

**Civil Society and Local Government  
in Indonesia:  
Growing Up through Difficult Times**

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### **Abstract**

The paper begins with a brief explanation on the historical and situational context of Indonesian national system particularly the politico-administration aspect, decentralization process, as well as national key indicators.

This will be further elaborated in the following section, which discusses decentralized governmental system within a legal framework as well as references of civil society participation. This section will also address the key aspects of decentralization policy including recent situation occurs in the country.

The next chapter focuses on the role of civil society in the governance. Even though it is impossible to map out the civil society organizations that are included, it will provide a general picture of leading organizations, their roles, position, and interaction with the government institutions. Included in the discussion are the categorized fields they are active in, funding system and participation mechanism.

Following the description, the subsequent section will deal with the main issues, concerns and challenges on civil society. It focuses more on the issues raised in the previous section, and elaborates on their capacity and roles that have been undertaken, including the response from the government. Some examples will cited to illustrate the situation.

A summary is provided to help the readers to conclude the whole illustrations from background of the topic up to last part of discussion.

### **Country Review**

#### ***Demographic Profile***

Indonesia is an archipelago which consists of more than 17 thousand islands wherein its five biggest islands, i.e. Sumatra, Jawa, Kalimantan, Sulawesi and Papua are inhabited by more than 90% of the total population. In 2004, the total population is estimated at 238 million with 59 per cent of it living in Java Island<sup>1</sup> while Papua has the least population density. Sumatra, Kalimantan, and Papua are abundant in oil, gas, mineral and forestry resources but the economies are less-developed compare to those in Jawa and Bali. Urban areas are concentrated in Java Island which are dominated by manufacturing and service sector activities.

The population is dominated by those within the range of 15-64 year-old at 65.5%, those under 14 year-old group at 29.4% and around 5.1% from the aged group. The population growth rate is estimated at 1.49% with a relatively high infant mortality rate at 42 deaths for every 1,000 live births. In 2003, about 93% of the male

population and 84% of the female population above 15 years of age are literate. In 2005, the GDP per capita was US \$1,182<sup>2</sup> (or US \$3,700 in PPP terms) and the average GDP growth was at 5.4% during the last two years.

### *The Governmental System*

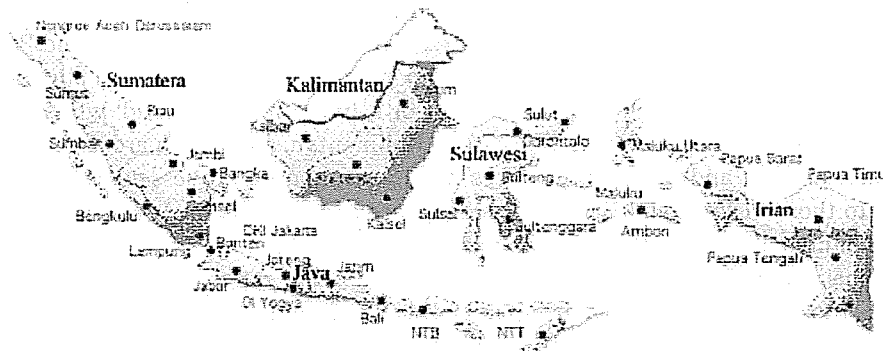
Republic of Indonesia is a unitary country, run by the Central Government, located in its capital, Jakarta and divided into provinces, kabupaten (municipality) and cities. A province is an administrative area in which the governor represents the central government. The provincial government is headed by a Governor and as of 1998, there were 24 provinces and 3 Special Districts. Due to the massive changes of the political situation, one province, East Timor has been independent since the mid of 1999. On the other hand, new provinces were created, increasing the number of provinces to 30 by the end of 2005.

The province is comprised of several cities and municipalities (hereafter stated as local government) each lead by a mayor or bupati. Within the city and municipality, there are several lower levels of government, with less authority and act as executing agents. The number of cities and municipalities have rapidly increased, from 284 in 1999 to more than 400 in 2005. Note that there is no hierarchy among provinces, cities and municipalities and each of them is autonomous.

Prior to 2001, the governmental system was centralized, leaving little power to local governments in deciding its own development plan. The local budgeting system, was formally set up in a bottom-up format. However, in practice, decisions were heavily directed and subject to approval by the Ministry of Home Affairs. At that time, most of the funds came through the President Instruction Funds (Inpres) usually as a specific grant and Subsidy for Autonomous Regions (SDO) forms as subsidy to finance current needs.

The representative democracy in Indonesia does not allow local citizens to vote for a single candidate as Head of Local Government; indeed, they vote for the local representatives of the chosen party. The local representatives then vote for the head of local government. In some cases, the Local Parliament (DPRD) will submit the

**Figure 1** Map of Indonesia



Note: Words in the red font are province's or special district's name as of 2004 administration

winner's name to the central government to be approved. In other cases, the central government intervenes in the process through various means, such as directly instructing the local party's representatives to vote for a particular individual.

Since the political reformation, the DPRD in general significantly has more power, mainly in controlling the existing government. The DPRD can lay off the Governor after giving several warnings and after proving his incapability or failure. During a fiscal year, the local government presents quarterly and annual reports. The reports should consist of a local budget implementation report, cash-flow report, and local government balance sheet as guided in government regulations for local government's accounting system. The representatives can criticize or even reject the report and push the local government to be more accountable. Since the Law 32/2004 was taken effect on October 15, 2004, the governor and mayor/bupati are elected through local direct election.

## **I. The Administrative and Legal Policy Context**

### ***Decentralization: Early Process***

The economic crisis in 1998 was followed by a series of political and social changes in Indonesia. One of the most critical changes is the decentralization of central government's authorities to the local government.

There are two main laws in the implementation of decentralization i.e. Law 22/1999 and Law 25/1999. Both of them took effect in January 2001. Law 22/1999 on the Local Government states that local authority consists of all governance aspects, except foreign policy, defense, justice, monetary and fiscal policy, religion, and macro-economics policy. It is also intended to restructure political and organizational arrangements of sub-national governmental system including its relationship with central government. Through this Law, the provincial government would dissolve its hierarchical connection to the local government in its administrative area, therefore local government heads would report directly to locally elected assemblies instead of to the governor. The law also decreases central government's role through its line ministries, transferring specific responsibilities to the control of the province or local governments. However the law still leaves many unclear disputes pertaining to the task division between central and local governments, as well as between local governments.

Consequently, the delegation of these responsibilities should be followed by an appropriate delegation of financing, facility, and human resources. Law 25/1999 on the Fiscal Balance between the Central and Local Government was enacted to complement Law 22/1999. The local government has four major categories of revenue: Own-sources, Balancing Fund, Local Loans and Others as shown in Table 1.

It has significantly reformed the revenue and expenditure authorities of local government, particularly the introduction of revenue sharing from natural resources. Although provincial government still plays a role in the new system, the heart of decentralization lies in the lower level of government i.e. city and municipality level.

**Table 1** Local Budget: Revenue Structure

Own-source Revenue	Local Taxes Local Charges
	Profit from State-owned Companies Other Authorized Local Revenues
Balancing Grants	Tax Sharing Non-tax Sharing General Purpose Grant
	Conditional Grant
Borrowing	Domestic Borrowing State Obligation Foreign Borrowing
Other Authorized Revenues	Revenue from Central Government Revenue from Provincial Government Revenue from Other Municipalities Emergency Funds

Source: Law 25/1999

The Indonesian transition to decentralization is considered as a massive and complicated undertaking. The process has been coined the “big bang”, having had only 1.5 years to prepare since the laws were enacted, let alone the complex factors within the environment, such as high population, a relatively large area, a complex geography as an archipelago with high variation in geographical conditions among the regions, and many autonomous units. The situation is further complicated by the continuing severe economic crisis and other significant political changes.

However, the decision to decentralize has been made and amidst these complexities, the central government still tries to direct the path. Law 22/1999 and Law 25/1999 have been revised in 2004.

#### ***Directing the Path: Revision of Local Government Law***

For Law 22/1999, the revision was made by issuing Law 32/2004 concerning Local Government. The law, consisting of 240 articles, was aimed to replace Law 22/1999. Of these articles, most of them are devoted to explain the function of the local governmental system, particularly the executive and local parliament's responsibilities. The Law becomes the framework of administrative and political aspects of decentralization

If Law 22/1999 decentralizes the local governmental system directly to municipality level and limited hierarchical relationship with the provincial level, Law 34/2004 redefines the hierarchy. There are more responsibilities in the provincial level, compared to the municipal as there are additional jobs for province government. In the Law 22/99, the provincial government was assigned to look over:

- a. responsibilities which involve cross-municipalities issues (article 9:1).

- b. responsibilities which cannot be accomplished by municipal government (article 9:2)
- c. administrative responsibilities from central government to the provincial governor (article 9:3).

These very general terms of assignment were not elaborated further. All the remaining responsibilities except those previously mentioned, were given to the municipal government. In Article 4, it was clearly stated that there would be *no hierarchical* relationship between the province government, municipal government, and city government. On contrary, Law 34/2004 redefines the responsibilities of the province government to include cross-municipalities issues and several tasks within the so called “provincial scale” (article 13) including: development planning and controlling, landscape planning and usage, infrastructure development, healthcare, education, social problems, labor, environment, settlement and housing, civil service, investment, and other assignments that cannot be accomplished by municipal government.

The Law also assigns similar tasks to the municipal government as mentioned above but within “municipality scale”. While local governments have similar tasks, the municipal government lies under the administrative region of province, therefore the province government should coordinate all municipalities within its region to do the tasks accordingly. The new Law has a strong indication to integrate decentralization from the level of municipal government to the level of province government since province government is a representative of central government.

Another important factor brought up by Law 32/2004 is the system of local election. The old regulation in Article 18 of Law 22/1999 indicates that the head of local government (i.e. governor, bupati, mayor) was elected by Local Parliament was replaced by direct local election. Article 57 regulates that local election should be conducted by KPUD (Komisi Pemilihan Umum Daerah/Commission for District Election) wherein the head and vice head of local government are voted on by the local residents. This is a big leap for the process of democracy in Indonesia. Prior to the new Law, decentralization in Indonesia was centered at the municipal level and the strong involvement of Local Parliament, therefore led to a powerful Local Parliament. Several cases indicated that the power has been politicized and that the head of the local government could be impeached and fired by the Local Parliament due to political pressure received from interest parties, or in order to win popularity among voters.

Direct electoral process also ensures that the head of local government is directly responsible to voters and not through Local Parliament. Local Parliament is no longer able to dismiss the head of local government, hence the politicization of authority assigned to it is minimized. Previously, it was strongly believed that many local executives colluded with the Local Parliament to pass the local budget and bills. Upon satisfaction of the Local Parliament and as agreed, the proposed budget and bills would be approved. Unfortunately, the agreement is often hidden. For instance people question how the salary and benefits of the members of the

Local Parliament could surpass the salary of a top company's director as well as the salary and benefits of the head of local government is higher. For the past years, there were several cases wherein some local government's heads and Local Parliament's members were sent to jail.

For this reason, many people welcome this breakthrough in the local electoral process and hope that it will increase the transparency and accountability in local governance. Direct election also gives more room for civil participation and enable them to oversee and be more involved in good local governance.

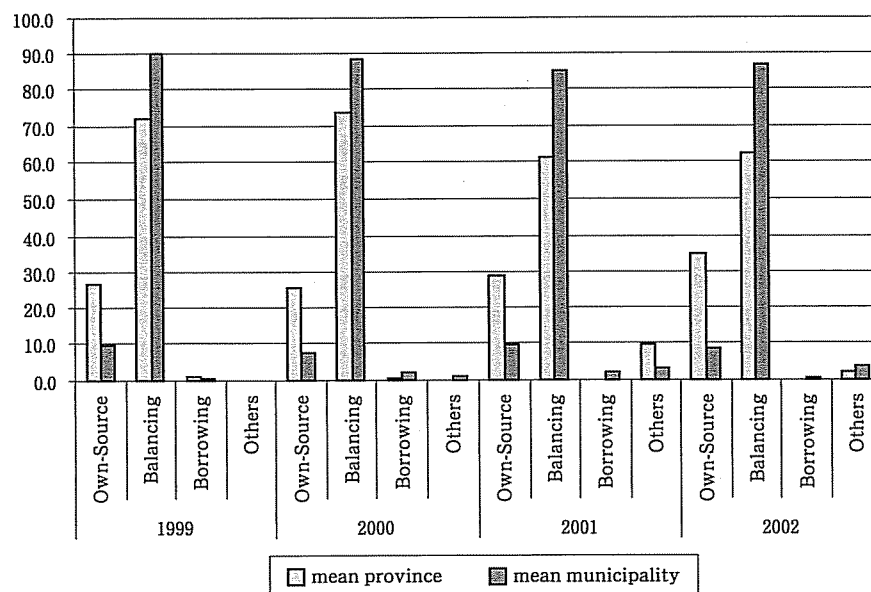
#### ***Directing the Path: Revision of Balancing Finance Law***

On the local revenue issues, Law 25/1999 is replaced by Law 33/2004, and Law 34/2000 on Regional Taxes and Levies has been revised recently. Even though there are some shifts and changes in the types of taxes which belong to province government and municipal government, generally they are not seriously influenced by the amount of those revenue sources. In fact, most of local governments, rely on the Balancing Fund as a major source of revenue. The following graph shows that Own-Source revenue such as local taxes, local charges, and profits from Region-Own Enterprises is insignificant to finance local budget.

It is predicted that the revision will not strongly affect this pattern. According to the revision, there are four types of taxes allocated to the province government and nine forms of taxes belong to the municipal government.

Looking at the facts, revenue decentralization in terms of transferring authority to local government to decide and to have access to potential revenue sources does

**Figure 2** Local Governments Revenue Breakdown



Source: Local Budget 1999-2002, Ministry of Finance, recomposed.



**Table 2** Revenue Sharing from Province Taxes

No.	Tax	Province	Regency/ Municipality	Change
1	Taxes on motorized vehicles	Max 70%	Min 30%	No change
2	Name-change fees for motorized vehicles	Max 70%	Min 30%	No change
3	The tax on fuel	Max 30%	Min 70%	No change
4	The tax on surface water	Max 50%	Min 50%	Province rise (from Max 30%), and Regency/Municipality down (from Min 70%)

**Table 3** Revenue Sharing from Regency/Municipality Taxes

No.	Tax	Regency/ Municipality	Village	Change
1	Hotel tax	No specific	No specific	From Min 10% for village
2	Restaurant tax	No specific	No specific	From Min 10% for village
3	Entertainment tax	No specific	No specific	From Min 10% for village
4	Advertisement tax	No specific	No specific	From Min 10% for village
5	Road illumination tax	No specific	No specific	From Min 10% for village
6	Tax on the mining of non-strategic and non-vital	No specific	No specific	From Min 10% for village
7	Parking tax	No specific	No specific	From Min 10% for village
8	Underground water tax	No specific	No specific	New regulated
9	Environment tax	No specific	No specific	New regulated

not happen; local government still heavily relies on inter-governmental transfer particularly DAU (General Purpose Grant) to finance its budget. On the other hand, since this DAU is untied, local government has the freedom to allocate its expenditures. Consequently, decentralization is felt more on the expenditure side instead of the revenue side.

The most important thing settled by the revision is that "recentralization" and establishment of new regulation to determine new local taxes which is handed from Regional Regulation to (central) Government Regulation. This is an attempt to solve past problems when local government produced many new taxes without reporting them to the central government, and unfortunately, many of them were unjustified and often conflicted with a higher degree regulation.

### *References for Civil society participation in decentralization*

One of the pillars of democracy is civil society participation in the development and policy-making process. Law 32/2004 as the center of administrative and political decentralization has some implicit and explicit references about it. An implicit quotation could be found in some articles or verses that refer to democracy, transparency, or accountability principles, such as Article 20 : 1, 67 : 1 and 137 (transparency), Article 22, 27 : 1, 45, and 205 : 3 (democracy), Article 11 : 1, 20 : 1 and 27 : 2 (accountability).

Explicitly, it mentioned that civil society could participate in governmental system and are in the following references:

- a. Article 45 on the responsibilities of Local Parliament to listen to and follow up aspiration from public.
- b. Article 209 about the functions of Village Assembly Body to listen to and channel aspiration from public.
- c. Article 48 states that the Oversee Committee in Local Parliament should conduct investigation or verification or clarification to follow up reports from society and voters.
- d. Article 59 : 4 and 60 : 1 about input from society for candidacy process of the head of local government.
- e. Article 74 : 2 states that tentative list of voters in the local election should be informed to public.
- f. Article 76 requires that during campaign, the candidates of local government should inform their vision, mission and programs to public.
- g. Article 83 : 7 states that KPUD should publicly report the amount of donation given to the candidates of local government.
- h. Articles 92, 96, 97, 98, 99, 101, 103 and 113 allowing public to supervise vote counting process and to file objections for counting process.
- i. Article 139 facilitating public to give inputs for establishment new Regional Law.
- j. Other forms of civil society involvement are stated in some articles encouraging development planning that involves public participation and should be aimed to empower civil society.

Apart from Law 32/2004, other references for public participatory process could be found in several sectoral Laws such as Law 33/2004 which requires local governments to publicly provide Regional Finance Information System, Law 20/2003 on National Education, Law 30/2002 on Commission for Combating Corruption, Law 36/1999 on Telecommunication, Law 41/1999 on Forestry, and Law 23/1997 on Environment.

## II. Focus on Civil Society in Governance

### *Status of civil society in the country: from repressive to democratic system*

As previously mentioned and as referred to in several Laws, people are allowed to be involved in the governmental system as well as in the development process. It enables citizen to be involved, from providing inputs to the planning process, to involving some activities in the governance process, as well as monitoring the development process. Since the reform in 1998, newly established NGOs have increased and transferred old repressive regime into a more democratic new regime.

In the old political regime, civil society participation were directed mainly under the ruling party or strictly supervised by government. Most well-known civil society groups were fostered by the government to strengthen the government's programs and often used to pool the voters. It was widely understood that openly criticisms were taboo and several cases proved that some public figures were imprisoned for openly voicing out their critiques. However, not all the programs that were supported by these NGOs were bad, some of them were quite valuable for public concerns. Programs to educate families on health, such as regularly examining infants' status in local health center, healthy food program, vaccination program, birth control program, etc. were considered important in increasing the health status in the country. Another big campaign during President Suharto's era was the commitment for compulsory basic education. The program contributed significantly in reducing the general rate of illiteracy. To support those programs, government nurtured society groups such as housewife associations, student associations, farmer associations, etc. and let them became its field compatriots to manage the programs.

The disadvantage of that past oppressive regime in civil society was probably in the political aspect. People had been cultured to behave under a strict regime which did not allow for different opinion to be discussed openly and hence, differences were not as openly discussed and accepted in culture. Following the collapse of the regime, the military position was redefined and its political power was weakened, shifting the separation between military and political issues. By then, President Habibie who succeeded, was a more democratic figure and welcomed the critiques to his government. The Asian crisis that hit Indonesia hardest had invited extensive attention from all over the world, including international donors and NGOs. Apart from the possible political motivation or hidden interests of some of these NGOs, many of them contributed substantially to the development of civil society involvement in governance.

The areas of focus varies from general and vocational education, health, economic development, human rights, civic participation, political education, environment, journalism, institutional strengthening, culture, child and woman protection, labor, poverty issues up to advocacy support. These NGOs are funded through various sources, from their international affiliations, governments, through self-raised funds, religious groups, or international donors. Some international

organizations that have chapters in Indonesia usually receive financial support from their headquarters, these include 'Save the Children UK', 'Oxfam', 'Ford Foundation', 'Tropenbos International Indonesia', etc. Some are collaboratively supported – either cash or in-kind benefit – by the government due to their joint programs with the government such as MFP (Multistakeholder Forestry Program), Perform, Deliveri, etc. International donors such as USAID, Ausaid, CIDA, GTZ, and IFC also support some local and joint NGOs operating in Indonesia whose objectives are related with the donors' programs.

### ***Mechanism***

As mentioned, public participation is basically allowed to work closely with the government through several mechanisms to provide inputs, monitoring, evaluating, own-programs vis-a-vis with government programs, or in some cases invited by the government to enter and work directly in the program. The latter could be found in the education sector, wherein the government requested for civic participation to form the independent Board of Education and School Commission to work together in the education sector.

Another form of civil society participation is through public hearing at the several stages of proposed regulation brought up to Parliament or Local Parliament. To encourage civic participation, many NGOs work on educating people, to be aware of their rights to oversee government. There are several continuous trainings on law, local budgeting, press, etc. for people, local activists, as well as local parliament members. Some NGOs focus on several pilot regions and report the case publicly and nationally to disseminate lessons and best practices across regions.

The table at the end of this chapter provides a brief summary of almost all prominent NGOs operating in Indonesia and their focus. One could see that the environment is the most appealing issue that attracts many public organizations and programs. This is understandable since Indonesia is a tropical country that has a very rich biodiversity and abound with various natural resources such as oil, gas, coal, gold, copper, tin, nickel, etc. For a long time, Indonesia has been relying on the production of mining, forestry, and oil and gas as one of important revenue sources. In 2004, Indonesia was estimated to produce around 4% of total gold production in the world<sup>3</sup>. It also produced 1.4% of the total world oil production in 2004, declining from its 2.4% share in 1994.

As development always affects the environment, especially those which exploit natural resources, the attention to issues of environment protection as well as on affected surrounding communities are constant. The most sensitive environmental issues are the critical rate of deforestation due to illegal logging and the severe impact of mining operation to the environment and native people. Subsequently, these kinds of problem would spread to further related issues, including its beneficiaries and the losers in the development, settlement issues, participatory development, education, community development, etc.

Table 4

Name of Organization	International Affiliation/- Partnership	Areas of Focus
Ashoka, Birdlife, CARE International, CIFOR, Forest Conservation, Gibbon Foundation, Indonesian Center for Biodiversity and Biotechnology, LEAD Indonesia, The Nature Conservancy, Wetlands International Indonesia Program, World Conservation Society, FFPMP 2 (Forest Fire Prevention Management Project 2/JICA), NRM, Operation Wallacea, MFP (Multi-stakeholder Forestry Program), Orangutan Conservancy, Rainforest Alliance, SSFFMP (South Sumatra Forest Fire Management Project), Tropenbos International Indonesia, Success Alliance, WWF Indonesia, Yayasan Peka Indonesia (Center for Conservation and Insect Studies)	Yes	Environment, forestry, agriculture
Arupa (Volunteers Alliance for Saving the Nature), JATAM (Mining Advocacy Network), Bitra Indonesia (Activator for Rural Progress), Cakrawala Hijau Indonesia, CORR (Center for Coral Reef Hasanuddin University), Dana Mitra Lingkungan (Friends of the Environment Fund), Destructive Fishing Watch (DFW), The Friends of the National Parks Foundation (FNPF), Forest Watch Indonesia, Yayasan Kaliandra Sejati (YKS), Konphalindo, Lablink, LATIN (Community Forestry), Lembaga Ekolabel Indonesia (The Indonesian Ecolabelling Institute), Pelangi Indonesia, PPLH (Environmental Education Center), PPS (Wild Animal Rescue Center), Telapak, YLK-I (Indonesian Ocean Conservation), YSL (Environment Friends), Jurnal Advokasi Lingkungan (Journalists for Environment Advocacy), KKI Warsi (Conservation), WALHI	No	
Asia Foundation, BIGS (USAID), Deliveri, Ford Foundation, Perform, GTZ (SfGG, SfDM), TIFA (The Indonesian Foundation), Transparency International, Mitra Mandiri (United Way International)	Yes	civic participation, democracy, good governance, institution strengthening, local government
Association For Community Empowerment, Balaidesa, CETRO (Center for Electoral Reform), CSIS (Center for Strategic and International Studies), Freedom Institute, ICW (Indonesia Corruption Watch), Police Watch, INSIST (Indonesian Society For Social Transformation), Parlemen.net, Smeru Research Institute	No	
Catholic Relief, Save the Children UK, LadyBamboo	Yes	Education, health, family issues, poverty, children
MER-C (Medical Emergency Rescue Committee), PMI (Indonesian Red Cross), UPC (Urban Poor Consortium)	No	
Human Right Watch, Human Trafficking, International Catholic Migration Community, International Crisis Group	Yes	human rights

Name of Organization	International Affiliation/- Partnership	Areas of Focus
Kontras, LBH-Apik, Consortium for Indonesian Migrant Workers Advocacy, ELSAM (The Institute for Policy Research and Advocacy), Imparsial (The Indonesian Human Rights Monitor), Mitra Netra (Support for visually impaired people), Rahima, Solidaritas Perempuan (Women Solidarity), Women's Coalition, Semanggi Peduli, YLBHI (Advocacy)	No	human rights
Heifer Indonesia, IFC Pensa (Program for Eastern Indonesia SME Assistance), PASKA (Developing Community Socio-economic Activity), World Neighbors, IDEP Foundation	Yes	economic development
Bina Swadaya (Self-Reliance Development Foundation), PEL (Local Economic Development), Pikul, The Indonesian Forum for Marine Economy	No	

### III. Issues, Concerns and Challenges on Civil Society in Governance

Even though Indonesia has drastically transformed its political system from authoritarian to democratic regime, as a latecomer in the democratic system, many things have yet to be resolved.

#### *Issue: legitimate role*

The important sector regulations which explicitly mention the role of civil society includes Law and Regulation on National Education, Forestry, Participatory Planning and Budgeting, Telecommunication, Environment, and Health. Furthermore, the government also establishes several independent committees or associations which consist of representatives from the community concerned, and with respective issues. For instance, Mastel (Masyarakat Telematika/Indonesian Telecommunication and IT Society) is a non-profit organization which consists of those with potentials in society, especially those in telecommunications sector, that also function to serve as a bridge between government and players as well as those who observe telecommunications sector. There is also a School Committee and Board of Education for each school, Advisory Board of National Health, Commission for District Election (KPUD), etc. The Ministry of Forestry adopts the concept of "Social Forestry". Meanwhile, the Ministry of Home Affairs has issued the Decree that explains the performance budget system in which the bottom-up planning procedure in every step should involve public participation.

Therefore, from the legal standpoint, the legitimate role civil society in broad aspects of governance becomes legitimate. As a starting point, legal issues are necessary to ensure that it will work as expected and is not sufficient. The public, as well as the government, are still learning to become integral parts of a democratic

and decentralized system. Nowadays, in the newspapers, mailing lists, internet, television, seminars and discussions, scholars, opponents, and the public can openly criticize the government's performance which occurred in the past. A World Bank report conducted in 2003 indicated that most people felt that the quality of public service had not improved; however, a similar study in 2005 denoted that the situation may have stabilized and even modestly improved. One reality that should be considered wisely is that Indonesia still has economic problems which is weakening the capacity to finance various development projects, which is further impaired by the significant increase in poverty.

***Issue: Capacity***

Capacity is a serious concern in the process of developing a strong civil society. Since Indonesia is a developing country and still struggling with various economic and social problems such as a low level of educated people, unemployment, poverty, horizontal religion-ethnic-based conflicts, etc., the structure of society is still dominated by the low-class. On the other hand, civil society should be based on the strength of knowledgeable – though not necessarily having formal higher education – members of community. Lacking middle-class society is one particular problem aside from the increasing role of civil society in governance. Therefore, many NGOs are working on building well-informed communities by providing training, by disseminating information and knowledge, and through partnership programs vis-a-vis involving in governance.

***Issue: Government- Civil Society Partnership***

Although regulation ensures that in broad aspects civic participation is allowed and encouraged, in practice, there are still a lot of problems. The fact is, government officers are not always aware and concerned about this issue. Many of them also have low levels of motivation to catch up with fast changes in reform. When decentralization was first implemented in early 2001, both local and central governments encountered disputes and confusing transition problems. Part of this problem was contributed by the very general and incomplete decentralization laws as well as other related regulations that had not been enacted.

In the local level, the budgeting process, which usually determined by incremental system, i.e. following percentage of revenue growth, became the most challenged issue. Many local government officers lacked the capacity to plan on their own, were used to work under top-bottom development projects. The local community also did not have sufficient knowledge about the decentralization system, while the central government was not consistent in giving up authority to the local government. It should be noted, that the significant role of NGOs, including newly and trial-based ones, is to catalyze the process of "partnership" between government and civil society. The learning process looked chaotic yet it fostered and accelerated harmonization. Nowadays, after five years of implementing decentralization, the role of civil society in governance has developed enormously compared to four or five years ago. The government, both at central and local levels, now welcomes the

NGOs to participate in the development. However, there are still complaints in different regions, saying that government tends to ignore criticism, leave civil society in the planning process, and cites the lack of transparency. There are many cases too that local government or Local Parliament are sued by the public or NGOs and filed with charges of corruption.

### ***Issue: Role of Donors***

As claimed by many organizations that they are independent and have no hidden agenda or interest other than those indicated in the organization's mission, there are no guarantees that it is always the case. Actually, the role of donors is important because donors are willing to support NGOs with similar interests or objectives to theirs, and it is not against the law. From this point, it is relatively clear that NGO's affiliation and donors will logically influence the objectives of the NGOs.

The problem is raised in the presence of sensitive and complex issues, such as critiques from international-funded NGOs to the government policy could be regarded as foreign intervention to national policy, or on the contrary, support from such NGOs to set up new regulation is thought of as an instrument to pass foreign vested interests, or in other case, advocacy from NGO is judged as provocation to fuel internal conflicts. However, in the middle of low economic growth, people cannot rely much on self-raised funding and by improving civic education people will become wiser in conclusion.

### ***Examples of civil society involvement in governance***

#### **Newly Installed Village Administrations as Test Cases for Public Service Delivery Improvement Process<sup>4</sup>**

The Germany Technical Cooperation or GTZ, through its program of Support for Good Governance in collaboration with Ministry of Administrative Reform has launched a regional program in some districts. One of them is the improvement of public service delivery in Solok municipality of West Sumatra province. They engage in collaborative efforts with the municipal government to improve public service delivery based on customer complaints in the three sample village administrations (or Nagari).

The program is strongly supported by the municipal government and they have built a similar understanding on the principles of Good Governance. The government of Solok then promoted the establishment of an independent governance control organization, LPPI (Independent Control and Complaint Institute), which has been partly facilitated and monitored the process. The first survey was conducted in 2003 by taking 2,638 customers as respondents (1,798 in Nagari Koto Baru, 538 Nagari Koto Anau, and 302 in Nagari Salimpat).

The survey grouped the questions into three categories: "Qualification of service officials", "Service delivery procedures", or "Fair, impartial, non-discriminative service provision". Major complaints included: "The training for the Nagari staff is not enough", "For every arranging of a license a payment proof of the land and building tax (PBB) has to be shown", or "Development is not spread evenly in every Nagari".



sub-unit”.

During the process, the cooperation between the public sector and civil society has improved and LPPI has been given a formal status for the monitoring and control of the local Government, and in one case, an organization like LPPI was able to form on the Nagari-level.

There have been numerous improvements in the public service delivery in Solok, such as: the institutionalization of One-Stop Agencies in the Nagaris, training for Nagari staff, or the adoption of recommendations from the service units by the decision-makers on their side; as well as the implementation of a “Smiling staff policy” within the Nagaris, the adoption of the rules of Good Governance within the Nagaris, or equally the publication of the official tariffs, service procedures, conditions, and working hours within the Nagaris.

### **Participatory Conservation Planning in Managing Sungai Wain Protected Forest**

The Sungai Wain Protected Forest is located 15 km north of Balikpapan, the province’s oil-rich commercial center, in East Kalimantan. Sungai Wain received its status as a Protected Forest in the 1980’s. It occupies two small river basins that serve as the city’s principal sources of fresh water, and potential as a resource for education and bio-recreation. It has been a center for several researchers from both national university and abroad. Pertamina, an SOE operating in oil and gas, used water from the river for its industrial process as well as to provide clean water for its employees housing.

The River Wain Protected Forest had been under severe threat from farmers, illegal loggers, and hunters. There are approximately 1000 people living within the borders of Sungai Wain Protected Forest. More than half of its 10,000 hectares was severely damaged by the catastrophic fires of 1997/98. Approximately 1500 hectares have been encroached upon (of which only 500 hectares are farmed). An additional 2000 hectares have been affected by illegal logging and fires. When the forest was under the Forestry Department, there was no law enforcement at all, with the exception of a few arrests if the researchers would call in the patrols and bring them to the chainsaw place.

Since 1999, the management was initiated by a researcher, Gabriella Fredrickson, who was supported by local NGOs and it took some two and a half years of meetings to finally get a management body legally organized in 2002. First steps have included forming a multi-sector management board for the protected area, conducting awareness-raising campaigns in schools, mosques and shopping centers, stepping up security patrols, and mobilizing local villagers to participate in forest management activities. The process also includes a number of public hearings and meetings with representatives of stakeholders.

The local government has been very supportive and have assisted with patrolling activities by sending in teams consisting of people from the army, police, navy and the air force, combined with local villagers who are doing the day to day patrolling (these villagers have worked for Ms Fredrickson for the last four years). A Regional Law has been issued to ensure the legitimacy of the Management Body,

therefore it will continuously receive support, including financial support, from the local government. This Management Body has a mandate to 'manage' the protected area and they are quite independent. In the steering committee, all levels are represented and the vice-Mayor is the head of the management body. Since 2002, illegal activities has been reportedly been discontinued and other protected forests, for example Lesan Protected Forest in Berau District, East Kalimantan, will also establish the Management Body by taking the Sungai Wain model.

### Summary Statements

Indonesia has experienced a rapid change in governmental system following the economic crisis and the people movement in 1998, which transformed the political regime from authoritarian to democratic system. The economic crisis has a lingering effect that until now, the country is still struggling with a difficult economic crisis. The financial problem is a main problem faced in the national budgeting, The central government had been demanded to implement decentralization by regions, which have been felt ignored in the past in national development.

In 1999, the government enacted two Laws concerning decentralization, these are Law 22/1999 and Law 25/1999. It provided a year and a half for implementation from the issuing date in January 2001, which were considered by many scholars and international institutions to be too narrow a time. The difficulty is that aside from being in the midst of an economic crisis, the country has decided to aim decentralization at municipality and city level, which at that time consisted of almost 300 administrations. Some scholars point it as a "big bang" approach and considered the most massive decentralization in the world.

Since the crisis, economic problems is a major issue in Indonesia, particularly handling the issues of unemployment, low income, low education and health status, as well as quite high poverty level. Other main issues are political and horizontal conflicts and environmental degradation. It is understandable that since the country has very diverse ethnicity and quite large differences across local cultures. Under this circumstance, the public is learning to adopt and behave within the democratic frame. This includes its requirement to become a strong civil society that could play an important role in governance. Within a given socio-economic situation, in which the society structure lacks of a middle-class, it is not easy to develop a strong civil society to collaborate with government. However, building civil capacity vis-à-vis harmonizing it with building a local government capacity, has two implications. One is additional homework to improve people knowledge and awareness of their rights and responsibility in a democratic system. Another one is helping the government to internalize the values of good governance and persuading it to work on the same concerns and the same path.

In principle, both central and local governments welcome the increasing role of civil society to collaborate with them. However, this rapid change also gives the government a difficult homework. The task is not only deals with economic and development problems but also the transformation of the government body itself to

be in the same pace and path with the spirit of reform.

The role of civic participation is mentioned in Law 32/2004 (as replacement of Law 22/1999) that is the central law of political and administrative decentralization and in other sector laws. So far, the legal issue is not the main problem. Since the reform in 1998 and decentralization, the work of NGOs have rapidly increased and consist of both international and domestic organizations. Most of them work on environmental issues; several others focus on education and welfare issues, human rights, democracy and good governance concerns, and also local economic development.

Nowadays, the role of public participation in governance is an acceptable practice, even though it is not always the case. Usually NGOs take some pilot regions or pilot programs then disseminate the results as lessons for other regions or programs. Even if we find several success stories, there are still complaints from various regions that local government ignores participatory process, lack of transparency, or disregard criticism. In several cases where local government or Local Parliament members are filed for corruption, show that transparency and accountability is still a main problem in governance.

#### Notes

- 1 Estimation by Central Bureau Statistic
- 2 idem
- 3 <http://www.goldsheetlinks.com/production.htm>
- 4 Draw heavily on SfGG report (<http://www.gtzsfgg.or.id/cspsd/index.htm>)

#### References

- Central Bureau Statistics Indonesia: <http://www.bps.go.id>
- Fredriksson, G.M. & M. de Kam, 1999, "Strategic Plan for the Conservation of the Sungai Wain Protection Forest, East Kalimantan", Ministry of Forestry and Estate Crops-Tropenbos Kalimantan Project
- Law 23/1997 on Environment
- Law 20/2003 on National Education
- Law 22/1999 on Local Government
- Law 25/1999 on Fiscal Balance between the Central and Local Government
- Law 30/2002 on Commission for Combating Corruption
- Law 32/2004: Replacement of Law 22/1999
- Law 33/2004: Replacement of Law 25/1999
- Law 36/1999 on Telecommunication
- Law 41/1999 on Forestry
- National Action Plan for Fiscal Decentralization, 2005, Bappenas Team, Jakarta
- SfGG website: <http://www.gtzsfgg.or.id/cspsd/index.htm>