democratic decentralization is to be evaluated, it can be done only in relation to the master design of institutional arrangements. Any deviations from the master design are considered as a functional or temporal matter because they will eventually converge on the expected outcomes in the long run.

It is, therefore, not surprising that few studies have been conducted from a perspective of subnational governments focusing on the political contexts in which the process of local governance reform is taking place.⁷⁾ Indeed, it is essential to bring in the perspective of subnational governments in analyzing the dynamics of local governance reform, since the process of democratic decentralization often involves intensive political bargaining and coalition building among state elites at different levels. From the central government perspective, rationale for decentralization is twofold. First, in light of bureaucratic efficiency, the empowerment of local governments originates from a belief

7) Exceptional works are Aspinall and Fealy [2003] and Matsui [2003].

that local needs can be more efficiently served by bringing government closer to a local constituency; with sufficient knowledge on the local condition and authority to manage local affairs, district governments can improve the quality of people's lives. Secondly, citizen participation is easier and more effective at lower than higher levels of government since authority is devolved to districts rather than provinces. Accordingly, decentralization is expected to increase not only bureaucratic efficiency but also government accountability. Viewed from the local government perspective, however, decentralization means quite the opposite. Given greater autonomy, local governments are free to do what they see fit to the local conditions.⁸⁾ Mass media have reported increasing cases of corruption, intimidation, and money politics in the regions, which gave rise to powerful regional heads or locally known as *raja kecil* (small kings).⁹⁾ Local governments must find an answer to a legitimate question: "Why do we have to change the rules of the game which work in favor of the status quo?" It is these mixed views on decentralization which students of Indonesian politics must take into consideration in examining how decentralization is being played out in the precarious transition.

Given the various responses to and outcomes of democratic decentralization, it is of great importance to investigate the process of local governance reform — why and how in the first place reform initiatives emerge from the old political landscape. The analysis is based on empirical evidence, which is drawn from the district government of Bandung (hereafter Kab Bandung) in West Java Province.¹⁰⁾ In Kab Bandung, local governance reform was first driven by a handful of reformists in the district government and civil society organizations (CSOs) in reaction to national-level institutional changes associated with democratic decentralization. In view of the spirits of *Reformasi* that the centralized government and clientelistic politics are no longer suitable for effective government, the district government and civil society cooperated to create new mechanisms of participatory planning and village empowerment. Unlike other districts where the leadership of regional heads plays a critical role in accelerating local governance reform, cooperation between

8) Soon after decentralization, district governments' excessive behavior became prevalent throughout the country, which took the form of new regulations on taxes and levies in excess of district's authority. In September 2001, the Indonesian Chamber of Commerce and Industry (KADIN) identified 1,006 local regulations which harm the local business climate, and demanded the central government to take action on the anti-business local regulations [KOMPAS 2001].

9) See Hadiz [2003a] for his excellent analysis of gangster politics in North Sumatra at the time of decentralization. See also *Tempo* [2002] for several reports of decentralized corruption in the regions.

10) The number of districts (kabupaten) and municipalities (kota) in Indonesia has been on the rise since 1999. In 2003, there are 348 districts (kabupaten) in Indonesia [BPS 2004]. The World Bank's project on Initiatives for Local Governance Reform identified Kab Bandung as one of the most reform-minded districts by the World Bank standards, which take into consideration districts' policy on poverty eradication and practices of good governance. There are 16 such districts in Indonesia including Kab Bandung.

the district government and civil society are the main locomotive of local governance reform in Bandung. The involvement of CSOs facilitated communications, reduced the tension between line agencies, and bridged the gap between the state and civil society. And yet, for the reasons that will be clear, local governance reform is likely to encounter bureaucratic and political inertia. Here, local governance reform is best viewed as responses or adjustments of local political actors to institutional changes. The main argument of this paper is that local governance reform is about contests over power; thus reconciling different interests is central to promoting local governance reform.

The generalization of findings across districts is not the main objective of the paper. Instead, the findings that will appear below are meant to capture the dynamics of local politics as lively as possible, and study implications of local governance reform for the prospect of fledging democracy in Indonesia. What will follow is divided into four sections. Section 2 situates Kab Bandung in light of the economy, government, and civil society. Kab Bandung is no less different than a typical district where the local budget is still dependent upon the central government fiscal transfer; the executive and legislature are controlled by established large parties — Golkar and the Indonesian Democratic Party of Struggle (PDIP) respectively; and civic associations have been burgeoning since 1998. Section 3 examines the mechanisms of participatory planning and village empowerment on which Kab Bandung embarked in comparison with the old mechanisms. Through the new mechanisms, the district government aims to increase the scope of citizen participation in decision-making, and to strengthen the capacity of villages as the frontline agency of public services, both of which had been marginalized under the New Order regime. Section 4 investigates how the two reform initiatives emerged with attention to the roles of the legal framework at the national and subnational levels, socio-political situations, and key actors in local governance reform. Section 5 views the process of local governance reform as contests over power, and examines its implications for the nature and development of local politics in decentralizing Indonesia. Finally, Section 6 concludes.

2. Profile of Bandung District¹¹⁾

2.1 Economy

Kab Bandung has the area of 309,207ha, and is the most populated district in Indonesia. Its population stands at 3,900,928 in 2002 [BPS Kabupaten Bandung 2002]. Because of its large area and population, Kab Bandung has the third largest district budget (APBD) in Indonesia¹²⁾ only

11) Throughout the paper, personal names for public officials in Kab Bandung are pseudonyms except that of the District Head and Vice District Head, and District Head candidates.

12) Based on APBD in 2001.

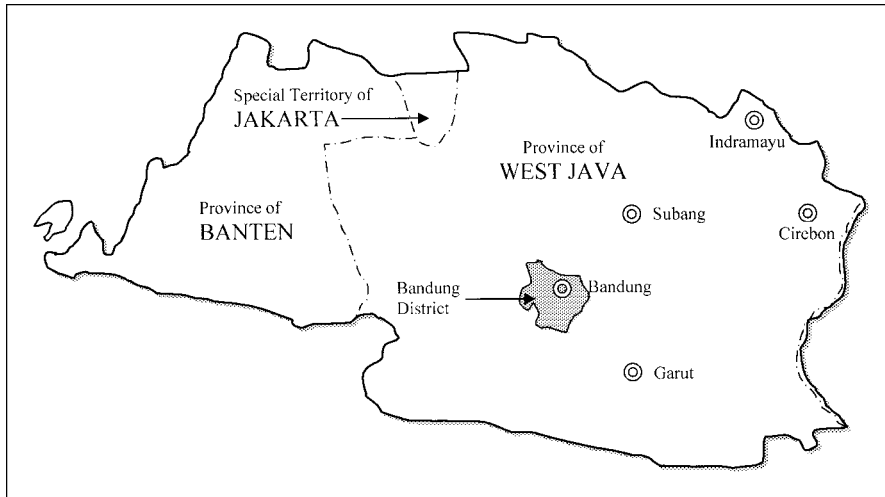


Fig. 1 Bandung District

after Kutai (East Kalimantan) and Bengkalis (Riau), which amounts to Rp 1,075,353,538,000 in 2004. One characteristic of the local budget is that the general allocation fund (DAU) from the central government is significantly large due to the large population and area. DAU which stands at Rp 726 billion in 2003 is the largest DAU allocated to districts in Indonesia. Although the district government's dependency on transfer funds (84.44%) is high in absolute terms, the figure resembles to that of the national average (82.9%) [Moubayed and Fahmi 2003: 5]. This suggests that the budget situation in Kab Bandung is more or less a representative of typical district governments.¹³⁾ The revenue structure of Kab Bandung is shown in Table 1.

Due to its adjacency to the country's administrative and financial capital, West Java has been the center of industry. West Java's economy grew rapidly in the 1970s and its structure changed enormously. In West Java, the share of the agriculture in GDP was 41.2% in 1973, and throughout the 1980s and 90s continued to decline down to 16% in 2001 [Hardjono and Hill 1989: 258; BPS Propinsi Jawa Barat 2003: 453]. Kab Bandung followed a similar trend; the share of agricultural and mining in Kab Bandung stands at 12.06% in 2003, of which agriculture stands at 11.01%. The main agricultural products are rice, potato, cassava, cabbage, tomato, and scallion. As Figure

13) Generally speaking, district governments are dependent upon the transfer funds from the central government even after decentralization. According to Asia Foundation's study [Asia Foundation 2002: 28], only 7% of the local revenue originates from their local taxes and levies while 85% of the local revenue derives from the central government.

Table 1. Revenue Structure of Kabupaten Bandung, 2001-2003

	2001	2002	2003	Share 2003
Carry over	6,558,962,597	85,424,271,815	—	—
Own resources	78,717,229,861	82,540,852,029	99,760,579,073	9.65%
Own taxes	39,122,900,000	37,418,717,256	40,557,127,917	3.92%
Own levies	31,251,688,561	27,970,923,970	34,334,618,485	3.32%
Enterprise revenues	694,000,000	833,542,264	3,893,117,491	0.38%
Other local revenues	7,648,641,300	16,317,668,539	20,975,715,178	2.03%
Transfer funds	826,875,017,056	754,445,941,334	873,262,430,261	84.44%
Shared taxes	86,291,000,000	86,349,984,024		
Non-tax natural resources sharing	6,484,017,056	9,059,651,060	84,196,181,852	8.14%
General allocation fund	734,100,000,000	659,036,306,250	726,240,000,000	70.23%
Special allocation fund	—	—	1,000,000,000	0.1%
Other transfers	—	—	61,826,248,409	5.98%
Other receipts	3,772,650,000	10,084,494,343	61,113,885,000	5.91%
Total revenues	915,923,859,514	932,495,559,521	1,034,136,894,334	100.0%

Source: The 2001-2002 revenues are cited from Local Budget (APBD) Kabupaten Bandung 2001-2002 compiled by the World Bank Jakarta Office. The 2003 revenue is cited from Kabupaten Bandung [2004: 22].

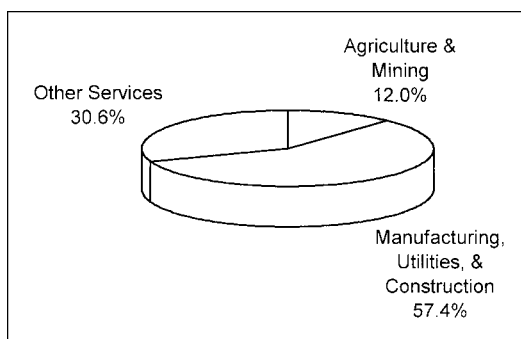


Fig. 2 Economic Structure in Kab Bandung, 2003

Source: Kabupaten Bandung [2004: 36-37]

2 shows, the economy is chiefly dependent upon the industry sector (57.4%) and service sector (30.6%). The most important contribution in the industrial sector is manufacturing which accounts for almost a half of GDP in Kab Bandung [Kabupaten Bandung 2004: 36-37]. Manufacturing is dominated by textile and textile products. A number of large textile factories owned by foreign and Chinese-Indonesian capitalists as well as weaving cottage industries are concentrated in the subdistrict of Majalaya. In 2001, textile and textile products account for 71.06% of the total values of commercial commodities produced in Kab Bandung (Figure 3). In the service sector, the govern-

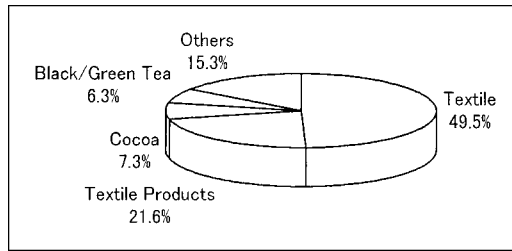


Fig. 3 Commercial Products in Kab Bandung, 2001
Source: BPS Kabupaten Bandung [2002: 224]

ment service is most significant, which accounts for 4.29% of the GDP in 2003.

2.2 Government

It has been a tradition in Kab Bandung that the position of the district head (Bupati) has been occupied by strongmen of military background since 1960. The surrender of the Japanese in World War II left a political vacuum in the archipelago since the newly independent state of the Indonesian Republic did not have any coherent political institutions. In Priangan (the name of a former colonial residency in West Java), revolutionary youths established their own struggle organizations, and twenty of them belonged to the umbrella organization, the Priangan United Revolutionary Council (*Majelis Persatuan Perjuangan Priangan*, or MP3) [Keppy 2001: 96]. Before the Republic consolidated power, the Dutch returned to its former colony, and supported the formation of the *Negara Pasundan*, the Federal State of West Java in order to fragment the Republic.¹⁴⁾ Simultaneously, Kartosuwirjo, leader of the Islamic movement (*Darul Islam*) in West Java, proclaimed the Islamic Sate (*Negara Islam Indonesia*) in August 1949, accusing the Republican leaders of its hesitancy in the struggle for the complete independence [van Dijk 1981: 92]. In short, the political situation in Bandung was far from under the central government's control as the three parties—the Indonesian Republic, the Dutch, and the *Darul Islam* confronted each other.

As politics continued to be mired in political struggles over personal gains rather than national interest even after the country's first general elections in 1955, the central government abandoned constitutional democracy, and took on the characteristic of authoritarianism.¹⁵⁾ Sukarno's intention to create the centralized political system was most clearly reflected in his declaration to return to the

14) Wale Wiranatakusuma from the Bandung Bupati family, former head of the Republican police force in West Java, was elected *Wali Negara* (Head of State) [Keppy 2001: 101-102].

15) For this process of declining constitutional democracy at the national level in the 1950s, see the Feith's classic [Feith 1962].

1945 Constitution in July 1959, which became a critical juncture for the relationship between the national and subnational governments. The weak central government began to consolidate power at the center; the first step is to place regional heads who were not only capable of exercising strong leadership in the regions but also disciplined to faithfully follow the instructions from Jakarta. Needless to say, in the eyes of the central government, strongmen of military background were particularly suited to this strategic position. Successively, Jakarta issued regulations which meant to undermine the authority of subnational governments. The Presidential Decision No.3 issued on March 5th, 1960 and the Letter of West Java Governor No.17/38-A/K/D/60 issued on March 14th, 1960 froze the activities of the district parliament. Furthermore, Jakarta refused the appointment of M. Sujud Kamadjaja who was elected as Bupati by the district parliament in October 1959. Instead, it unilaterally installed Major Gen. R. Memed Ardiwilaga as Bupati by a Presidential decision in April 1960 [Kabupaten Bandung and Padjadjaran University 2003: 116-117]. It was at this time that the position of Bupati was filled not by aristocrats from the Bandung Bupati family but by military officers controlled by the center.

In the *Reformasi* era, however, the situation is changing. Regions are now free to elect their own heads who cater to the local interests rather than national interests. Regional heads are elected by regional legislators who are directly chosen by local people. In Bandung, stiff competition took place for the first time over the change of local leadership in the 2000 Bupati election. 13 pairs were officially registered for the Bupati-Vice Bupati election. Among the 13 pairs, three pairs were chosen for the run-off on November 6, 2000. The three pairs were Obar Sobarna (Speaker of the district parliament from Golkar)-Eliyadi Agrahardja (Chair of PDIP in Bandung district), Use Sudrajat (Vice Bupati in Bandung district)-Asep Qomusuddin (Chair of PPP in Bandung district), and Itoch Tochija (Secretary of Bogor municipality)-Maman Abdurrachman. Obar-Eliyadi won the election with 22 votes against Use-Asep and Itoch-Maman who received 19 votes and four votes respectively.

Allegations of vote buying mar the election of every regional head throughout the country.¹⁶⁾ As Hadiz [2003a] and Malley [2003] have shown, regional head elections are producing regional governments that are more susceptible to money politics and likely to be captured by local elites.¹⁷⁾ It is estimated that the cost of a single legislator's vote is traded at Rp 1 billion [Malley 2003: 110].

16) A public opinion survey conducted by *KOMPAS* indicates that 74.0 percent of the 853 respondents answered "Not Sure" to a question "Are the elections of regional heads free from money politics?" [*KOMPAS* 2002c]

17) On the theoretical analysis of elite capture at the local level, see Bardhan and Mookherjee [2000]. They point out greater cohesiveness of interest groups and higher levels of voter ignorance at the local level as the main factors of elite capture at the local level; thus warn the potential pitfalls of decentralization.

Although allegations of corruption have not surfaced, Kab Bandung is no exception for that matter. Because the Obar-Eliyadi pair was nominated by the two largest parties (PDIP and Golkar) in the district parliament, it should have won the race by a land slide. However, as the election results suggest, Obar-Eliyadi was able to beat Use-Asep by a margin of three votes. If Obar-Eliyadi had received full support from the two parties, the pair should have gained 30 votes—15 from PDIP + 10 from Golkar + 5 from TNI/Polri (since Obar is an ex-military officer). A rumor has it that eight PDIP votes went to the other pairs for “unknown” reasons. This is a case in point which shows that current local politics is about contest among local actors over power and individual gains rather than political ideology or central government intervention.

Figure 4 shows the changes in district parliament seats between the 1999 and 2004 elections. The general trend, which basically follows the national one, is that the two largest parties Golkar and PDIP still dominate the district parliament. The two parties control 53.3% of the seats (45) in the district parliament in 2004. Figure 4 shows that the popularity of PDIP waned whereas Golkar came back as the most powerful party, which controls 15 seats (33.3%) in the district parliament. United Development Party (PPP), National Awakening Party (PKB), and Crescent and Star Party (PBB) maintained the same number of seats between 1999 and 2004. On the other hand, National Mandate Party (PAN), Unity and Justice Party (PKP), Indonesian Islamic League Party (PSII), and the military/police (TNI/Polri) lost seats. At the expenses of these parties, Prosperous Justice Party (PKS) and Democratic Party (PD) — emerged as new political forces in 2004 by garnering popular support for their image of anti-corruption.

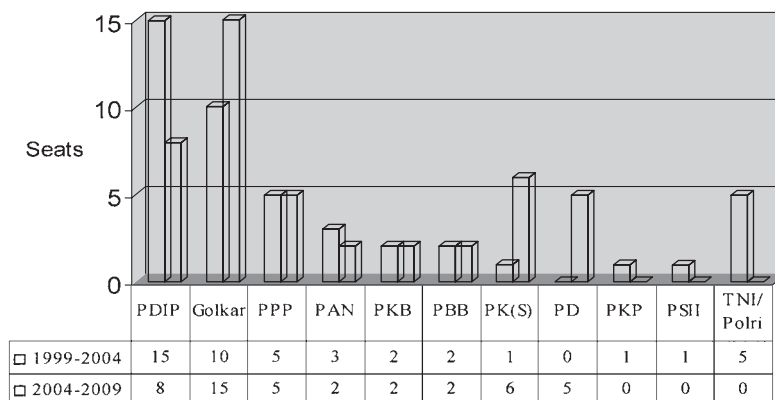


Fig. 4 Bandung District Parliament Seats, 1999 and 2004

Source: National Unity Office (Kantor Kesatuan Bangsa) 2004, Kab Bandung

Some changes are also taking place in the organizational structure in response to regional autonomy. Kab Bandung increased the number of administrative units. The number of subdistricts (kecamatan) increased from 36 to 45 (25 percent). Simultaneously, Kab Bandung delegated substantial responsibilities to subdistricts.¹⁸⁾ These measures created kecamatan as the de facto frontline service center for people.¹⁹⁾ By contrast, the number of villages has remained unchanged. Although the number of administrative villages (kelurahan) increased from four to seven, there has been no change in the number of villages (desa) which stand at 432. This phenomenon is not exclusive to Bandung; nationally, the number of villages increased by 2.7 percent between 2000 and 2003, contrasting it with the surge in the number of provinces, districts, and subdistricts.²⁰⁾ Furthermore, Kab Bandung carried out cutbacks in the government structure by consolidating defunct or redundant government institutions. Mergers of agencies (Dinas) and offices (Kantor) are common measures to reduce the local government spending.²¹⁾ In Kab Bandung, 19 agencies have been reduced to 16 since 2000.

2.3 Civil Society

As of 2004, there are 150 Non Governmental Organizations (NGOs) and Civil Society Organizations (CSOs) registered in Kab Bandung.²²⁾ According to an official at the National Unity Office (Kantor Kesatuan Bangsa) in Kab Bandung, NGOs/CSOs burgeoned around 1999 when the political openings made the environment conducive for socio-political activities.²³⁾ Advocate organ-

18) Keputusan Bupati No.21/2001 tentang Pelimpahan Sebagian Kewenangan Bupati kepada Camat. The Bupati decree was amended in 2004 as Keputusan Bupati No.8/2004.

19) In the long run, Assistant to Bupati in Kab Bandung envisions that the district government's authority should be delegated as much as possible in order to allow village autonomy. Interview with Assistant to Bupati (March 2, 2004).

20) During the same time period, the number of provinces increased from 27 to 34 (29.6 percent); that of districts from 268 to 348 (29.9 percent); that of cities from 73 to 92 (26.0 percent); and that of subdistricts from 4,049 to 4,994 (23.3 percent). For the analysis of the number of subnational governments in the era of *Reformasi*, see Ito [2005].

21) Jembrana district in Bali saved Rp 3 billion per year by merging several agencies [*Tempo* 2004].

22) CSOs are a subset of the larger sphere of NGOs, which is mainly concerned with advocacy activities. While CSOs are advocacy groups which attempt to influence public policy, NGOs include groups of wider interests such as service delivery groups. For the concept of NGOs/CSOs, see Salamon, Sokolowski and Anheier [2000] and Blair [2004]. In this paper NGOs/CSOs refer to organizations categorized in three groups used by the district government — foundations (*Yayasan*), mass organizations (*Organisasi Masyarakat*) and community organizations (*Lembaga Swadaya Masyarakat*). The number is as of June 1, 2004, and taken from the National Unity Office of Kab Bandung. The actual number of NGOs/CSOs must be greater as many of them do not bother to come for registration at Kab Bandung.

23) Although the exact number of NGOs/CSOs around 1999 is unknown, the official at the National Unity Office (Kantor Kesatuan Bangsa) who is in charge of NGOs/CSOs registration confirmed that the busiest time was between 1999 and 2000 when a significant number of representatives from CSOs came to the Office for registration. Interview with an official at the National Unity Office (June 1, 2004).

izations are divided into two sub-categories: mass-based groups (membership- and constituency-based) and trustee groups [Ottaway 2000: 83-85; Blair 2004: 6] (See Table 2). One notable change in the development of NGOs/CSOs after 1998 is the emergence of advocate organizations without mass bases: i.e., trustee-type, which seeks cooperation (*kerja sama*) with the district government rather than functions as checks on the government authority.²⁴⁾ In an effort to promote local government reform, these groups advocate democratic values such as accountability and transparency, and are interested in playing a role in local governance for the public whom they claim to represent. Unlike mass-based groups whose organizational capacity is measured by the mobilization of their members and constituencies, the strength of trustee-type groups derives from human resources based on which they organize and implement their activities. The Initiative Forum of 17 (*Forum Prakarsa 17*, or FP 17) is one such trustee group concerned about local governance reform. FP 17 grew from regular meetings of concerned NGOs/CSOs plus local officials and politicians, and was formally established in mid 2003 in order to accelerate the reform process in Kab Bandung.²⁵⁾ It works with the district government to create a local regulation on transparency, participation, and accountability in local governance. It is not because of their members and constituencies but because of their practical capability to promote efficiency in policy-making and service delivery that the district government is willing to work with FP 17. In short, the greater the practical capability is, the better they can cooperate with the district government in the processes of decision-making and public service delivery.

Table 2. Types of CSOs in Kab Bandung

Advocate Organizations		
Mass-based	Membership	NU, Muhammadiyah, Persis, Indonesian Muslim Youth Coordinating Board (BKPRMI)
	Constituency	Labor unions, farmers' groups, Indonesian Village Head Association (APDESI), Association of Village Councils, Association of LKMD
	Trustee	Center for Regional Development and Society Studies (Cerdass), Citizen Forum for Prosperous Majalaya (FM2S), FP 17, IPGI, and Wajit

24) Such trustee-type CSOs lobby to the district government by sending out formal letters of request and “hanging out” (exchanging information informally) at district government offices.

25) The minutes of the declaration meeting state, “We are formed because Kab Bandung has not yet implemented any significant reform” [P2TPD Kabupaten Bandung 2004: 24]. The formation of the umbrella organization was no doubt facilitated by the presence of the World Bank’s program of Initiatives for Local Governance Reform (P2TPD) in Kab Bandung. The local coordinator of P2TPD had an office in Kab Bandung where activists gathered for information exchange, and called several NGOs/CSOs to have regular dialogues before the formation of FP 17.

Another characteristic of trustee-type CSOs is that they neither adhere to any political ideologies nor side with certain political parties. Because public officials must remain politically neutral by government regulation, the district government officials find it comfortable to work with NGOs/CSOs which have no political affiliations and motivations.²⁶⁾ In addition, trustee-type CSOs, often funded by major international organizations, can work with the district government as an independent partner. In these senses, trustee-type CSOs can maintain a both politically and financially neutral position in local government affairs. In 2000, the district government worked with the Citizen Forum for Prosperous Majalaya (*Forum Masyarakat Majalaya Sejahtera*, or FM2S), a trustee-type group, which is based in Majalaya subdistrict. FM2S was successful in sharing the expenses of building roads, solving a regional minimum wage issue for factory laborers, and creating a city and space planning scheme for Majalaya. In the process of negotiating with the district government, traditional religious organizations such as NU and Muhammadiyah which hold significant influence over the population did not become a mediator between the district government and people. The Chair of FM2S who is also a local leader of NU and successful entrepreneur in the textile sector in West Java explained the reasons why he chose FM2S over NU in advocating local governance issues:²⁷⁾

*NU cannot become a civic forum which encompasses different sectoral interests in the society. NU is a socio-educational organization affiliated with PKB (National Awakening Party). Because of this fact, NU is labeled as a particularistic organization whose mission is to achieve their member's interests. But, FM2S is different. It can act as a civic forum where not only NU members but also Muhammadiyah and PDIP members can join freely regardless of different political and religious affiliations.*²⁸⁾

Elites' rule over ordinary people is often based upon irreconcilable cleavages between them in terms of language they speak, culture they adhere to, and education they receive. In the *Reformasi* era, however, the chasm between them is being filled by young CSO activists with tertiary education.²⁹⁾ In Bandung, highly capable youths in CSOs play a key role in bridging the chasm between the district government and ordinary people. They reduce the tension of the socio-cultural cleavages, making it easier for ordinary people to contact with the local government which is still unwilling to

26) Government Regulation No.5/1999 on Civil Servants with Political Party Membership.

27) Interview with the Chair of FM2S (July 3, 2004).

28) Muhammadiyah is another socio-educational organization based on Islam in Indonesia.

talk to ordinary people — especially farmers, laborers, and women. In fact, the two reform initiatives in Kab Bandung emerged from cooperation between the district government and CSOs. This type of cooperation between the state and civil society is not unusual in the *Reformasi* era as numerous grassroots organizations were formed when international organizations brought in abundant funds. Although the results are not tangible, the burgeoning of advocate CSOs will strengthen the development of civil society in the regions.

Nonetheless, a latent danger is that such trustee-type CSOs may serve their own interests rather than the public as a whole. Since they do not operate on the basis of members or constituencies, they lack a mechanism of accountability. Such CSOs can be easily hijacked by ambitious middlemen who take advantage of organizations to further sectoral and regional interests. This possibility is even higher where political parties are not an effective means to express people's voice. Despite the new electoral system introduced in 1999, grassroots mobilization by political parties remains minimum and ineffective.³⁰⁾ Political parties still use the same old strategy of distributing instant benefits before elections while they refrain from mobilizing people along the ideological cleavage or behind political agendas. As long as political parties are not rooted in society, people's distrust in politics remains high and, in the long run, the cost of the "disengaged civil society" may be high.

3. Mechanisms of Participatory Planning and Village Empowerment

In Kab Bandung, two reform initiatives evolved in the areas of development planning and village administration, which were least developed or vertically integrated during the New Order era. Development planning is an important process which determines the priorities of development projects and allocation of development funds. On the other hand, village administration defines the authority of the village based on which responsibilities and funds are delegated in order for the village to manage its household matters. The two reform initiatives reflect the spirits

29) The district of Bandung enjoys the benefits of educational infrastructure due to its proximity to the City (kota) of Bandung—provincial capital and the center of higher education since the colonial times. Many CSO activists and some village officials in Kab Bandung have Bachelor degrees or even Master degrees from nearby universities in Bandung area. For instance, a chairperson of the Indonesian Village Head Association (APDESI) in Kab Bandung holds a Master degree in science. A coordinator of a civil society organization is writing up his Master thesis on the role of non-governmental organizations in local governance while he coordinates his programs with other member organizations.

30) This point was proven by the direct presidential election in 2004, in which people followed their favorite candidates and elected Susilo Bambang Yudoyono from Democrat Party. People's votes elected neither Wiranto nor Megawati who was nominated as the presidential candidate by two largest parties, Golkar and PDIP respectively.

of *Reformasi*; local development must bring people back in the decision-making process whereas regional autonomy must begin at the lowest unit of administration. Since they constitute the core of local governance —the empowerment of citizens through development, the innovations in these policy areas have great implications for local governance reform in Bandung in particular and other districts in general. This section overviews the new mechanisms of participatory planning and village empowerment.

3.1 *The Consultation on Planning of Annual Development Activities (MPKT)*

3.1.1 *Comparison with the Old Model*

During the 1980s-90s, the uniform format of development planning was applied to all districts throughout the country. Under the authoritarian regime, every district government strictly followed the regional development planning model based on the Ministry of Home Affairs Regulation No.9/1982 on the Guideline for Development Planning and Management in the Regions (*Pedoman Penyusunan Perencanaan dan Pengendalian Pembangunan di Daerah*, or P5D). The model combines both top-down and bottom-up planning, instructing the master development plan through the administrative hierarchy and, at the same time, channeling citizen aspirations from villages through districts to the central government by the bureaucratic network of development-planning meetings.³¹⁾

However, the bottom-up mechanism in P5D had several flaws which hampered the realization of participatory planning. First, the P5D guideline does not explain how villagers get involved in the development-planning meeting or even mention the term “people (*masyarakat*).” As a result, the development meeting was controlled by village elites who enjoyed access to government institutions.³²⁾ Second, development activities approved by higher-level institutions did not meet the daily necessities of people. Since lower-level institutions did not have bargaining power over the decision-making process of development planning, proposals from below ended up with a long shopping list of unfulfilled wishes. Third, the mechanism of P5D was neither transparent nor accountable to people. Once proposals were submitted, people did not have any means to control the fate of their proposals. In other words, practices of corruption often took place in the process of turning proposals into activities. Moreover, because priorities were given to the central government development

31) The development-planning meetings have different names according to the administration levels. In villages, it is called *Musyawarah Pembangunan* or Musbang. In subdistricts, it is called *Unit Daerah Kerja Pembangunan* or UDKP. In districts, it is called *Rapat Kordinasi Pembangunan* or Rakorbang.

32) Such government institutions included political parties, youth organizations, occupational groups, women’s groups, and village offices.

plan, proposals from below were replaced by vested interests from above.

In 2003 Kab Bandung introduced a new planning mechanism, called the Consultation on Planning of Annual Development Activities (*Musyawah Perencanaan Kegiatan Tahunan*, or MPKT). Some shifts from the old P5D planning process are significant at least in two key areas: 1) the level of engagement of local people in decision-making and 2) the commitment of the district government to participatory planning. First, in P5D, villagers were nominally involved in the activity formation process at the village level.³³⁾ They were only given an opportunity to make a long wish list, but were not allowed to participate in other meetings at the subdistrict and district levels. Most of their proposals from the wish list were not realized, which caused apathy toward development among villagers. Asep who worked as Head of the Infrastructure Division at BAPEDA between 1996 and 2003 told, “My job was to cut the long wish list created by villagers. Villagers used to call me ‘slaughter (*Tukang Jagal*)’.” In MPKT, three delegates from villages participate in the subdistrict-level meeting to ensure their proposals get attention. Then, three delegates from subdistricts bring the list of proposals to the district so that their proposals are accommodated in the final list of development activities.

Second, the district government is serious about accommodating people’s voice in local development planning. In MPKT, part of authority to create development activities is devolved to people. Development activities are divided into two categories — sector-based and area-based activities. People can create area-based activities which are directly related to their community matters. If people think building a road to a nearby market is beneficial to their village, they can propose the activity to the district government via the subdistrict. On the other hand, the district government holds authority to formulate sector-based activities which are left unattended by area-based activities. In this process, the district government is expected to give priorities to area-based activities proposed by people in synthesizing the two kinds of activities. A limit to MPKT is that authority to determine the local budget is still at the hands of the district government and the district parliament. Citizen participation can influence only the decision-making of activity formation.

Major changes are summarized in Table 3.

3.1.2 Mechanism of Participatory Planning in MPKT

Here we examine the new mechanism of development planning in Kab Bandung. The development planning process up to the budget allocation takes as long as 10-12 months. Figure 5 is a color

33) When I say “villagers,” I mean ordinary people excluding elites who are village officials and informal leaders (*tokoh masyarakat*).

Table 3. Comparisons between P5D and MPKT

	P5D	MPKT
Citizen Participation		
Village	Yes	Yes
Subdistrict	No	Yes
District	No	Yes
Citizen Delegations to Subdistrict and District	No	Yes
Priorities given to people's activities	No	Yes
Division between sector-based and area-based activities	No	Yes
Sources of funds for development activities	National, Provincial, and District budgets; Village development funds (INPRES)	District budget (APBD)
Authority to decide the budget	No	No

Source: Peraturan Menteri Dalam Negeri No. 8/1982 tentang Pedoman Penyusunan Perencanaan dan Pengendalian Pembangunan di Daerah (P5D); Kabupaten Bandung and IPGI [2003]



Fig. 5 Poster Explaining the Process of District MPKT

poster which illustrates the MPKT process for people. The entire process of participatory planning in MPKT is graphically summarized in Figure 6.

A. Development Guideline Process

The MPKT planning process begins with a discussion between line agencies and interest

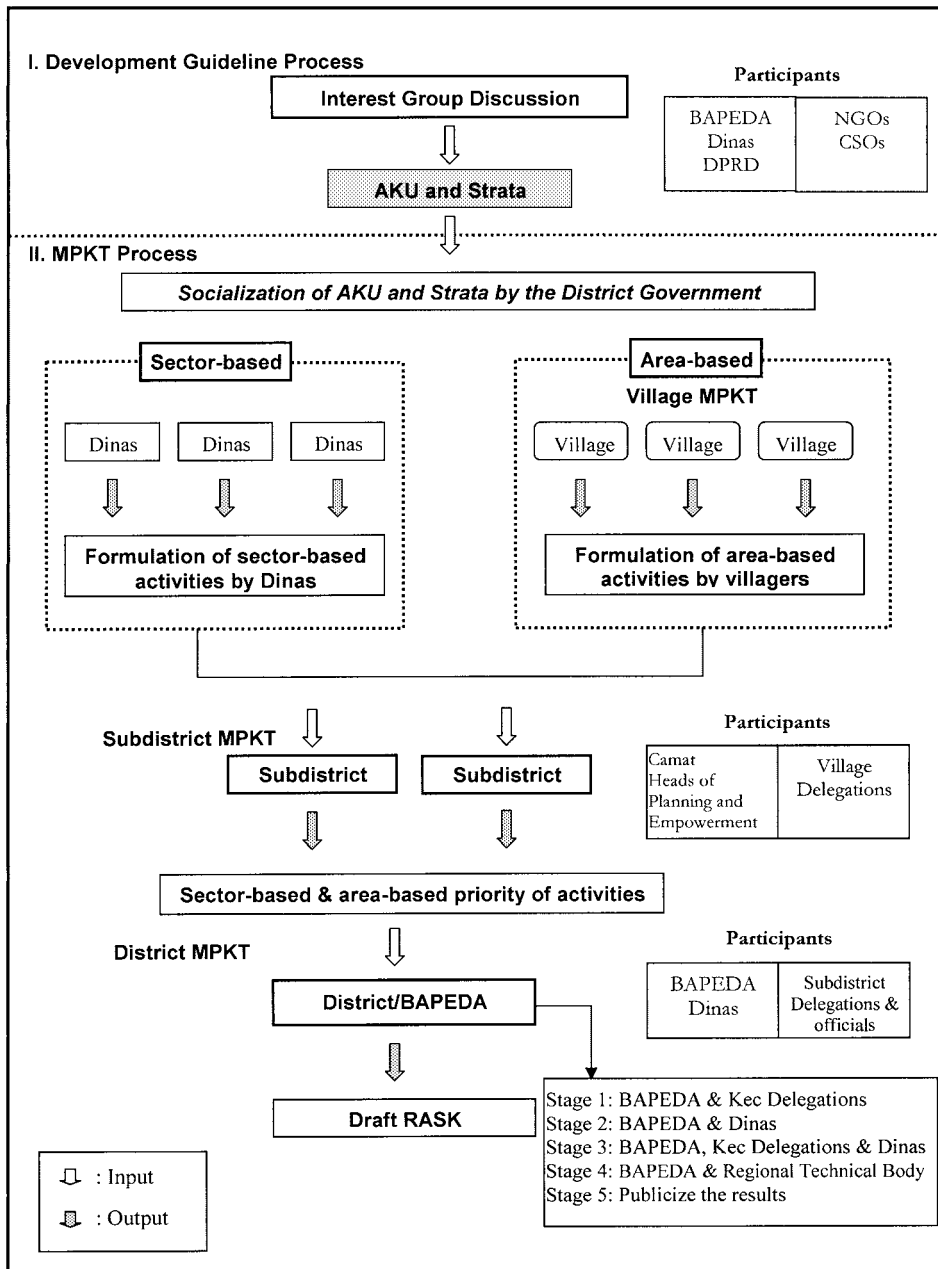


Fig. 6 Development Guideline and MPKT Processes

groups in the district to jointly agree on the overall policy direction (*Arah dan Kebijakan Umum*, or AKU) and strategy and priorities (*Strategi dan Prioritas*, or Strata). The interest group discussion is attended by the Regional Planning Board (BAPEDA), line agencies (Dinas), departments (Bagian), institutes (Lembaga), the district parliament (DPRD), and NGOs/CSOs. BAPEDA officially publicizes the results of the discussion (AKU and Strata) to all government offices. The line agencies visit the subdistrict to inform village officials of the AKU and Strata, and provide them with overall policy guidelines for their area-based proposal. Simultaneously, the line agencies prepare their sector-based activities. The socialization of AKU and Strata to the line agencies and villages is crucial in sharing the same understanding of development policy which enables agencies and villages to orient their proposals in line with the district development guideline.

B. MPKT Process

Development activities are composed of the two categories — sector-based and area-based activities. Citizen participation takes place at the area-based activities while the sector-based activities are exclusively maintained by the district government. The line agencies are in charge of creating sector-based activities with an emphasis on sectoral interests beyond territorial boundaries. In creating sector-based activities, each agency refers to AKU, Strata, regional strategic plan (REN-STRADA), and other government guidelines, and makes sure that sector-based activities reflect its own interests such as locations, types, and control over projects. In this sense, the line agencies maintain exclusive control over the decision-making process of sector-based activities.

Village MPKT

Area-based activities, on the other hand, provide an arena for citizen participation. This is where MPKT distinguishes itself from the old model of development planning. People at the village level participate in a community meeting called village MPKT in which they discuss communal needs in their villages. Villagers' needs are usually related to socio-economic issues around their neighborhoods such as roads, clean water, irrigations, community health centers, Islamic schools, and elementary schools, which bring about a visible difference in their everyday lives. Each village makes a few proposals based on the discussions at Village MPKT, which are later brought to subdistrict MPKT by village delegations. The village delegations consist of three people who are non-village officials and democratically chosen by the participants.

Subdistrict MPKT

Sector-based and area-based activities are created separately by agencies and villages respectively. Sector-based and area-based activities are for the first time synthesized at subdistrict MPKT. Subdistrict MPKT is participated by the Subdistrict Head, Heads of Planning and Empowerment Divisions, village delegations, NGOs/CSOs, professional associations, women's groups, and youth groups. The objective of the subdistrict MPKT is to determine the priority ranking of development activities brought together from agencies and villages, and to select subdistrict delegations who bring subdistrict proposals to the district MPKT and inform the subdistrict of further developments at the district MPKT. Subdistrict delegations are composed of three people who are non-village or subdistrict officials and democratically elected by the participants.

District MPKT

The lists of development activities — sector-based and area-based — from subdistricts are brought in the District MPKT. BAPEDA leads and coordinates the District MPKT meeting. The District MPKT consists of five stages. Stage 1: BAPEDA meets subdistrict delegations and subdistrict officials to rationalize development activities based on the budget ceiling for each subdistrict. Stage 2: BAPEDA meets the line agencies to discuss the development strategies and sector-based activities. The line agencies prepare the lists of development activities categorized in two groups. The first group is about priority; “P (*Prioritas*)” means priority while “BP (*Bukan Prioritas*)” means non-priority. The second group is about the origins of proposals; “A (*Aspirasi*)” indicates people's proposals while “BA (*Bukan Aspirasi*)” indicates proposals from the line agencies. Stage 3: BAPEDA meets kecamatan delegations and the line agencies to synthesize their activities. This meeting produces the final lists of development activities agreed upon by the line agencies and subdistrict delegations. Stage 4: BAPEDA meets the Regional Technical Bodies to accommodate proposals from the Regional Technical Bodies. Stage 5: The results of the meetings are made public. In 2003, Stage 1 took place on October 6-7; Stage 2 October 9-10; Stage 3 October 14-16; Stage 4 October 17 and 20; and Stage 5 October 23.

3.1.3 Implementation of MPKT in 2003

Although the overall process of MPKT in 2003 went without serious disruptions, there were several problems arising from the new participatory planning mechanism. One major challenge to realize participatory planning was imposed by the line agencies which were from the beginning very reluctant to adopt plans from the communities since most of them were not in line with the agencies' plans. In the district MPKT, BAPEDA publicized the final list of development projects, which

showed the names of projects to be realized but did not disclose the information on the amount of funds to be allocated to individual projects. BAPEDA intentionally hid the information because one agency manipulated the list of development projects, and changed the amounts of funds, locations, and volumes of the projects after they had agreed in the forum. Later being publicized, this incident infuriated the delegations from the subdistricts. They confronted the agency and demanded to stick to the original list.

One possible incentive for the line agencies to hide or manipulate information is material benefits from development projects. It is a common tactic that officials seek individual gains from “projects” through mark-ups, reduction in quality and quantity, and unfair selection of favorite contractors. Because MPKT delegated most authority over projects to villages through, the line agencies feel that they have lost out. Another possibility is that the line agencies which were used to the old rules of the game showed reluctance to follow the MPKT procedure. The reluctance of the line agencies, however, was eliminated by Bupati Obar who had made a public commitment to realize participatory planning during his term of office. He instructed all the district officials that MPKT was a priority of the district government as a whole, and that people’s proposals must be respected.

3.2 Devolution of Administrative and Fiscal Authority (DAFA)

3.2.1 The Mechanism of DAFA

The uniform village administrative structure was established by Law No.5/1979 on village government under the New Order regime, which was regarded as the first attempt to bring villages under the surveillance of the state. During the New Order era, the central government led rural development, and seized control over village administration for popular mobilization at the times of elections.³⁴⁾ Throughout the late 1970s and 80s due to the increases of oil revenues, massive projects and funds flowed to villages in the form of the Presidential Instruction (INPRES) projects, state-financed loans for farmers (BIMAS) and Regional Development Funds (IPEDA). Villages which were “not cooperative” with the national goal of development were denied access to such beneficial packages. In order to build roads, schools, mosques, and health posts, village heads had to work hard to get a larger slice of state funds. Village heads were rendered quasi civil servants at the lowest administrative level who obediently execute the orders from the whole line of the administrative hierarchy (subdistrict, district, provincial, and central governments).

Viewed from this perspective, the concept of devolving administrative and fiscal authority to

34) For state intervention in village development under the New Order regime, see Murai [1986] and Antlov [1995].

villages aims to return enough authority and resources to manage everyday affairs at the village level. A problem about the village, however, is that during the New Order era the village did not have unambiguous rights or division of labor in relation to higher state administrative units.³⁵⁾ Village government was reduced to a bureaucratic machine at the lowest administrative level whose purpose was to maintain *ketentraman* (peace) and *ketertiban* (order) within the territory.³⁶⁾ Thus, having the definite rights of the village is seen as the first step for the village to be recognized as an autonomous entity. The village with the division of labor based on the rights can take care of its household matters, and deal with inter-village affairs through the coordination of the district via the subdistrict. Kab Bandung has 432 villages (*desa*) and 7 administrative villages (*kelurahan*) spread over the large territory with the population of around four million. Various needs in villages with diverse backgrounds can be more efficiently and effectively served by village governments which know best their day-to-day necessities.

Once village authority is clearly defined, the district government can decide how much funds are necessary to carry out village household matters. A difficult part is that villages are not equal in terms of the geographic location, area of land, size of the population, type of the economy, condition of roads, etc. Some villages require more funds to manage household matters than others. Therefore, creating a just formula of transfer funds is the second step for village empowerment. In the absence of such formula, Kab Bandung, however, allocates the same amount of funds to every village regardless of such characteristics. That is to say, village empowerment can be realized by devolving political and economic resources from the district to villages. Furthermore, devolving political and economic resources to villages makes more sense when combined with participatory planning. Based on the division of labor, the village can create the list of development activities which must be financed and executed by the village. Meanwhile, the district government can focus on sector-based and area-based programs which are in line with the regional development plan. For instance, suppose villagers propose building a village road to the district government through MPKT, if building and maintaining village roads are included in the village rights and obligations, villagers do not bother to bring the proposal to the district. If they know what to take care of, the participatory planning process becomes much less complicated by avoiding the overlaps of responsibilities.

Here we look at how the district government envisions village empowerment by examining

35) The village government law of 1979 did not specify the rights of the village. Article 2, Section 2 of the law puts it: "...authority, rights and obligation of the village are determined and arranged by regional government regulations in line with manuals prepared by the Ministry of Home Affairs."

36) Article 10 Section 1 of Law No.5/1979 on Village Government.

Table 4. Village Assistance by the Bandung District Government

Name	Type	Supervision	Amount (Rp)	Others
Block Grant (Dana Bantuan Biaya Penyelenggaraan Pembangunan Desa)	Grant	Regional Autonomy Department (BPOD)	50,000,000	Rp 50 million is allocated to every village regardless of the financial capacity and the size of the population and geographic area.
Village Personnel Fees (Biaya Penunjang Penghasilan Desa)	Grant	BPOD	21,840,000	This is to subsidize the salaries for village personnel. The actual salaries vary from village to village depending on the village revenues.
Village Infrastructure Development (Pembangunan Perasarana Desa)	Program-based assistance	BPOD	Half of the expenses	The district government subsidizes the expenses of village infrastructure projects such as roads and school up to 50%. Villages must submit proposal and be approved by the district government.
Village Autonomy (Desa Mandiri)	Program-based assistance	Population and Civil Registration Agency	100,000,000	The district government deposits Rp 100 million to a village bank account. The village can make use of interests from the fund for education, health, and economy. Started in 10 villages in 2004.
Loving Mother Movement (Gerakan Sayang Ibu)	Program-based assistance	BAPEDA	2,000,000	A village receives Rp 2 million which can be used for the health of pregnant mothers and infants. Started in 20 villages in 2002, and expanded to 55 villages in 2005.

Source: Information was gathered through interviews with the Department of Regional Autonomy Development (BPOD), Kab Bandung; Regional Planning Board (BAPEDA), Kab Bandung; and Population and Civil Registration Agency (Dinas Kependudukan dan Catatan Sipil), Kab Bandung, 2004.

the kinds of assistance available to villages in Bandung. Currently, Kab Bandung has two types of grant transfer and three kinds of program-based assistance to villages (See Table 4). The district government allocates Rp 50 million per village as a block grant without the specification of its usage.³⁷⁾ The transfer fund to villages is Rp 21.6 billion, which is about 2% of the total expenditure (Rp 1.187 trillion) in 2004 in Kab Bandung. Although the amount seems less significant, for most rural villages without large-scale industrial factories, the main source of village revenues is the block grant from the district government. In the case of Village N in Majalaya subdistrict, the block grant

37) Before 2004, 50% of the block grant must have been used for non-infrastructure programs.

constitutes 33.24% of the total village revenues (Rp 150,390,000). On the other hand, in Village P in Soreang subdistrict (adjacent to the premises of Kab Bandung), the routine expenditure alone amounted to Rp 57 million plus even a bigger amount for the development expenditure in 2003. The block grant makes up of only 12.5% of the total village revenues (Rp 408,144,000). In other words, what is the appropriate amount of funds to be allocated to villages varies from one village to another, depending upon key variables such as the size of the population and geographic location, and the financial capacity.

4. How the Reform Initiatives Emerged?

4.1 *Democratic Institutions and Political Competition*

A notable difference in the landscape of local politics after 1998 is increased political competition among local political institutions, which largely shapes the dynamics of local politics in the Post-Suharto era. Interestingly, this political competition in the local political landscape is being constructed not from below but from above. Regional governments are reacting or adjusting to such institutional changes. Unlike other democratizing areas in the world where reform movements are often led by left-wing parties, labor unions and consolidated civil society organizations, reform agendas in Kab Bandung have been largely guided by local elites' reactions to institutional changes.³⁸⁾ It is often said that a decades-long culture of top-down rule characterized by military's involvement in politics has undermined the capacity of public officials including popularly elected politicians in the regions. Kab Bandung is no exception to this. Most bureaucrats wait for instructions rather than take the lead to start new things.³⁹⁾ Similarly, members of the district parliament seem preoccupied with their own business; between 2000 and 2004, the Bandung district parliament took the initiative of creating only four local regulations out of 89.⁴⁰⁾

In the context of local politics in Kab Bandung, political competition appeared among key political institutions by the empowerment of the legislative branch vis-à-vis the executive branch. Such changes strengthened the role of the legislative branch in local politics, and created the local

38) See Heller [2001] and Isaac and Heller [2003] for the reform process from bottom up in the Indian state of Kerala, South Africa, and the Brazilian city of Porto Alegre.

39) Most rank and file civil servants whom I interviewed spoke in the same tones, "Belum ada instruksi dari atas (there is not yet instruction from above)" when they were asked "Ada rencana atau tindak lanjutnya? (Do you have any plans or next steps for this?)" "Atas" means above. Depending on circumstances, *atas* means the national government, provincial government, or agency/office in the bureaucratic hierarchy.

40) The four regulations are on 1) permit for workforce services, 2) solid garbage, 3) cooperation between the district government and private companies, and 4) prohibition of prostitution.

political arena where genuine political competition takes place between the executive and legislative branches. In designing the structure of regional autonomy, the central government attached an important role to regional parliaments which serve to check and balance regional heads. Based on the legal framework defined by Law No.22/1999 on regional government, regional heads are accountable to regional parliaments, and must present the annual accountability report at the end of fiscal year and provide explanation to issues raised by regional parliaments (Article 44 and 45). This law was augmented by the Government Regulation No.108/2000 on the structure of regional head's accountability.⁴¹⁾ The Government Regulation adds that regional heads must present the end-of-the-term accountability report to regional parliaments (Article 3).

How does this change of power relations between the legislative and executive branches influence local politics? In the case of Bandung, the change of power relations increased the district government's accountability, which created room for innovations in local governance. Here, the reform initiative of participatory planning is illuminating. The concept of participatory planning originated the motto of Kab Bandung stipulated in the Regional Strategic Plan (RENSTRADA). Defined by a District Government Regulation, RENSTRADA is the district government's platform on how to develop the district under the leadership of Bupati for the next five years.⁴²⁾ After Obar Sobarna took office as Bupati in late 2000, the new government presented the vision in RENSTRADA. Section III of RENSTRADA stipulates that the vision of regional development policy is to realize the peaceful, orderly, and prosperous society through participatory development in consideration of religion, culture, and the environment.⁴³⁾ This public promise became a direct lead for Bupati Obar to change the old top-down model of development.⁴⁴⁾

Another role played by RENSTRADA under the new power relations is that it serves to evaluate the district government's performance. The Government Regulation No.108/2000 views RENSTRADA as a tool to evaluate the performance of the executive branch, and mandates the leg-

41) In quite a few provinces, districts, and municipalities, the legislative branch has threatened the executive branch to reject the accountability speech, which ultimately leads to the replacement of the regional head. For instance, Bupati Tangerang in West Java Province held the discussion of the accountability speech in a resort hotel outside the district in order to appease DPRD members. Nevertheless, DPRD rejected the Bupati's accountability speech [KOMPAS 2002a; 2002b].

42) The district government creates RENSTRADA on the basis of the Regional Development Plan (PROPEDA).

43) Peraturan Daerah Kabupaten Bandung No.15/2001 tentang Rencana Strategis Daerah Kabupaten Bandung Tahun 2001-2005: Section III. The original version reads: "*Terwujudnya Masyarakat Kabupaten Bandung yang Repeh Rapih Kertarabarja melalui Pembangunan Partisipatif yang Berbasis Religius, Kultural dan Berwawasan Lingkungan.*"

44) Interviews with key local bureaucrats and politicians in Bandung also confirmed this view.

islative branch to use it as the benchmark of the executive performance (Article 4).⁴⁵⁾ Following the Government Regulation, the district government endorsed the intent of the central government, and issued the District Government Regulation No.15/2001 on The Regional Strategic Plan. Article 2 of the District Government Regulation defines the role of RENSTRADA as “facilitating the district parliament in evaluating Bupati’s accountability.” From the district government’s point of view, RENSTRADA is one indicator in judging whether or not the district parliament should reject the Bupati’s accountability report. Now that the district parliament has veto power, a failure to achieve the platform becomes fatal to Bupati. Indeed, Bupati Obar, the chair of Golkar in Bandung, turned to the Golkar fraction in the district parliament in realizing participatory development.⁴⁶⁾

To sum up, the reform initiative to realize participatory planning by the district government was first stimulated by the changes of institutional arrangements both at the national and subnational levels.⁴⁷⁾ Although similar platforms existed during the New Order era, they nominally functioned as the benchmark of performance under the condition in which power was concentrated on the executive branch at the center and regions. Top-down decision-making, appointment of Bupati, and dysfunctional DPRD all contributed to local governments’ weak accountability. Nevertheless, with power decentralized to subnational governments and diversified to several political institutions supported by the national and local legal framework, RENSTRADA plays a significant role in local governance. Because of increased political competition, Bupati Obar took RENSTRADA seriously when he thought of either his immediate fate at the annual accountability report or his ambition of reelection in the near future. This suggests that political competition under the new rules of the game had influence over *how* the district government thinks and to a certain extent *what* it does.

45) For instance, the West Java Provincial parliament evaluated the Governor Nuriana’s accountability speech based on its RENSTRADA, and gave “poor” to his five-year term as Governor who failed to carry out his proposed activities [*Suara Pembaruan* 2002].

46) Interview with a Golkar member in the district parliament (March 5, 2004). From a political party’s point of view, supporting participatory planning enhances their popularity among the constituency; thus increases the chance for reelection. A member of the district parliament (non Golkar) puts it: *Golkar is probably using MPKT to increase its popularity. Bupati Obar is the Chair of Golkar, and his followers in the executive including subdistrict and village heads are also Golkar. MPKT is cosmetic reform which is to show that Golkar cares about people’s aspirations. Creating this kind of image becomes clear not at the level of the district but at the levels of subdistricts and villages.* Interview with a district parliament member (February 18, 2004).

47) In the meantime, the Ministry of Home Affairs issued the Minister’s Decree No.29/2002 on the accountability and monitoring of local finance and arranging the local government budget. This decree also served as one of the direct leads to the district government’s initiative to create the new mechanism of development planning. Mamang, Secretary of BAPEDA, told that, “MPKT is a step to the implementation of Home Affairs Minister’s Decree No.29/2002 which gives directions on how to arrange the local budget.” Interview with Mamang, February 16, 2004.

At this point, one might wonder why some districts respond to the institutional changes at the national level in a positive manner while others don't when all districts are equally constrained by the same institutional arrangements. Suppose that all 439 districts/municipalities spread over the archipelago were as seriously constrained as Bandung, we could expect to see similarities in the behavior of district governments toward local governance. However, only a handful of district governments are able to transform the institutional changes into reform initiatives.⁴⁸⁾ What is essential is that the institutional changes must be further reinforced by shared ideas about citizens' role from bottom up. The power must be shared between the state and society, allowing new actors from civil society to participate in local governance. In this way, obstacles to reform—vested interests—can be discarded in the interests of all the stakeholders not just of the state.

4.2 The Momentum for Change: Civil Society Plays a Role

People tend think old regulations created during the New Order don't represent people's aspirations. People demand us to change the public officials' old way of thinking (Mamang, Secretary of BAPEDA).⁴⁹⁾

A series of organized riots in May 1998 which led to the fall of the Suharto regime rendered not only urban areas but also rural areas insecure for a while.⁵⁰⁾ During the euphoria period, people's dissatisfaction suppressed under the New Order surfaced in a radical form; villagers toppled down corrupt village heads, which created the image of the world of upside-down.⁵¹⁾ In the meantime, a high profile scandal surfaced in 1998 in Majalaya, one of the subdistricts in Bandung, which led to the involvement of the district parliament, Bupati, and the district court in creating a new city and space planning scheme in Majalaya.⁵²⁾ The scandal revolved around the sale of the subdistrict office land by the Majalaya subdistrict head.⁵³⁾ Toward the end of the Suharto regime, the subdistrict head

48) The World Bank Study on Initiatives for Local Governance Reform identified some 45 reform initiatives by district governments. The reform initiatives fall into six major categories: 1) Planning and budgeting, 2) Public participation, 3) Public service, 4) Village governance, 5) Environment, and 6) Business.

49) Interview with Mamang (February 16, 2004).

50) On May 12, 1998, the army's special forces fired guns at a crowd of students demonstrating in front of Trisakti University in Jakarta. This incident triggered a series of riots in Jakarta from May 13-15, 1998. On May 21, 1998, President Suharto resigned in an attempt to restore order in society.

51) Lucas [1999] writes a story of a corrupt mayor in Tegal, Central Java, who was toppled down by angry students joined by local political and religious elites.

52) Majalaya, the center of textile production, was once called "Dollar City" in the 1950s-60s. In the mid 1950s, a half of the population in Majalaya was employed in the textile industry, which produced 15 percent of total handloom weaving capacity in Indonesia [Keppy 2001: 132].

53) Originally, the subdistrict office was located in downtown next to the market, large mosque, and bus terminal.

sold the village land (*tanah carik*) to a private developer from Bandung municipality which was interested in building a department store on the land, and relocated the subdistrict office in a nearby village. The sale of the subdistrict land took place behind closed doors, and quite a few officials were believed to be involved in corruption with the department store developer.

Soon after the Suharto regime collapsed in Jakarta, several informal leaders in Majalaya blatantly criticized the subdistrict office in particular the subdistrict head. During the course, the informal leaders mobilized youths under the name of the Majalaya Young Movement (*Gerakan Muda Majalaya*, or GMM) to annul the deal between the subdistrict office and the developer. Teteng, a leader of GMM who claimed to represent people, interrogated the subdistrict head about the deal. Although the subdistrict head resigned from office, the informal leaders could not find ways to deal with the scandal any further. Then they brought it to the district. Youngsters from Majalaya who were brought to Soreang (district capital) by GMM demonstrated in front of the district parliament building. They demanded the district government to take immediate action against the corruption scandal. Although the delegations met with Obar Sobarna, then chairman of Commission E in the district parliament, they were told that the case was under the judicial review.⁵⁴⁾

While this scandal was being reviewed by the district government, another issue drew people's attention in Majalaya. This issue revolved around a new city and space planning scheme (RDTRK) 2000-2010 for Majalaya.⁵⁵⁾ According to people in Majalaya, the scheme was unilaterally created by a consulting company without involving people in the creation of the scheme; thus did not match with the real condition of Majalaya. In order to get Majalaya people's voice across to the district government, new subdistrict head, village officials, business leaders, and informal leaders in Majalaya formed the Citizen Forum for Prosperous Majalaya (FM2S) in 2000.⁵⁶⁾ Before the draft was legalized by the district parliament, FM2S rejected the city and space planning scheme made by PT Rekayasa Tama. Responding to the strong protest from local people, the Settlement and City Planning Agency (Dinas Kimtawil) promised the community to create a new scheme of city and space planning in cooperation with CSOs—FM2S and the Indonesia Partnership for Governance Initiatives (IPGI). Bupati Obar played a no less significant role in resolving the city and space

54) The story was made available by Hetifah Sjaifudian who studies the development of civic associations in Indonesia for her Ph.D. dissertation at Flinders University.

55) The new city and space planning scheme was drafted by a consulting company, PT Rekayasa Tama which won a tender from the district government.

56) FM2S aims to provide a communication arena for Majalaya people who collectively deal with their communal matters. Interview with a FM2S activist (May 25, 2004). Antlov [2003: 78-79] analyzes FM2S's role in fostering grassroots democracy by broadening citizen participation and discussing community issues collectively.

planning issue in Majalaya.⁵⁷⁾ He invited the three parties at his official residence in Soreang, and facilitated the dialogue between the district government and CSOs.

Although the impact of city and space planning on the everyday lives of people is enormous, most people are unfamiliar with the complex process of creating the city and space planning scheme. FM2S backed by IPGI became the facilitator to bridge the gap between the district government and the community. FM2S formed advocacy groups in order to reach out to people, and helped them identify problems in their villages and subdistrict. After conducting a series of focus group discussions with the community, FM2S [2000] identified several key communal issues with which Majalaya is faced such as chronic floods, poor road conditions, industrial wastes, and insufficient public transportation. These problems should be understood in terms of historical development of the town of Majalaya. Upon his violent takeover of the Presidency in 1966, Suharto reassured Western and Japanese capitalists by adopting the neoliberal economic policy. However, the consequence of this policy was severe for the small-scale textile industry in Majalaya. The cottage industry, which was dominated by local weavers using hand looms (*Alat Tenun Bukan Mesin*, or ATBM), was destined to decline. Land-holding peasants sold their land to foreign capitalists for instant cash.⁵⁸⁾ As conglomerates brought large factories as well as the reserves of laborers and their dependants, the growth of the town was complicated by concomitant socio-economic problems. Peasants were reduced to factory workers, who could be fired at any time. The downtown area lacks a good drainage system, which causes regular floods in the rainy season. Roads are heavily damaged by large trucks, which causes permanent traffic jams. Industrial wastes from factories directly flow into the Citarum River, which threatens the health of the population.

It is here that trustee-type CSOs see themselves as “bridges” between the state and civil society by virtue of its neutrality in local politics and capability of dealing with policy consultation. IPGI was probably the most influential CSO for the Kab Bandung in formulating the concepts of participatory planning and village empowerment. Below, we will review how the cooperation between Kab Bandung and IPGI came into being with the implication for civil society-led local governance reform.

In early 1999, several activists with different backgrounds met every Friday to discuss local governance matters. After a series of such meetings, they realized that while the regional autonomy

57) After his election, Bupati Obar became personally concerned with city planning in Majalaya due to his earlier involvement in the kecamatan land scandal. Interview with Bupati (March 4, 2004).

58) From 1967 to 1980, the share of land-holding peasant households in all households in Majalaya subdistrict decreased from 53.4 percent to 20.3 percent [Hardjono 1987: 45].

laws provide the framework for a new political system at the national government, subnational governments lack a framework for “good governance.” Based on the resolution, three activities — Hetifah (Akatiga Foundation), Furqon (Bandung Institute of Technology, or ITB), and Asep (BAPEDA) — played a central role in founding IPGI in January 2001. Hetifah, Furqon, and Asep sit in the board of directors of IPGI while eight researchers work full-time. They are all graduates of ITB’s City Planning Department, and have experience in social development in their own fields. They were seeking synergy between the district government, CSOs, and university; the CSOs and university offer concepts while the district government implements them. The activities of IPGI focus on 1) legal framework, 2) advocacy, and 3) capacity building in Kab Bandung.

It was neither an accident nor KKN that IPGI played an intermediate role in local governance reform. It is worthwhile to mention three qualities of IPGI in bridging the gap between the local government and civil society. First, IPGI’s high capability of dealing with policy consultation, which was demonstrated in dealing with city and space planning in Majalaya, reassured the district government that IPGI could provide practical input to local governance reform.⁵⁹⁾ The first task was to get rid of mutual distrust between the district government and civil society.⁶⁰⁾ Because of the legacy of top-down rule under the New Order, non-governmental organizations are not usually regarded as a partner of the district government. Similarly, civil society is also skeptical about the district government’s political will to cater to people’s interests. Nevertheless, there have been some shifts in the old perception on both sides since democratic decentralization. Syafei, Director of IPGI, said, “Cooperation between a CSO and the district government rarely takes place. But our cooperation with the district government starts from a belief that not every bureaucrat is bad, and not every CSO activist is right, either.”⁶¹⁾ Mamang, Secretary of BAPEDA, spoke, “People tend think old regulations created during the New Order don’t represent people’s aspirations. People demand us to change the public officials’ old way of thinking.” It is through social pressure and political competition that the district government turns to capable CSOs for policy consultation in local governance, which also serves as a means of increasing accountability.

59) This point was emphasized by Ari Kusma, Secretary of Kab Bandung (then Head of BAPEDA). He told that Kab Bandung did not need academic knowledge but practical input in carrying out local government reform. Interview with Ari Kusma (March 4, 2004).

60) IPGI’s reputation as a capable CSO which had coordinated the city and space planning scheme in Majalaya was well known to high ranking officials — Bupati, Vice Bupati, Regional Secretary, and Head of BAPEDA — in the district government. During an interview with Bupati, he told several successful city planning, one of which was Majalaya. He singled out the names of IPGI and FM2S whose cooperation helped the district government solve the problem of city and space planning in Majalaya. Interview with Bupati (March 4, 2004).

61) Interview with Syafei (March 6, 2004).

Second, the human networks among the district government, CSO, and university facilitated easy exchange of ideas on local governance. Educated at ITB, the core members of IPGI are active in their own fields: CSO, government, and university. In this sense, IPGI became the arena for bringing in various expertise and experience in achieving the common goal. In particular, the affiliation of Asep (Head of Infrastructure Division at BAPEDA) with IPGI (a board member of IPGI) strengthened the links between the district government and IPGI. Asep was a right hand man of Bupati who often consulted with him at the occasion of Friday's prayers. He facilitated the involvement of IPGI as a key actor of local governance reform, and IPGI was officially invited as one of the working group participants at BAPEDA. And it was through IPGI that Asep's vision of local governance reform was translated into policy recommendations.⁶²⁾

Third, the involvement of a CSO as an external organization reconciled vested interests among stakeholders within the district government. There is a strong tendency among public officials that they are used to the old format of doing their work; therefore, they are unwilling to change it. Sarwono of the Education Agency (Dinas Pendidikan) admitted some difficulties he experienced during the MPKT process: "It is not that we are unwilling to cooperate. MPKT was implemented in 2003 for the first time. We are simply used to the old format of development planning."⁶³⁾ In a similar vein, jealousy and skepticism out of unwanted competition often prevent innovative ideas from being developed. MPKT, for example, was considered in the beginning as a "project" of BAPEDA, and faced with bureaucratic inertia from other government agencies and offices. Most public officials at agencies thought they would lose benefits from controlling the activity formation process. Thus, the mediation of a third-party organization can weaken the dichotomous perception of winners and losers in a zero-sum game; a "project" is not meant to favor one party over the other.

5. Local Governance Reform as Contests over Power

Unlike other reform-minded districts where the leadership of Bupati plays a dominant role in local governance reform, the case of Kab Bandung, as we have seen, is unique in that the reform process involved multiple stakeholders not only from the district government but also from civil society. In the former case, it is probably not exaggerating to say that Bupati determines the nature, pace, and scope of local governance reform. The strong leadership of Bupati derives from two resources: wealth and reputation. Bupati-driven local governance reform is likely to emerge where

62) Interview with Asep (March 14, 2004).

63) Interview with Sarwono (February 20, 2004).

Bupati enjoys abundant resources to distribute to stakeholders in his/her district such as Kutai district, East Kalimantan or where Bupati seeks to establish his/her social reputation by playing a role of a benevolent ruler for the population such as Solok district, West Sumatra.⁶⁴⁾ In this situation, the characteristics of local governance reform can be best examined by knowing how Bupati envisages local government reform. This Bupati-centered approach, however, does not reveal much of the dynamics of local governance reform, in which political struggles for power are played out behind the scene. Moreover, the institutional approach, in which decentralization is conceived as a matter of placing institutions in the right order, ignores “the contexts of power relations within which such institutions are crafted” [Hadiz 2003b: 11]. By contrast, this section takes politics more seriously, and sees the process of local governance reform as contests over power among stakeholders. In what will follow, we briefly overview the process in which the concepts of participatory planning and village empowerment were introduced to Kab Bandung, and examine how contests over power have successfully been transformed into reform initiatives — MPKT and DAFA. The different paces of progress seen in MPKT and DAFA reveal that local governance reform is about the contestation of power rather than a matter of getting institutions right. Finally, we investigate the implications of local governance reform for the nature of local politics in decentralizing Indonesia.

5.1 Sluggish Reform and Contests between Two Line Agencies

As we have seen, although they are two different reform initiatives, MPKT and DAFA constitute the core of local governance — the empowerment of citizens through development. Ideally, local governance reform will be most effective when MPKT and DAFA are simultaneously implemented. And it was the idea of both the district government and IPGI that MPKT and DAFA should be put into practice at the same time. In reality, all good things do not come together; MPKT was fully endorsed by the Bupati Decrees in 2003 whereas DAFA is yet to be legalized. What explains the difference paces of progress in MPKT and DAFA? If local governance reform involves contests over power, what issues are contested by whom and why? With these questions in mind, we will examine the process in which the two reform initiatives were introduced, opposed, and finally agreed by stakeholders.⁶⁵⁾

In 2001, Kab Bandung established a cooperative relationship with ITB to work on issues

64) Gamawan Fauzi was popular Bupati in Solok district, West Sumatra, who reestablished traditional *Nagari* as the administrative unit. He is an icon of anti-KKN movement, and received the Bung Hatta Award for his consistent leadership to fight against corruption during his term as Bupati (1995-2005). In June 2005, he won the direct gubernatorial election, and became the Governor of West Sumatra.

65) The following chronology was created based on interviews with IPGI staffs and IPGI [2004].

related to local governance.⁶⁶⁾ Subsequently, ITB lecturers introduced IPGI to the district government through Asep of BAPEDA. This was the beginning of cooperation between BAPEDA and IPGI on participatory planning and village empowerment. In October 2002, BAPEDA (Ari Kusma, Asep, and Bambang), IPGI (Syafei and Adenantera) and ITB (Hastu and Furqon) met to discuss the concepts of fiscal devolution and participatory planning. The meeting decided three things: 1) BAPEDA provides a “laboratory” for the implementation of participatory planning; 2) IPGI facilitates the process and creates the new mechanism of participatory planning; and 3) ITB suggests some technical assistance and theoretical concepts of participatory planning. As a result of the meeting, two small working groups were established in BAPEDA; one dealt with fiscal devolution and the other participatory planning. The members of the working groups included BAPEDA, IPGI, and ITB. Between October 2002 and January 2003, the two working groups held informal meetings twice a month.

On February 4-7, 2003 Kab Bandung through the initiative of the working groups at BAPEDA held a workshop at a hotel in Soreang. The workshop was attended by around 30 stakeholders from the district government, subdistricts, villages, and CSOs: BAPEDA, APDESI, IPGI, BIGS, lecturers from ITB, and subdistrict and village heads. The first two days was spent on the concept of village empowerment while the last two days focused on that of participatory planning. The workshop facilitated the open discussion of concomitant issues among stakeholders, which became a major step forward to the creation of binding regulations on the two reform initiatives. Although it failed to put together the concept of village empowerment, the workshop struck several deals on participatory planning as follows:

- Development activities are formulated in accordance with the new mechanism of creating the district budget which is instructed by the Minister of Home Affairs Decree No.29/2002.
- Participatory planning intends to formulate development activities at the Kabupaten level whereas development activities at the village level are funded by fiscal transfers from subdistricts to villages.
- Village development meetings (Musbang) and subdistrict development meetings (UDKP) include activity formation at the levels of villages and subdistricts.

66) Quite a few local governments are getting consultation from professionals and academics on public policy in order to deal with increased responsibilities after decentralization (see also [Usui and Alisjahbana 2003: 12]). Bupati in Kebumen district, Central Java consults with a media consultant from a major advertising agency in Jakarta in order to effectively reach out to people. The district government created a radio program hosted by Bupati called “*Selamat Pagi, Bupati* (Good Morning, Bupati)” in which Bupati takes calls from listeners and respond to their questions (Initiatives for Local Governance Reform at the World Bank Jakarta Office).

- There are delegations from every level of consultation (villages and subdistricts), which are chosen democratically.
- The creation of the activity priority list is based on the budget ceiling for each subdistrict.
- The creation of AKU is participatory starting from the village level.

Some issues raised from the participants (especially village heads) in the workshop were:

- If the mechanism of participatory planning becomes too complicated, participatory planning will end up with the village heads' wish list.
- Although participatory planning provides people with the right to participate, the authority of decision making is still in the hands of the district government.

The workshop also determined the division of labor as follows:

- IPGI writes the manuals for MPKT in cooperation with BAPEDA and the Organization Department (Bagian Organisasi).
- BAPEDA in cooperation with Law Department and Organization Department creates legal documents.
- IPGI, BAPEDA, and Organization Department hold workshop and public consultation.

Following the deals, IPGI began writing the manuals for MPKT from February-April 2003. The manuals consist of four parts; each gives the detailed procedures of MPKT at the levels of the village, subdistrict, and district. Between April and June 2003, BAPEDA coordinated information meetings with IPGI, Organization Department, Finance Department, Regional Autonomy Department, and Kecamatan representatives. Meetings were held 6-8 times a month to complete the MPKT manuals. In late May, they agreed upon the manuals, which became the basis of Bupati Decree on MPKT. In June 2003, Bupati Obar signed Bupati Decree No.23 on MPKT and No.24 on the Guideline for the Implementation of MPKT at the village level.

This is contrasted with the sluggish progress in village empowerment, which is faced with disagreement within the district government.⁶⁷⁾ Because village empowerment involves the delegation of authority together with funds to carry out village household matters, the first task is to come to agreement on the definition of village authority which determines the amount of funds to be allocated. The disagreement within the district government existed even before the workshop, and the issue of what should be village authority has been fought out between two line agencies — BAPEDA and BPOD. From the outset, BAPEDA and BPOD set up two different research groups

67) IPGI attributes the slow pace of progress in DAFA to the heavy workload and tight schedule of the district government. "Since they were preoccupied with the preparation of MPKT, key agencies in the district government were unable to work on DAFA" [IPGI 2004: 16].

which draw their members from leading academic institutions to which each line agency has its own affinity. BAPEDA works with IPGI which is staffed by young professionals trained at the ITB's City Planning Department. On the other hand, the BPOD consults with a group of lecturers who teaches at the Center for Government Affairs at the State Academy of Home Affairs (STPDN). The two line agencies have different views on what kinds of authority should be delegated to villages. BAPEDA thinks that it is important to delegate enough political and economic leverage to the village. Such view is expressed by IPGI [2004: 12] which argues, "in order to increase the efficiency and effectiveness in the provision of public goods and services and to promote citizen participation in development, the decentralization of public goods and services delivery to the community level is necessary, which is accompanied by the delegation of authority." At the workshop, IPGI suggested the key components of village authority as follows:

- Privately run electricity (not provided by the State Electric Power Company, PLN)
- Privately run clean water (not provided by the Regional Drinking Water Company, PDAM)
- The management of village transportation funds
- The management of community garbage and environment
- Public cemetery
- Local roads under level 3 and 4 (between communities in villages)
- The disposal of contaminated water
- Domestic drainage
- Non-technical irrigation
- The management of maternity and child health (except pregnant women and infants), and family planning
- The implementation of organizations
- The provision of village infrastructures

Nonetheless, BPOD rejected the IPGI's definition of village authority chiefly for two reasons: technical and political. The first one has to do with the legal consistency of village authority defined by the laws and district regulations.⁶⁸⁾ The BPOD opposed to the IPGI's definition because it exceeded the legal framework of village authority defined by Law No.22/1999 on regional government. BPOD, whose staffs were trained in Government Study (*Ilumu Pemerintahan*) at STPDN insisted that village authority consist of three kinds—1) authority that already exists as original

68) IPGI admits its fault that the IPGI's formula of fiscal devolution based on village authority is far from flawless, and that the formula does not represent accurately the real condition of villages [IPGI 2004: 15].

village rights (*bak asal-usul*), 2) authority that is not covered by the existing laws and regulations at the national and provincial levels, and 3) authority to manage aid from the central, provincial, and district governments. Based on faithful interpretation of village authority in Law No.22/1999, BPOD suggests that concrete rights of the village be left to each village where the village head, BPD, and villagers determine the concrete components of village authority by village regulations.⁶⁹⁾

The second one is related to the rivalry relationship between BAPEDA and BPOD. According to the organizational structure in Kab Bandung, BPOD is in charge of village affairs including two grants and one program of village assistance (see Table 4). Ideally, it is BPOD that should take the initiative of village empowerment. In the eyes of BPOD, the concept of village empowerment proposed by BAPEDA was no more than intervention. By the time when BAPEDA began to work on the two reform initiatives in consultation with IPGI, line agencies in the district government came to think that the two reform initiatives were the “projects” of BAPEDA. During the New Order era, “projects” acquired negative connotations which implicate that people involved can receive some individual gains through corruption, collusion, and nepotism (*Korupsi, Kolusi, Nepotisme*, or KKN). In addition to material benefits, “projects” also bring credit to those agencies in charge. The core members of “projects” receive reputation from their superiors, peers, and subordinates that they have *kemauan* (will) and *kemampuan* (capability), which indirectly affect their career prospect in the bureaucracy.⁷⁰⁾

In early 2005, however, BPOD and IPGI came to agreement on the definition of village authority. This was made possible by changes of strategies on the part of IPGI in negotiating with BPOD who is in charge of village affairs. Instead of negotiating directly with BPOD, IPGI worked with advocacy CSOs initiated by village officials — the Association of Village Heads, the Association of Village Councils (Asosiasi BPD), and the Association of Village Community Resilience Board (Asosiasi LKMD). IPGI with support from the three village associations conducted field research on what are everyday responsibilities of the village and what authority is necessary to do the responsibilities. Based on the research, they formulated the authority of the village, and submitted the findings of their research to BPOD. After receiving the research report, BPOD with the three village associations held a seminar on village authority in which all the village heads in Kab

69) Interview with an official at BPOD (February 17, 2004). Meanwhile, draft Bupati Decree adopts the definition of village authority by BPOD. Draft Bupati Decree No._2004 on The Guideline for Detailed Authority of the Village, Kabupaten Bandung.

70) For instance, Asep of BAPEDA who was regarded as one of the core members of MPKT and DAFA was transferred in September 2003 to one agency to take the position of Division Head. He was soon promoted to the Acting Head and Head of the Agency which was left vacant due to the retirement of the predecessor.

Bandung were invited. Finally, the seminar agreed upon village authority which had been the source of conflict between IPGI and BPOD. It is notable that the village associations facilitated the process of negotiations between IPGI and BPOD.

5.2 Implications for Local Governance Reform

If the process of local governance reform is understood as contests over power, what does this imply to the nature and development of local politics in decentralizing Indonesia? What can be foreseen about the general direction of decentralization at the district level? For this, we need to pay attention to the individual characteristics of the two reform initiatives.

MPKT realizes the concept of participatory planning in the process of activity formation. One weakness in MPKT is that participatory planning stops at the stage of activity formation. Participatory planning does not take place in the process of budget allocations. After MPKT, the executive and legislative budget committees discuss and determine how much money is appropriate to each proposed activity. Once MPKT is over, people have no control over the fate of their proposed activities. Their activities might be dropped off the list or the volume of their activities is reduced during the behind-the-door negotiations between the executive and legislative branches. In other words, there is ample space of intervention and maneuver in the results of MPKT from the district government so that the vested interests of bureaucrats and politicians can be relatively undisturbed (see Figure 7 for the post MPKT process).

By contrast, DAFA which aims to realize village empowerment by devolving power and money to villages has not been legalized. With clearly defined authority accompanied by sufficient funds, villages can use their authority to fulfill their responsibilities while they rely on the district government for other activities that go beyond village authority. This division of labor between the district and villages will make the effective and efficient provision of public goods and services. However, the delegation of administrative and fiscal authority inevitably diminishes not only political power but also economic benefits associated with it. In other words, it forces the district government to begin the process of breaking up entrenched bureaucratic fiefdoms: the reorganization of agencies, layoff of personnel, and tight budget for public services. For instance, if the district government decides to delegate the operation of community health centers to villages, health personnel will be transferred from the Health Agency to villages; and the construction and maintenance of buildings will be transferred from the Settlement and City Planning Agency to villages, which all result in taking away authority and money from the district government.

As one of the main policy consultants of the two reform initiatives, Asep recognizes the radical implications of DAFA for the existing relationships between the district and villages. He also knew

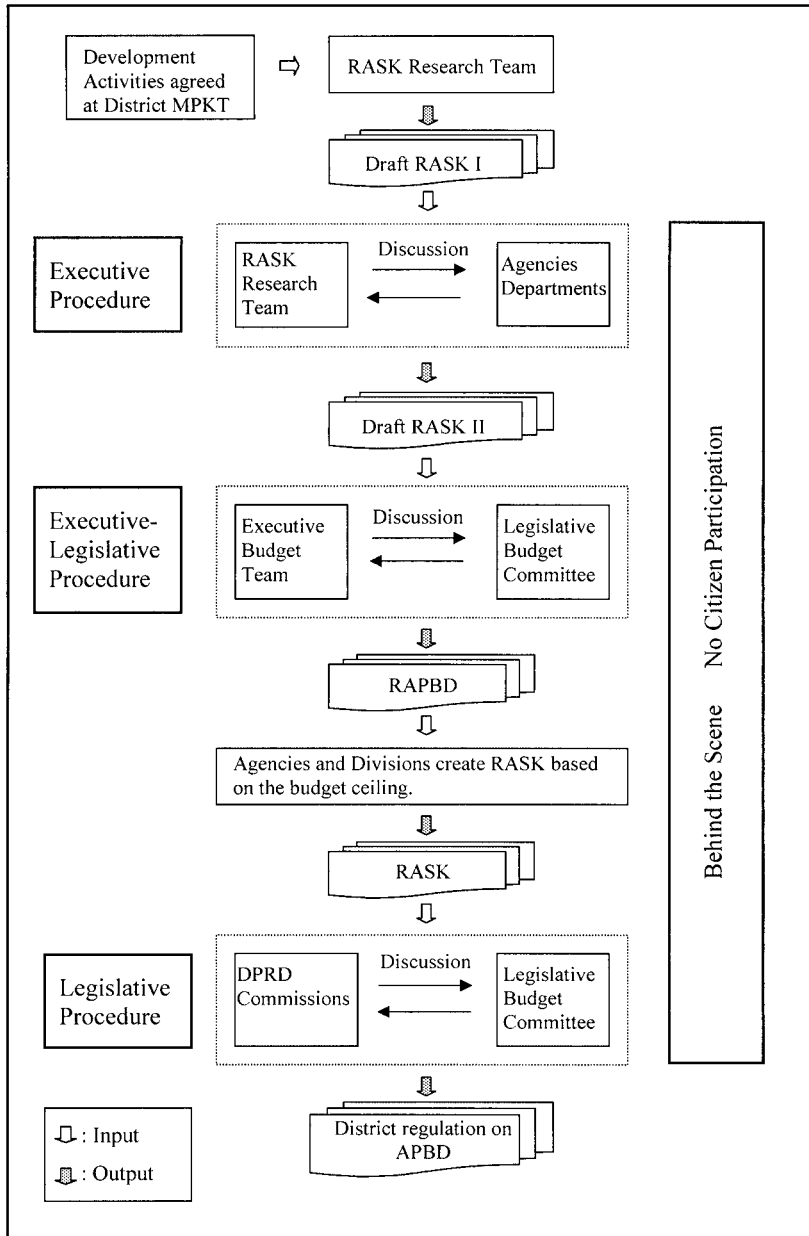


Fig. 7 Post-MPKT Process in Kab Bandung

that DAFA would encounter strong resistance from various sections within the district government. Faced with the sluggish progress of DAFA, Asep explained his view on local governance reform as follows:

*The painful process of reform must be gradual. Less painful reform first, then followed by more painful reform.*⁷¹⁾

In addition, Ari Kusma's statement even more adequately describes the constraints with which Kab Bandung is confronted in the course of local governance reform:

*Because of MPKT, government agencies and departments have to give up one meal a day out of three meals they used to enjoy.*⁷²⁾

These statements suggest that not all reform initiatives are the same in scope and depth; some are more painful than others, and that contested interests must be reconciled gradually in order for local governance reform to make progress.

To sum up, the capacity of a district government to implement reform is determined not only by strong leadership of reform-minded Bupati or bureaucrats but also by the types of reform initiatives that are being implemented. The process of democratic decentralization is not linear but full of friction and political as Isaac and Heller [2003] argue for the experiment of decentralized planning in the Indian state of Kerala. They put it, "successful and sustainable democratic decentralization has been the exception to the rule, frustrated more often than not by bureaucratic inertia—most notably the resistance of powerful line departments—and vested political interests" [Isaac and Heller 2003: 82]. Therefore, one of the difficulties faced by all district governments is to find a reasonable answer to the question: Why do we have to change the rules of the game when everyone gets a decent share of benefits out of them. If a reform initiative is likely to threaten critical interests within a district government, which may lead to disturbing the foundation of cooperation—i.e., rules of the game, a group of reform-minded officials is likely to encounter bureaucratic inertia of larger scale. As the metaphor by Ari Kusma eloquently describes, the district government cannot afford to sacrifice two meals a day. In short, as we have seen, a decent level of political competition, a clear motto in the form of legal documentation, the presence of neutral and external organizations, and demand for change from vigorous civil society facilitate the process of local governance reform.

71) Interview with Asep (March 12, 2004).

72) Interview with Ari Kusma, Secretary of Kab Bandung (then Head of BAPEDA) (March 4, 2004).

6. Conclusion

Recently, Fung and Wright [2003: 3] pointed out that the institutional forms of liberal democracy developed in the nineteenth century—representative democracy plus techno-bureaucratic administration—seem increasingly ill suited to the novel problems we face in the twenty-first century. In many Third World countries, including Indonesia, elections became an essential institutional feature of democratic government. Nonetheless, institutions did not make sense to a majority of the people, and civic participation had only symbolic meaning rather than political significance.⁷³⁾ In the euphoria of *Reformasi* after the fall of the Suharto's authoritarian regime, Indonesia embarked on a radical attempt to devolve centralized power to the regions. Growing attention is being paid to the experiment of democratic decentralization, which, in essence, suggests devolving authority to lower levels of government and providing space for citizen participation in the decision-making process of key issues.

As we have seen, the district government of Bandung has responded to the experiment in various ways; MPKT and DAFA are the examples that a handful of reformists in the district government and CSOs initiated to bring citizens back in the local political arena. Political competition in local politics emerged as a result of the introduction of the new legal framework at the national and subnational levels, and influenced *how* the district government thinks and to a certain extent *what* it does. The district government's perception of local governance was altered not only by the changes in institutional arrangements but also by burgeoning CSOs which seek to work with the district government in designing public policy and implementing public services. The experiment of Kab Bandung demonstrates that the involvement of CSOs in local governance can successfully reconcile vested interests and unwanted competition within the district government, which are the roots of bureaucratic inertia and thus impediments to local governance reform. I argue that the process of local governance reform is not linear or static but entangled or dynamic with actors competing for power. That is to say, reform initiatives are shaped by contests over power, and thus are susceptible to vested interests of Bupati, district parliament, regional planning board, the line agencies, and CSOs.

I believe that accountable and transparent government can be achieved by allowing citizens to participate in the decision-making process of key issues which affect their lives. This, however,

73) For example, Tornquist [2002] suggests the concept of "substantial democracy" in which minimum material, social, economic and political preconditions must be promoted in addition to the crafting of basic rights and institutions.

requires a process of reconciliation of interests between the state and civil society and establishing mutual trust between them, where according to Antlov [2003: 83] the fabric of social life in Indonesia was damaged by standardization, political order, consumerism, and state intervention under the New Order. Indonesian society had been long depoliticized by the New Order regime, which established paternalistic rule from above and led to mutual distrust between the state and civil society. After more than three decades of paternalistic rule, democratic decentralization gave previously depoliticized society a role to play in local governance. The empowerment of civil society is indispensable for establishing mutual trust between them. Grassroots initiatives to deepen democracy have just begun in Indonesia. A benchmark for deepening democracy is whether direct citizen participation can influence the decision-making process of important issues by including hitherto excluded people. It is when democracy improves the quality of hitherto excluded people that we realize democratic institutions can have genuine influence over the ways in which people are governed.

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List of Acronyms and Indonesian Words

AKU	General Policy Guideline (Arah dan Kebijakan Umum)
APBD	Regional government budget (Anggaran Pendapatan dan Belanja Daerah)
APDESI	Indonesian Village Head Association (Asosiasi Pemerintahan Desa Se-Indonesia)
ATBM	Hand weaving loom (Alat Tenun Bukan Mesin)
Bagian	Departments under the Regional Secretary
BAPEDA	Regional Planning Board (Badan Perencanaan Daerah)
BIGS	Bandung Institute of Governance Studies
BIMAS	Mass Guidance (government subsidized loan programs in the agricultural sector)
BKPRMI	Indonesian Muslim Youth Coordinating Board (Badan Kordinasi Pelajar dan Remaja)

	Muslim Indonesia)
BPD	Village Representative Council (Badan Perwakilan Desa)
BPOD	Department of Regional Autonomy Development (Bagian Pengembangan Otonomi Daerah)
BPS	Statistics Indonesia (Badan Pusat Statistik)
Bupati	District Head
Camat	Subdistrict Head
DAFA	Devolution of Administrative and Fiscal Authority
DAU	General Allocation Fund (Dana Alokasi Umum)
Diskusi Kaukus	Interest Group Discussion
Dinas	Agency
DPRD	District parliament (Dewan Perwakilan Rakyat Daerah)
FM2S	Citizen Forum for Prosperous Majalaya (Forum Masyarakat Majalaya Sejahtera)
FP 17	Initiative Forum of 17 (Forum Prakarsa 17)
GMM	Majalaya Young Movement (Gerakan Muda Majalaya)
INPRES	Presidential Instruction (Instruksi Presiden)
IPEDA	Regional Development Funds (Iuran Pembangunan Daerah)
IPGI	Indonesia Partnership for Governance Initiatives
ITB	Bandung Institute of Technology (Institut Teknologi Bandung)
KADIN	Indonesian Chamber of Commerce and Industry (Kamar Dagang dan Industri)
Kimtawil	Settlement and City Planning Agency (Dinas Pemukiman dan Tata Wilayah)
KKN	Corruption, Collusion, Nepotism (Korupsi, Kolusi, Nepotisme)
LAKIP	Accountability Report of Government Agency Performance (Laporan Akuntabilitas Kinerja Instansi Pemerintah)
Lembaga	Institutes in the district government
LKMD	Village Community Resilience Board (Lembaga Ketahanan Masyarakat Desa)
MP3	Priangan United Revolutionary Council (Majelis Persatuan Perjuangan Priangan)
MPKT	Consultation on Planning of Annual Development Activities (Musyawarah Perencanaan Kegiatan Tahunan)
Musbang	Village-level development meeting (Musyawarah Pembangunan)
NU	Nahdhahtul Ulama
P2TPD	Initiatives for Local Governance Reform (Prakarsa Pembaruan Tata Pemerintahan Daerah)
P5D	Guideline for Development Planning and Management in Regions (Pedoman Penyusunan Perencanaan dan Pengendalian Pembangunan di Daerah)
PAN	National Mandate Party (Partai Amanat Nasional)
PBB	Crescent and Star Party (Partai Bulan Bintang)
PD	Democratic Party (Partai Demokrat)
PDAM	Regional Drinking Water Company (Perusahaan Daerah Air Minum)
PDIP	Indonesian Democratic Party of Struggle (Partai Demokrasi Indonesia Perjuangan)
PKB	National Awakening Party (Partai Kebangkitan Bangsa)
PKP	Unity and Justice Party (Partai Keadilan dan Persatuan)

PK(S)	(Prosperous) Justice Party (Partai Keadilan Sejahtera)
PLN	State Electric Power Company (Perusahaan Listrik Negara)
Polri	Indonesian Police (Polisi Republik Indonesia)
PPP	United Development Party (Partai Persatuan Pembangunan)
PROPEDA	Regional Development Plan (Perencanaan Pembangunan Daerah)
PSII	Indonesian Islamic League Party (Partai Syarikat Islam Indonesia)
Rakorbang	District-level development meeting (Rapat Koordinasi Pembangunan)
RAPBD	Rancangan
RASK	Work's Unit Budget Draft (Rencana Anggaran Satuan Kerja)
RDTRK	City and Space Planning Scheme (Rencana Detail Tata Ruang Kota)
RENSTRA	Strategic Plan (Rencana Strategis)—National level
RENSTRADA	Regional Strategic Plan (Rencana Strategis Daerah)—Regional level
Strata	Strategies and Priorities (Strategi dan Prioritas)
STPDN	State Academy of Home Affairs (Sekolah Tinggi Pemerintahan Dalam Negeri)
TNI	Indonesian Armed Forces (Tentara Nasional Indonesia)
UDKP	Subdistrict-level development meeting (Unit Daerah Kerja Pembangunan)

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