

## 2

# Public administration in Indonesia: functions, structures and processes

## 2.1 Functions of the public administration in Indonesia

The Indonesian constitution (UUD 1945) does not contain stipulations concerning the tasks and functions of the public administration as executive branch of the state. However, a first approximation towards the broad functions of the administration can be derived from the objectives of the Indonesian state which are mentioned in the preamble to the UUD 1945: "To protect all people and their entire native land of Indonesia, to improve the social welfare, to advance the life of the people and to contribute to the establishment of a world order which is based on freedom, abiding peace and social justice" (GOI 1989:1).

Beside the "law and order" function of public administration ("protection" = , internal security, judiciary) the state objectives of the UUD 1945 have a strong social and developmental orientation which has clearly influenced the activities of the public administration in Indonesia.

In a more general way three main functions of the public administration in Indonesia have been identified (Salamoen 1993): serving the public, protecting the public and promoting public initiative and participation. "Serving the public" covers those functions that are usually regarded as the prerogative of the state like defense, foreign relations, law and order, and monetary matters, but also other aspects like provision of health and transport services which in principle could also be implemented by private actors. "Protecting the public" refers to all those activities that are required to protect individuals and consist of regulations (e.g. permissions, licensing), the formulation of policies and the monitoring and controlling of activities of the society. "Promoting public initiatives and participation" would include providing information and training, motivating, facilitating and pioneering activities of the public administration (ibid:25f).

In short, the following main functions of the public administration can be identified:

1. Defense and Foreign Relations
2. Monetary affairs (currency)
2. Protection/ Law and Order (judiciary, legal framework, police)
3. Provision of services (including infrastructure, public utilities, educational and health facilities, media)
4. Provision of products and distribution networks (investment in production and distribution/trading facilities)
5. Regulation and control (licensing, issuance of permits, developing the legal framework for economic and non-economic activities of private actors).
6. Policy-making and planning.

The detailed tasks and functions of the administration are determined by the GBHN which are ratified by the MPR every five year at the beginning of the National Leadership Mechanism (see Fig. 5): since the President as chief executive of the state and as apex of the public administration is obliged to implement these policies, they become automatically the overall "work programme" of the administration.

Functions of the public administration system are related to the development level of its socio-economic environment. One of the main distinctions between public administration systems in the developed and in the developing countries lies in the extent to which public administration in the developing countries has been involved in initiating, directing and implementing economic development and social change, and by the strength of this involvement compared to private sector activities. Apart from creating infrastructure, the public administration in most developing countries has intervened directly in factor markets, production processes and distribution networks by setting up state-owned enterprises, controlling finance and banking, regulating import-export activities, directing the activities of existing private economic actors and subsidizing commercial products.

This applies to the Indonesian public administration as well, which has played a strong role in the economy and has assumed the role of an "agent of change" (Bintoro 1991:260) or "agent of development": "... the public administration system in Indonesia has moved to function... as a development administration which is needed to perform the development programs and efforts" (Salamoen 1993:24). The heavy involvement of the Indonesian public administration in direct operations and interventions, however, is bound to change (indeed has already changed) because of the limitations of the state's resources and the maturity of the society as a whole and of the private sector in particular. Limited capacity of the state to provide the infrastructure which is needed to sustain economic growth<sup>(1)</sup> requires the involvement of the private sector which since the beginning of the 1990's has

been allowed to provide road and energy infrastructure in so-called BOT-arrangements.<sup>(2)</sup> Limited state resources and the increasing complexity of controlling and supervising a buoyant private sector furthermore forced the government to engage in a policy of deregulation and debureaucratization which has removed many of the licensing and controlling functions of the administration. The (likely) continuation of this process will have far reaching consequences for the functions, the organisational structure and the required human resources of a public administration which is "shifting the emphasis towards policy analysis and formulation, facilitation, monitoring and coordinating functions" (World Bank 1994a:147).

The significance of the public administration as executive branch of the state can to some extent be deduced from macro-economic parameters like the total government expenditure as percentage of the GDP, the comparison of private and government consumption, comparison of private and public gross domestic investment and the share of public administration in the sectoral origin of GDP. Looking at available figures for Indonesia,<sup>(3)</sup> the dimensions of the state activities seem to be moderate or of average size if compared with other countries:

- total government expenditure as percentage of the GNP fell from 23.1% in 1980 (the second highest in the South-East Asian region) to 19.2% in 1992 when only Thailand had a lower percentage in South-East Asia. The Indonesian figures for both 1980 and 1992 are considerably lower than for most of the high-income countries;
- government consumption as percentage of the GDP in 1991 was lower than the average percentage of the South-East Asian region (9% resp. 10%), and only half of the government consumption of e.g. Germany (18% of GDP);
- throughout the 1980's public sector gross domestic investment was lower than private sector gross domestic investment;
- looking at the sectoral origin of the GDP in Indonesia, the 6-7 percent share of public administration and defense during the 1980's is still low compared with other sectors like agriculture (between 22-24 percent) and manufacturing (between 12-18 percent).

The allegation that the state is dominating the economy would not be confirmed by these figures. Indeed in most developed, high-income countries the respective figures (especially for government expenditure as percentage of the GNP) are much higher than in the case of Indonesia. However, these figures do not reflect the extent to which public administration has been regulating economic and non-economic activities of private actors. They give therefore only a rough approximation of the role of the state and of the public administration.

## 2.2 Structure of the public administration

The structure of the Indonesian administration today is the result of the administrative consolidation efforts of the "New Order"-government after coming to power in 1965/66. Modifications of the administrative structure and of administrative processes and procedures have largely been initiated to adapt the public administration system to the demands of the state and the society in view of social and economic development. The objectives of administrative development since the 1960's have been described as follows:

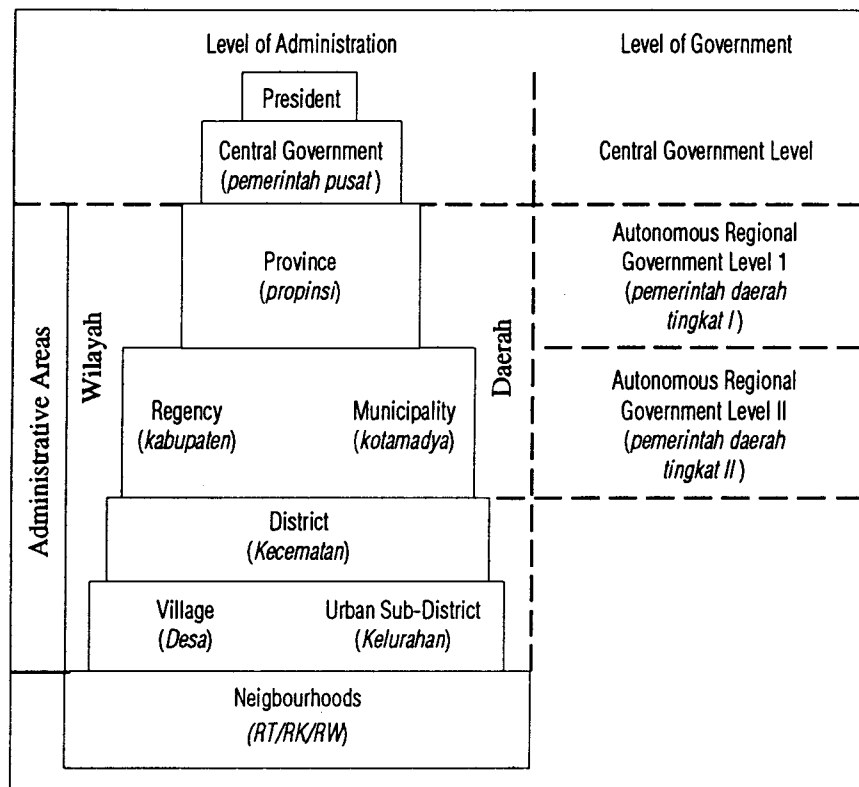
- "1. To develop the public administration system as the manifestation of Pancasila and the 1945 Constitution
2. To enable the public administration system to support the national development and to respond to the demands of the nation's dynamics
3. To achieve a public administration which is disciplined, skillful, productive, efficient, effective, "clean" and influential in implementing the governmental and development tasks based on a responsive attitude and a spirit of dedication to the society, the nation and the state in accordance with Pancasila and the 1945 Constitution
4. To improve the capability and the quality of the administration in serving and protecting the public, and in promoting initiative and participation of the public and business circle in development
5. To improve the ability of the government administration in developing and utilising potentials and opportunities in (the) national and international economic order." (SANRI II:232)

While the Indonesian public administration is still characterised by a high degree of centralisation with the authority for policy and decision-making and the thrust of the financial resources firmly held by the central government institutions in Jakarta, the government is pursuing a policy of decentralisation that aims to delegate the authority for decision-making and implementation of administrative functions to the lower levels of government.

### 2.2.1 General structure of the Indonesian public administration

Indonesia is a unitary state consisting of 27 provinces (*propinsi*). Three levels of government and six administrative levels can be distinguished as shown in Fig. 6. Below the provincial level there are 243 regencies (*kabupaten*) and 58 municipalities (*kotamadya*)<sup>(4)</sup>, six so-called "kotamadya administratif" and 31 "kota administratif", 3638 kecamatan, 5062 kelurahan and 62036 desa.

Figure 6: Levels of administration and government



Administratively, there is a continuing line of command running from the President as the chief executive of the state through the Governors of the provinces down to the lower levels of administration including the village chiefs (*kepala desa*) and heads of the urban sub-districts (*lurah*). Excluded from this line of command are in principle only those functions that have been delegated to the two autonomous levels of regional government as part of the decentralisation policy. Fig.7 gives a concise overview of the political and administrative bodies at the various level of the administrative system.

In this chapter we will concentrate on the level of the central government. Aspects of regional government and the relationship between central and regional government will be discussed in the next chapter.

Figure 7: Political and administrative levels in Indonesia

	Representative Body	Chief Executive	Administrative Units	Planning Body
Central Level	MPR DPR	President	Departments/ Non-Departmental Agencies	BAPPENAS
Provincial Level	DPDR I	Governor	Kanwil (instansi vertikal)	BAPPEDA I
Regency/ Municipality Level (Kabupaten/ Kotamadya)	DPDR II	Bupati/ Walikota	Kandep Dinas	BAPPEDA II
District Level (Kecamatan)	-	Camat	Dinas	(UDKP)
Village/Urban Subdistrict (Desa, Kelurahan)	(LMD)	VillageHead/ Lurah	Dinas/ Village Office	LKMD
Neighborhood (RT, RK, RW)	-	-	-	-

MPR: Majelis Permusyawaratan Rakyat (Consultative Assembly)

DPR: Dewan Perwakilan Rakyat (House of Representatives)

BAPPENAS: Badan Perencanaan Pembangunan Nasional (National Development Planning Board)

DPDR: Dewan Perwakilan Rakyat Daerah (Regional House of Representatives)

BAPPEDA: Badan Perencanaan Pembangunan Daerah (Regional Development Planning Board)

Kanwil: Kanwil Wilayah (regional offices of central government departments and non-departmental institutions)

Dinas: Technical agencies of the autonomous regional government (daerah level I and II)

LMD: Lembaga Musyawarah Daerah (Village Council) (in desa only)

UKPD: Unit Daerah Karya Pembangunan (Sub-District Development Work Unit)

LKMD: Lembaga Ketahanan Masyarakat Desa (Village Social Activities Group)

RT/RK/RW: Rukun Tetangga/ Rukun Kampung/ Rukun Warga (neighbourhoods)

### 2.2.2 The structure of the central government administration

The institutional set-up of the central government administration is based on ten general principles of organisation (*asas-asas pengorganisasian*)<sup>(5)</sup>:

- the principle of division of tasks (*asas pembagian tugas*), meaning that all the tasks and functions of the administration must be assigned to one of the institutions so that no government task is left unattended to;

- the principle of functionalisation (*asas fungsionalisasi*), meaning that in the implementation of a government task one institution should functionally have the main responsibility for that task;
- the principle of coordination (*asas koordinasi*), meaning that the institutional set-up of the administration should enable the coordination between the relevant institutions if and where necessary,
- the principle of continuity (*asas kesinambungan*), meaning that the implementation of task must not be dependent on one particular civil servant but must be linked to institutions;
- the principle of flexibility (*asas keluwesan*), meaning that institutions should be flexible to adapt themselves to new conditions and changes of their environment;
- the “principle of accordion” (*asas akordion*), meaning that in accordance with its work load and tasks an organisation could grow or shrink in size;
- the principle of delegation of authority (*asas pendelegasian wewenang*), meaning that tasks can be delegated if appropriate and that the units to which tasks are delegated must be able to implement these tasks;
- the principle of control distance (*asas rentang kendali*), meaning that in determining the number of units or staff under the supervision of one functionary the limitations to effectively carry out leadership and control must be taken into account;
- “line and staff”- principle (*asas jalur dan staf*), meaning that in the structure of an organisation there should be a distinction between those units that carry out the main tasks of that organisation (line units) and those units that have a supporting role for the implementation of these tasks (staff units);
- the principle of transparency (*asas kejelasan pembagian*), meaning that each organisation has the obligation to disclose its internal structure and the distribution of tasks and responsibilities of the various units and officials within the organisation.

At the apex of the central government is the President as chief executive of the state. As “mandatory” of the MPR the President is responsible for carrying out the government functions in accordance with the policy guidelines determined by the MPR. He is assisted by the Vice-President (who is also elected by the MPR) and by the ministers which are appointed by the President and are accountable only to the President. Beside the ministers (*menteri*) who head a department and are responsible for the policy formulation and implementation in their respective area of competence, there are four “Coordinating Ministers” (*menteri koordinator*) who

supervise and coordinate several departments in specific policy fields. Several state ministers (*menteri negara*) head one of the non-departmental institutions or cover policy areas which are regarded as very important.

The work of the cabinet is supported by the Cabinet Secretariat (*Sekretariat Kabinet - Sekkab*), whereas the State Secretariat (*Sekretariat Negara - Sekneg*) is the administrative unit supporting the President and the Vice-President. The State Secretariat furthermore acts as supervising and coordinating unit for those central government institutions which are not under one of the departments.

The current “Sixth Development Cabinet” (*Kabinet Pembangunan VI*) consists of 21 ministers, 4 Coordinating Ministers<sup>(6)</sup>, and 13 State Ministers.<sup>(7)</sup> The changing numbers of ministerial posts, and the changes in the institutional set-up of the central government are both a reflection of changing needs and demands according to the level of development (Salamoen 1993:28), and of the existing power structure at the time of forming the cabinet.

Institutionally the central government consists of several types of organisations<sup>(8)</sup>:

1. The implementation of the major tasks and functions of the government is entrusted to the departments (*departemen*) which are headed by a minister. The coordinating ministers and state ministers have offices with non-executive character.
2. Non-departmental agencies (*lembaga pemerintah non-departemen/ LPND*) are in charge of specialised tasks and functions not covered by the departments. The LPND are accountable directly to the President, even if the financial and organisational coordination is carried out by one of the departments or the State Secretariat. At present (1995) there are 21 LPND.
3. Specialised bodies and agencies (*lembaga-lembaga ekstra-struktural*) are established by presidential or ministerial decree to ensure the coordination in certain policy fields or in the implementation of activities and programmes of the government. These specialised bodies<sup>(9)</sup> (often called “agency” or “board” [*badan*] or “council” [*dewan*]), are either headed by the President or by one of the ministers.
4. The secretariats of the other state institutions (like DPR, DPA, Attorney-General etc.), the central bank (Bank Indonesia), the State Sekretariat/Cabinet Sekretariat, and the state enterprises owned by the central government (Badan Usaha Milik Negara - BUMN) are also regarded as part of the central government institutions (Salamoen 1993:4).

### 2.2.3 The structure of a central government department

The structure and organisation of the central government departments has been determined by two Presidential Decrees in 1974 (KEPPRES No. 44 and 45/1974). The decrees stipulate a standardized organisational structure of the departments, not taking into account differences in the complexities of tasks and functions, regional coverage etc. Since then, the structures of individual departments have frequently been modified with the results that now a number of deviations from the original structure can be observed (SANRI I:61). The various organisational units of the department can be categorised as "assisting units", "implementing units" and "control unit" as shown in Figure 8.

Figure 8: Elements of the departmental organisation

Category	Organisational Unit	Characteristics	Function
<i>unsur pembantu</i> (Assisting unit)	Secretariat-General	<i>unsur staf</i> <sup>(10)</sup> (Staff unit)	Administration, Internal Management, Cross-sectoral tasks
<i>unsur pengawasan</i> (Control unit)	Inspectorate-General		Control, Supervision
<i>unsur pelaksana</i> (Implementing unit)	Directorates-General	Line unit	Professional and technical tasks

The organisation of the department consists of four major elements:

a) the minister

The minister heads the department and - within the framework of the general policies as decided by the MPR and the President - is responsible for policy development and policy implementation. Usually a number of special advisers (*staf ahli*) support the minister.

b) the Secretariat-General (*Sekretariat Jenderal*)

The secretariat-general as the "assisting unit" (*unsur pembantu*) is in charge of administrative, financial, organisational and procedural affairs of the department, and assists the other units (especially the Directorates-General) in the performing of their respective tasks. Responsibilities of the secretariat-general include coordination and planning, the development of the internal administration of the department and its procedures and public relations. Research and development, as well as training and education, are not directly part of the

Secretariat-General's activities, however it takes part in planning and coordinating these activities. Although the Secretary-General is often regarded as "primus inter pares" with the Director-Generals who strongly influence the general policies of the department, the position is not as dominant as for instance the position of the Permanent Secretary in the British civil service.

The secretariat-general is usually divided into up to 7 bureaux (*biro*) which are further divided into divisions (*bagian*) and sub-divisions (*sub-bagian*).

c) the Inspectorate-General (*Inspektorat Jenderal*)

The inspectorate-general is the internal monitoring and control unit of the department. Its responsibilities include financial control as well as the monitoring of work programmes based on the reports of the other work units of the department and the impact assessment of activities.

d) the Directorates-General (*Direktorat Jenderal*)

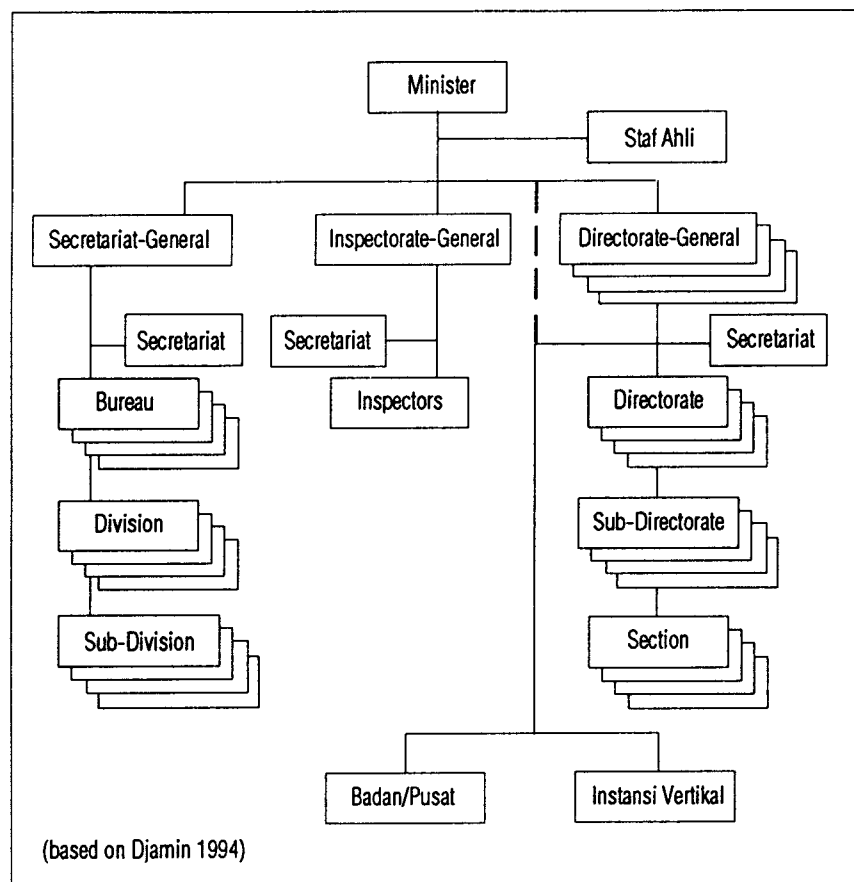
The directorates-general as "implementing elements" (*unsur pelaksana*) of the department are the main operational units of the department which cover the main policy areas for which the department is responsible. The activities of the directorates-general include the formulation and implementation of technical policies in their field, and the provision of guidance and assistance to other government units and the public. Most departments have between 3 to five directorates-general.

Usually a directorate-general comprises five directorates (*direktorat*), which are further divided into sub-directorates (*sub-direktorat*) and sections (*seksi*).

In the departmental organisation both the Inspectorate-General and the Directorates-General have their own administrative units (secretariats), whose functions are similar to the overall functions of the Secretariat-General, but are limited to the activities of the respective Directorate-General. The Secretariat-General carries out a functional coordination of these secretariats. Another important feature is the existence of regional representations of the department at the regional and local level (*instansi vertikal* or "vertical offices"), which represent either certain directorates-general of a department (the so-called "holding company" type of *instansi vertikal* like in the case of the Department of Finance where there are separate *instansi vertikal* of the various Directorates-General), or the department as a whole (the so-called "integrated type" of *instansi vertikal*). "The Vertical Offices are the apparatus of the departments or non-departmental institutions which are located in the regions to execute part of departmental services" (GOI 1990:45). In most cases regional representations are at the level of the provinces (*Kantor Wilayah* - Kanwil) and at the levels of the regencies and municipalities

(*Kantor Departemen - Kandep*), the Department for Religious Affairs has further offices at the *kecamatan* level. Although being an integral part of the department's organisation which are included in the respective department's budget, the *instansi vertikal* are in principle also supervised by the head of the respective autonomous regional government.

Figure 9: Organisation of a department



Other units of the departmental organisation not mentioned above include the "boards" (*badan*) or "centres" (*pusat*) which can either be formed to perform executing tasks of the department or to support other executing units,<sup>(11)</sup> and technical implementation units (*unit pelaksana teknis - UPT*).<sup>(12)</sup>

## 2.3 Instruments

How is public administration in Indonesia carrying out its functions? Which instruments are being used, and what are the characteristics of the administrative processes? In order to carry out its functions and to achieve its objectives, public administration can utilise a number of different instruments: it can create legal norms and regulations that would determine directly or indirectly the activities of private actors, it can use financial and economic instruments to achieve certain objectives or to influence indirectly the activities of private actors. Public administration can enter into contracts and agreements with private sector actors, and it can provide and disseminate information.

The instrument that is most closely associated with public administration as being a "public" institution (as compared to a private institution) is the use of **legal norms**. These legal norms can either be general norms, i.e. independent from persons, cases and times (like e.g. a law which applies to a multitude of persons over an unspecified period of time), or a specific stipulation for one particular case only (like a permit or a license). In Indonesia, laws (UU) are usually supplemented by other legal instruments like government regulations, presidential and ministerial decisions etc. which then form the basis for the specific decisions of the public administration. Despite the shortcomings of the legal system as outlined before (co-existence of colonial and post-independence laws, low efficiency of the judicial system, lack of information on legal norms and on judicial decisions, inconsistency between legal norms at different levels), legal norms constitute the most important instrument of public administration in Indonesia.

Up to 1983, the existing political and legal framework in Indonesia made the public administration extremely powerful: activities of individual citizens in all areas of life were highly regulated by the state and required to obtain permits and licenses from the administration at all levels. This was especially true for the economic sector, where the state regulated market access (monopolies, investment regulations) and market behaviour (price setting, labour conditions, social obligations of enterprises). Instead of relying on general norms which would set out the framework for the actions of citizens, the Indonesian public administration utilised numerous detailed and case-to-case regulations which increased the density of regulatory interaction between the administration and the citizens, thus requiring a large bureaucracy to deal with all the controlling and licensing functions. The degree of discretion in decision-making given to the administration furthermore increased the opportunities for red tape and for arbitrary administrative decisions.

The deregulation policy which has been implemented since 1983 tries to minimize the regulatory density especially in the economic field by reducing the areas requiring regulation, and by replacing detailed case-to-case regulations with a

more general legal framework which sets out the conditions under which private activities have to be allowed. This will increase the transparency of administrative decisions, clarify the general framework for private sector activities and will ease the demand on regulatory activities of the administration. At the same time, efforts are under way to improve the operations of the legal system as a whole.

The second most important instrument of the public administration is the use of **financial and economic instruments** like taxes and charges, investment, subsidies and direct financial transfers to individual households or institutions. By taxing the citizens and by charging fees for public services and utilities, the state influences citizens' economic and social behaviour (like e.g. consumption patterns). Investments in infrastructure (health, education, energy, transport, communication) have a direct bearing on the living conditions of the individuals and create the framework conditions for economic development. Investment in state-owned companies enables the state to operate directly in the markets in order to achieve economic, financial or social objectives.

Subsidies (e.g. for petrol and for fertilizer) and price control (like the effort to stabilize the price for Indonesia's main staple food, rice, through the marketing activities of the Food Logistics Board BULOG) are activities of the public administration whose impact are immediately felt by the individual. Direct financial transfers to individuals (like social benefits) or legal entities to carry out social programmes also have strong impact on the lives of the citizens.

The Indonesian public administration has substantially utilised financial and economic instruments. The nationalisation of formerly foreign-owned enterprises and the establishment of new ones in the 1970's made the state one of the biggest entrepreneurs in Indonesia. The royalties and incomes from the exploitation of natural resources, especially oil and forestry, allowed for considerable investments in infrastructure which is reflected in the continuous improvement of Indonesia's Human Development Index (UNDP 1994).

Whereas by using legal norms and regulations public administration acts as a public institution in a hierarchical relationship with citizens, it can also attempt to achieve its objectives by entering into **contracts and agreements**. The partial privatisation of infrastructure provision in Indonesia is a good example for this: to realize its objective to increase the supply of electricity, the state-owned electricity company PT PLN has signed agreements with foreign and domestic investors to build private-run power plants whose electricity production would be bought by PT PLN. The provision of road infrastructure is likewise increasingly entrusted to private sector companies on the basis of BOT agreements, and similar schemes are under discussion for the provision and/or improvement of airport facilities.

In a modern and economically advanced society **information** becomes one of the most important factors for development and social advancement. Access to information is required not only by commercial entities but also by individuals. In this connection, public administration can influence and manipulate the collection, processing and provision of information through mass media, information campaigns, and public relation activities. Family planning and health education are examples where the Indonesian public administration ensured the access of individuals to vital information. Public administration can provide the infrastructure for gathering and processing data (like statistical systems, information technology). The provision of indicative economic and financial data by the administration can have strong impact on private sector decisions. One of the instruments in this area lies in the field of economic planning as an effort to capture the economic and social reality and to extrapolate trends into the future. Depending on the type of planning, the plan would have binding impact not only for the administration itself but also for private citizens and entities (e.g. in the case of spatial planning or the zoning of land for residential, industrial or public purposes).

The changing pattern of administrative functions that has been mentioned above (shifting the emphasis towards policy analysis and formulation, facilitation, monitoring and coordinating functions) will in the long run also result in a different pattern of instruments being used. Contracts and agreements between the state and its citizens in certain fields (like for instance in environmental issues) will become more important compared with directives and restrictions based on regulations whose adherence has to be controlled by the state. The provision of access to information and internal policy analysis will also become more important.

## 2.4 Processes

So far we have looked at the functions, structures and instruments of public administration in Indonesia. In the following we will examine three important processes involving the implementation of the administration's tasks and functions: the process of policy-making, the process of law-making and the process of economic planning.

### 2.4.1 Public administration in the policy-making process in Indonesia

The policy-making process involves the four stages of initiation and conceptualization of policies, decision-making, policy implementation and policy evaluation. However, this distinction is more an analytical than a real one since in practice the four stages are mutually linked with each other, and can take place simultaneously with mutual feed-back circuits. Whereas in theory a distinction has been made between "policy formulation" by the political system (parties, parliament, government) in the sense of deciding on the objectives and instruments of

policies, and “policy implementation” by the administration in the sense of administering and executing policies, in reality the process is much more complex since at all stages the public administration is involved by providing inputs and information. This is particularly true in Indonesia, where a “policy-making” government can hardly be distinguished from a “policy-implementing” administration, and where the executive has considerable influence on the legislative. In the policy-making process in Indonesia the public administration is the dominant actor: “Since government and its bureaucracy in Indonesia (are) relatively strong, the nature of policy formulation centres around the central government institutions and .. the bureaucracy” (Bintoro 1991:221). Furthermore, the policy-making process is highly centralised (Bhattacharya/Pangestu 1993) and top-down in nature. The dominance of the public administration in the policy-making process is most obvious in formulation, decision-making and implementation. Administrative capacity for policy evaluation, however, is lacking behind the capacity of non-governmental institutions.

Policy making can be analyzed under different dimensions as shown in Fig. 10: the dimension of time (long-term, medium-term and short term policies), different aspects of coverage (national/regional policies, sectoral or cross sectoral policies), different legal forms of the policy decision (like laws and regulations, budgets, plans) and different institutional policy-makers (the MPR, the DPR, the President, the departments and other institutions of the public administration). The policy making process in Indonesia involves a sequence of steps linked with the “National Leadership Mechanism” described in Chapter 1.1 where the general direction of the government’s policy during the legislative term is determined by the GBHN. The policy orientation of the GBHN is transformed into the stipulations of the Five-Year Development Plan (*Repelita*), which are further elaborated in detail in the annual budget (APBN). Based on the allocations of the budget, the government as a whole or the individual departments design and implement sectoral or cross-sectoral programmes and initiatives.

The process of the formulation of the GBHN involves the formulation of a first draft by the Secretariat-General of the Defense and Security Council (*Dewan Pertahanan Keamanan Nasional*), which is submitted to the outgoing President for consideration. Usually a committee at the highest level of the central government is then set up to deliberate on the draft, which is subsequently submitted by the President to the new MPR. After discussion in the various forums of the MPR (like Executive Council, committees and plenary sessions), the GBHN is finally adopted by the MPR. The process involves intense discussion within the topechelons of the public administration and between the various institutions of the government. Public participation is encouraged at the first stage of this process, but later on the process takes place primarily within the public administration (Bintoro 1991:208f).

Figure 10 : Dimensions of the policy-making process <sup>(13)</sup>

Policy instrument	Time dimension			Sectoral Coverage		Geographical Coverage		Decision	
	Long term	Medium term	Short term	Cross sectoral	Sectoral/ Technical	National	Regional	Decision making Institution	Legal Form
PJP	x			x		x		MPR	TAP (*)
GBHN		x		x		x		MPR	TAP
<i>Repelita</i>		x		x		x		P	KEPPRES
<i>Repelitada</i>		x		x			x	PEMDA	SK Gub.
APBN			x	x		x		DPR	UU
APBD			x	x			x	DPRD	PERDA
Sectoral/ Technical Programmes		x	x		x	x		P DPR Dept.	INPRES UU SK Menteri SKB

(\*) as part of the GBHN

Based on the GBHN, the administration formulates the Five-Year Development Plan (*Repelita*) as the working programme for the administration how to implement the policies of the GBHN. The targets and stipulations of the *Repelita* are further broken down into departmental plans or in special government programmes involving various departments.<sup>(14)</sup>

The short-term policies of the government are decided by the financial allocations in the annual budget (APBN), which is adopted by the parliament (DPR) on the basis of a draft which is submitted by the President. The Annual State Address which is delivered by the President to the parliament on every 16th August “constitute a policy statement of the past performance and the policy direction of the government for the future” (Bintoro 1991:221).

The policy-making process can involve the whole range of legal instruments described in Chapter 1.3: whereas the GBHN is adopted as a decree of the MPR, the budget is approved by the DPR in the form of a law. The *Repelita* has the legal form of a Presidential Decision (KEPPRES). Government Regulations (PP), Presidential Instructions (INPRES), ministerial decisions, regional regulations can



be other instruments determining policies. Joint ministerial decisions are used for programmes involving several departments (like the rice intensification programme, the basic education programme, the transmigration programme) (ibid: p.213). The formulation of "policy packages" has become a common practice since the 1970s: various legal instruments are combined in one comprehensive package in pursuing a common political objective (e.g. deregulation). In this process, the development plans at national and regional level provide the general financial and economic background for the activities of the public administration.

In the policy-making process, the degree of participation and influence of interested parties (like social organisations, political parties, various central government institutions, business associations) differs. As already mentioned, the policy-making process is essentially a top-down process with limited influence from the regions. It takes place at the central government level, and its results are subsequently adopted at the regional level. External inputs into the activities and discussions of the administration are rather limited: whereas important inputs have been made in the economic field (either by foreign sources like World Bank, Harvard Institute for International Development or by domestic advisors)<sup>(15)</sup>, participation of the public is mostly confined to the deliberations in the parliament, where public hearings not only provide the opportunity to "grill" senior civil servants and ministers and to question government policies, but also to hear the views of social organisations and business associations: "Policy inputs are transmitted internally and the role of the public debate is limited. The main institutional channels through which external influences can be transmitted is through the Parliament, the press and the business or industry associations, especially the umbrella organisation of the Chamber of Commerce and Industry" (Pangestu 1993:279).

Looking at the influence of different government institutions in the policy making process, the Department of Finance and the National Development Planning Board (*Badan Perencanaan Pembangunan Nasional - BAPPENAS*) play a central role in the process of formulating the development plans and the budgets. The State Secretariat is another strong player due to its coordinating functions and its direct access to the President. The role of the individual departments depends on the specific policy-field under consideration. Apart from the formal process of policy-formulation, there is the informal process of discussion and negotiation between ministers and senior civil servants, "a crucial component in policy-making...that takes place outside the cabinet meetings" (Bhattacharya/Pangestu 1993:36).

There are a several mechanisms and instruments to coordinate policy at the central government level<sup>(16)</sup>:

- the position of the **coordinating ministers** whose main function is to ensure the consistency of the policies of the departments under their supervision

- meetings of the cabinet (either as **plenary meetings** or as **limited cabinet meetings** involving only ministers of certain policy areas [like the cabinet on economic affairs] ) and meetings of the coordinating ministers in order to coordinate policies across sectoral borders
- a number of **consultative councils** like the Economic Stabilisation Council (which is chaired by the President) or the Monetary Board (chaired by the Minister of Finance) which involve ministerial and non-ministerial officials and advisors to discuss policy orientations of the government<sup>(17)</sup>
- **intra-ministerial teams** and committees which have been set up in various areas to ensure coordination in the implementation of policies (e.g. the inter-ministerial task force on tax reduction set up in 1994, or the "deregulation team" of the Fourth Development Cabinet) (Bintoro 1991:215).

Despite the existence of these mechanisms, policy coordination is not always guaranteed as was demonstrated early 1994 when the central government issued Government Regulation (PP) No. 20 (1994) which allowed for foreign investment in nearly all sectors of the economy, including the mass media. This resulted in a considerable concern because of fears that the Indonesian media, especially print media and TV would be dominated by foreign influences and interests. The claim of the Department of Trade - which was functionally responsible for the PP No.20 (1994) - that all relevant departments had agreed to the regulation was disputed by the Department of Information which oversees affairs of the media and the press. In the end the dispute was politically settled by the President who confirmed that foreign investment in mass media would not be allowed. <sup>(18)</sup>

During the stage of policy implementation, a number of shortcomings in the Indonesian context have been observed<sup>(19)</sup>:

- a low absorption capacity in the implementation of policies, i.e. in the transformation of policies into concrete programmes, due to managerial weaknesses and low efficiency and productivity in the administrative apparatus
- lack of public participation especially at the local and regional level
- inconsistency between policy formulation at the top level and policy implementation by the lower levels of the administration, in other words policy objectives were not or insufficiently reflected in the operationalisation and implementation of these policies by the lower administrative units
- a tendency to exaggerate control of policy implementation by becoming directly involved in the operations, instead of relying on more indirect means.

Policy evaluation is carried out by various governmental and non-governmental institutions: through the research & development (litbang) branches of the departments, through universities, through public and private research institutes (like the Centre for Strategic and International Studies CSIS) and last not least through international organisations like the World Bank and the IMF. However, especially the capacity of the departmental R&D units is usually insufficient due to the low salaries of their staff and existing budgetary constraints. Whereas policy evaluation has definitely provided valuable inputs for the formulation of economic policies, in other areas policy analysis and policy evaluation seem to be less satisfactory.

#### 2.4.2 The law-making process

Laws are one form of policy implementation. They provide the public administration with the legal authority to prohibit, permit or regulate in a certain manner private sector activities. In the process of law-making, the public administration is extremely influential at the formulation stage, and -once the law has been adopted by the parliament - in the process of formulating supplementing regulations and guidelines for the implementation of the law. The process of preparing, reviewing and approving a law has been determined in the Presidential Instruction (INPRES) No. 15 (1970).<sup>(20)</sup> According to INPRES No. 15 (1970), the process for formulating and approving a law is as follows:

1. On the basis of its own review and analysis, and based on the general policy of the government as described in the GBHN or the *Repelita*, the department which is functionally responsible for a certain subject matter seeks the approval of the President (as head of the executive) to prepare a law in a certain policy area.
2. Following the Presidential approval, the originating department forms an inter-departmental team to prepare the law. This team should involve the *Sekretariat Negara* (*SekNeg*) (State Secretariat), the *Badan Pembinaan Hukum Nasional* (*BPHN*) (Agency for the Development of the National Law)<sup>(21)</sup>, and other departments which are related to the subject matter. Whereas the involvement of the *SekNeg* and the *BPHN* is compulsory<sup>(22)</sup>, it is in the discretion of the originating department to decide which other departments it wants to involve in the formulation process.

INPRES No.15 (1970) does not require the formal involvement of any private actors at this stage, however depending on the policy of the respective department representatives from the private sector might be involved in the preparation of a law up to a certain point of the process. Seminars and workshops are often used to discuss new laws and regulations in advance or to disseminate information on new regulatory interventions once they have been enacted.

3. Once the proposed law has been cleared by the Cabinet Secretariat (*SekKab*) to ensure that all departments involved have agreed to it, and has been accepted by the President, the draft is sent through the State Secretariat to the parliament where it is debated in committees, factions and plenary sessions according to the working procedures of the DPR. Again, it is here at the parliamentary stage that public participation becomes possible in the forms of hearings, to which interested associations and organisations are invited, and where the government has to justify its planned law. Coverage of the press of these hearings provide the opportunity for the public to obtain more information about the government plans, and to comment on them.
4. Once the law has been adopted by the DPR, the administration has to formulate the necessary implementing regulations, like Government Regulations (PP) and Ministerial Decisions. It is at this stage of the law-making process, that the administration becomes again extremely powerful in fine-tuning the stipulations of the law and in some cases even in delaying the implementation of the laws. A typical example is the way in which the Law No. 5 (1974) on Basic Principles of Administration in the Region which determines the structure and the areas of jurisdiction of regional and local governments was implemented by the central government administration: the law stipulates in Article 11 that the emphasis of regional autonomy should be on the *daerah tingkat II* level, which should be regulated in detail by a government regulation (PP). This government regulation was enacted only in 1992, i.e. 18 years later. Art. 85 of the same law asked for a government regulation to clarify the role and tasks of the *instansi vertikal* in the regions, this regulation was finally enacted in 1988, i.e. 14 years later. The delay in the formulation and enactment of supplementary regulations and guidelines naturally hinders the effective implementation of a law.

#### 2.4.3 The planning process

The planning of the economic and social development is an important function of the Indonesian public administration. Following the first economic planning documents of the 1950's (a first five-year development plan was formulated in 1955, and in 1958 an eight-year national development plan for the period 1961-1969 was issued)<sup>(23)</sup>, the "New Order"-government initiated an integrated planning approach in the late 1960's which is based on the Five-Year Development Plans (*Rencana Pembangunan Lima Tahun - Repelita*).

The pattern of economic planning in Indonesia can be summarised as follows:

- the long-term orientation of economic development is formulated in the 25-Year Long-term Development Plan (*Pola Umum Pembangunan Jangka Panjang - PJP*). PJP I lasted from 1969 until 1994, and PJP II commenced on 1 April 1994;

- the core element of the development planning is the Five-Year Development Plan (*Repelita*), which is formulated by the administration at the beginning of the "National Leadership Mechanism" cycle, and which constitutes the work programme of the administration how to implement and achieve the objectives of the GBHN. The national *Repelita*<sup>(24)</sup> is supplemented by five-year development plans at the levels of the autonomous regional governments (*Rencana Pembangunan Lima Tahun Daerah - Repelitada*);
- the annual budgets are regarded as the "annual operational plan, the rolling translation of the *Repelita*" (Bintoro 1991:185).

The Five-Year Development Plan *Repelita* is an indicative plan which provides for the direction and priorities of the development process. It is not, however, a detailed blueprint with fixed objectives for implementation (AIDAB 1991:15). It consists essentially of three parts: the macro-economic framework (focusing e.g. on the main objectives and priorities of the development process, macroeconomic policies, fiscal and monetary policies, balance of payment and international trade policies), sectoral plans, and plans for the development of the regions. The weakness of the *Repelita* is, among others, the fact that it is not revised during the five year period, the lack of operationalisation of the objectives, and the sometimes "unrealistic projections of likely levels of public and private investment and central government finances" (Galbraith 1989:15).

The National Development Planning Board (*Badan Perencanaan Pembangunan Nasional - BAPPENAS*) is the central government institution which is functionally responsible for the formulation of the *Repelita*. BAPPENAS is one of the non-departmental agencies (LPND) which are directly under the supervision of the President. Following the latest reorganization in 1983, the organisational structure of BAPPENAS consists of the chairman (who is at the same time State Minister for National Development Planning) and 7 deputy chairmen. The functions of BAPPENAS include the preparation of national development plans, the harmonisation of sectoral and regional plans with the national plan and the preparation of the draft annual budget. BAPPENAS is also the main government organisation responsible for policies regarding foreign aid (GOI 1991b:166f).

The planning process in Indonesia is a combination of top-down and bottom-up approaches:

The process of formulating the *Repelita* has been characterised as a "top down" process which takes place within the bureaucracy with little participation by the public and with little input by the lower levels of government. Based on the policy directives of the GBHN, BAPPENAS prepares the planning document based on the inputs coming from the central government institutions and the regions.

The planning process at the national level is duplicated at the regional and local levels of administration with the formulation of regional five-year development plans (*Rencana Pembangunan Lima Tahun Daerah - Repelitada*). However, due to the "top down" character of economic planning, the regional five-year development plans have been criticized as being not more than regional break downs of centrally planned parameters. Subsequent to the adoption of the national *Repelita*, the provinces as well as the *kabupaten* and municipalities are required to formulate a "Basic Development Plan" (*Pola Dasar Pembangunan Daerah*) which reviews the physical, economic and social conditions at the provincial level and sets out general policies and strategies (AIDAB:28). The *Pola Dasar Pembangunan Daerah* which covers both the private and the public sector then becomes the basis for the *Repelitada*.

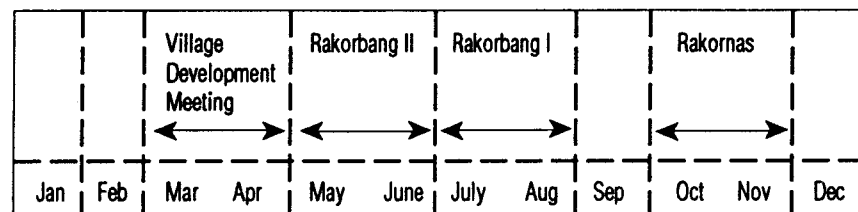
The top-down approach of the preparations for the five-year development plans is partly counterbalanced by the attempt to ensure a bottom-up approach for the formulation of proposals for the annual budget. According to a 1982 regulation of the Ministry of Home Affairs (Permendagri 9/1982), this planning process has to begin with the villages as the lowest unitary level. The annual planning cycle starts in March/April with village development meetings (*musbang*) under the auspices of the LKMD (*Lembaga Ketahanan Masyarakat Desa*), which discuss and decide on village proposals for development projects. The UDKP (*Unit Daerah Kerja Pembangunan*) reviews and coordinates the proposals coming from the *desa* and *kelurahan* which are finally decided upon by *kecamatan* development workshops which are supervised by the respective *Bappeda* Tk.II.

In May/June a development coordination meeting (*Rapat Koordinasi Pembangunan - Rakorbang II*) takes place under the chairmanship of the *Bappeda* head at the *kabupaten/kotamadya* level, which is attended by all *camat* and the heads of the local technical offices (*dinas*), but not by the local *instansi vertikal*. This meeting "makes the first important decisions about project funding by determining which proposals to reject entirely, which to fund .. and which to submit for funding by higher levels" (Galbraith 1989:20). In July/August the provincial development coordination meeting (*Rakorbang I*) involves all *Bappeda* Tk.II, the provincial *Bappeda*, the provincial *dinas*, representatives from *Bangda* (*Pembangunan Daerah* - the Directorate-General for Regional Development in the Ministry of Home Affairs) and BAPPENAS.

This *Rakorbang I* meeting decides, among others, on the funding sources for proposed regional development projects, i.e. whether they should be funded by the regional budget or by the national budget, by INPRES funds or by foreign aid. As a result of the *Rakorbang* meetings lists of development projects for the provincial resp. *kabupaten/kotamadya* level (*Daftar Usulan Proyek Daerah - DUPDA*) are finalized by the regional authorities for approval by the regional parliaments and then by the Ministry of Home Affairs.

The *Rakorda* meeting (*Rapat Koordinasi Daerah* - Regional Development Consultation Meeting) involves representatives from several provinces belonging to the same development region and is coordinated by the Ministry of Home Affairs. At the national level, the planning cycle ends in October/November with the National Development Coordination Meeting (*Rapat Koordinasi Nasional - Rakornas*) which involves all *Bappeda* Tk.I, *Bangda* and the heads of the provincial *Bangda*-offices, BAPPENAS and technical departments. Based on the decisions of the *Rakornas*, the administration will prepare the proposals for next year's annual budget.<sup>(26)</sup>

Figure 11: The annual planning cycle



Various institutions are involved in the process of development planning at the sub-national levels. In 1974 and 1980, respectively, regional development planning agencies were established (*Badan Perencanaan Pembangunan Daerah - Bappeda*) to coordinate the planning process at the provincial and *kabupaten/ kotamadya* level. The tasks of the *Bappeda*'s are to formulate the "Basic Development Plan" (*Pola Dasar Pembangunan Daerah*) as the basis for the five-year development plan, to formulate the regional development plan (*Repelitada*) and annual implementation schedules, to coordinate with other regional and central government agencies and to participate in the preparation of the regional budgets (Galbraith 1989:6). They should also coordinate the planning process of lower levels of the administration and carry out research in regional development issues. The *Bappeda* are under the direct supervision of the respective head of the autonomous regional government: under the Governor in case of the provincial *Bappeda* (*Bappeda* Tk.I), and under the *Bupati/Walikota* in case of the local *Bappeda* (*Bappeda* Tk. II). "At both levels, *Bappeda* is the key agency in the planning and budgeting process providing the leadership and coordination for the areas concerned" (AIDAB:29). However, the complicated structure of regional and local administration with its parallel existence of autonomous regional government institutions and *instansi vertikal* of central government institutions weakens the coordinating role of the *Bappedas*, because the *instansi vertikal* as a rule follow more the instructions and guidelines of their central government institutions than the coordinating efforts at regional and local level: *Bappedas* "are practically excluded from knowledge of or control over a large number of projects which should be an

integral part of their planning and development supervision function" (Morfit 1986b:61). One of the main critiques against *Bappedas* is therefore that they do not articulate genuine regional needs, but provide merely for the regional adjustment of centrally designed plans (ibid). There is also an overlapping of functions and responsibilities of *Bappeda* with the secretariat of the regional government, the *Sekwilda* (Galbraith 1989:9).

Figure 12: Institutions of development planning

Level	Institution
National	BAPPENAS
Province	Bappeda Tk.I
Kabupaten/Kotamadya	Bappeda Tk.II
Kecamatan	UDKP
Village (Desa, Kelurahan)	LKMD

At the village level, the LKMD (*Lembaga Ketahanan Masyarakat Desa* - Village Public Security Council) is the main institution to undertake the assessment and definition for project proposals, and "to promote development of the community..." (GOI 1985:18) by encouraging and enabling public participation in the planning process: "The LKMD was made a vehicle for public participation in the development of public initiatives and self-support to compile and implement rural planning and development" (GOI 1991c:616). The functions of the LKMD, however, are not always clearly distinguished from the functions of another village government institution, the LMD (*Lembaga Musyawarah Desa* or Village Consultative Council) (Warren 1990). At the *kecamatan* level, the UDKP (*Unit Daerah Kerja Pembangunan*) has the function "to coordinate planning and activity between the LKMD and the regional planning boards" (GOI 1985:19). The rationale was to ensure an integrated planning approach in which "project plans on the subdistrict level are combined with development planning of the various sectors which are financed by several funding sources" (GOI 1991c:615).

There are several major issues regarding the process of economic development and the role of the public administration in this process:

- The planning process leaves little room for independent planning at the sub-national levels which would reflect genuine regional and local needs, and which would be oriented at regional and local resources and potentials. Once the national plan parameters have been established, the lower level plans follow the national patterns. The dependence of the sub-national level on development funds from the central government is one explanation for this, another reason

is that due to the strong supervision and control of the central government (through the Ministry of Home Affairs) regarding the decisions and activities of the sub-national level there is in principle little freedom for the sub-national institutions to follow an independent line of planning.

- The dominance of the central government can be seen not only in the formulation of the five-year development plans, but also - despite its bottom-up procedure - in the annual planning cycle which results in the draft development budget. "Because the major initiative for planning the development budget lies with the central ministries, which receive the lion's share of the total budget, planning at the provincial and district level is largely a matter of formulating specific plans to meet targets determined by central ministries" (Galbraith 1989:21).
- The co-existence of central government administrative units (*instansi vertikal*) and administrative units of the autonomous lower level governments complicate coordination efforts at sub-national level and makes the integration of all development projects in a certain territory nearly impossible. Coordination should be ensured by the head of the regional government (horizontal coordination), but in reality the *instansi vertikal* tend to follow the decisions of their departments at the central level (vertical coordination).
- The role of the representative bodies at national and sub-national level in deciding on the priorities of the plans is limited. The DPR is not involved in the decision on the *Repelita* (which is issued as a KEPPRES, i.e. an executive order), and the representative bodies at provincial and *kabupaten/kotamadya* level (DPRD I and DPRD II) are only marginally involved in the design of the regional development plans by approving the DUPDA (which then again need approval by the Ministry of Home Affairs). As a consequence, there is little public participation in the planning process. Although planning as a function is generally seen as a prerogative of the administration, nevertheless public participation in the planning process and in the approval of the results of planning need to be strengthened substantially. The 1993 GBHN stresses this need: "Initiative and active participation of the community, together with the regional planning boards, in regional development need to be more encouraged, development control and coordination more intensified and the function of the regional legislative bodies more improved as the manifestation of increased participation of the community in the development drive" (GOI 1993:78). As part of its effort to increase public participation, the government has asked the relevant authorities to be more transparent in their activities, and to make public all information concerning planned or ongoing development projects in the regions (GOI 1991c:475ff).

## Notes

1. The new Five-Year Development Plan (Repelita VI), which commenced on 1 April 1994, assumes an annual economic growth rate of more than 6% per year.
2. BOT=Build, Operate, Transfer.
3. See tables in the Annex.
4. See Rooseboom 1993:4.
5. See SANRI I:50ff.
6. Finance and Development; Industry and Trade; Political Affairs and Security; Social Welfare.
7. The Governor of the Bank Indonesia, the Chief of Staff of the Army and the Attorney-General are also regarded as having cabinet rank.
8. See SANRI I:52-80.
9. Bintoro (1991:103) has called these specialised bodies 'non-structural institutions'. He described the difference between structural and non-structural institutions with the character of their tasks: whereas the activities of structural institutions are infinite and permanent, the tasks of the non-structural institutions are limited, finite and temporary. However, it has to be noted that some of these specialised bodies do have permanent and infinite tasks.
10. The term "unsur staf" (staff unit) is used to describe those organisational units that have no implementing or executive functions, but support the activities of other units or have cross-sectional tasks. Examples are Finance, General Administration, Public Relations, Personnel, Training.
11. For instance the training and education tasks are often entrusted to a *Badan* or *Pusat Diklat*. Whereas a *badan* is always under the direct supervision of the minister, a *pusat* can also be part of a directorate-general or the secretariat-general (SANRI I:61).
12. Technical Implementation Units (UPT) are e.g. schools, hospitals, Centres for Vocational Training [Pusat Latihan Kerja]. Often the term "balai" (office) is used to characterise the status as UPT.
13. PJP: Pola Umum Pembangunan Jangka Panjang (25 -Year Development Plan); GBHN: Garis-Garis Besar Haluan Nasional (Guidelines of State Policy); Repelita: Rencana Pembangunan Lima Tahun (Five-Year Development Plan); Repelitada: Rencana Pembangunan Lima Tahun Daerah (Regional Five-Year Development Plan); APBN: Anggaran Pendapatan dan Belanja Negara (national budget); APBD: Anggaran Pendapatan dan Belanja

Daerah (regional budget); P: President; PEMDA : Pemerintah Daerah (autonomous regional government); DPRD: Dewan Perwakilan Rakyat Daerah (regional parliament); TAP: decree of the MPR; SK Gub.: Surat Keputusan Gubernur (Gubernatorial decision); PERDA: Peraturan Daerah (regional regulation); INPRES: Instruksi Presiden (Presidential Instruction); SK Menteri: Surat Keputusan Menteri (ministerial decision); SKB: Surat Keputusan Bersama (Joint ministerial decision); UU: Undang-undang (law).

14. One example of such a programme is the government programme to assist the poorest villages in Indonesia (INPRES Desa Tertinggal - IDT), which provided a revolving loan fund of 20 million Rupiah for each of these villages.
15. See Bhattacharya/Pangestu 1993:39.
16. See SANRI II:71ff. Coordination between central government policies and regional policies is ensured by the supervisory function of the Ministry of Home Affairs in regard to the regional governments (see Chapter 3.4).
17. See Bhattacharya/Pangestu 1993:36 for details on economic policy-making.
18. However up to now the wording of the PP No.20 (1994) has not been modified.
19. See Bintoro 1991: 224ff.
20. The process described in INPRES No.15 (1970) applies also to Government Regulations (PP) (except that these are not approved by the DPR), but not to KEPPRES, INPRES and ministerial decisions.
21. The BPHN is a technical agency under the jurisdiction of the Ministry of Justice with the task to coordinate the development of the national laws, especially the review and modification of laws originating from colonial times, and to prepare the National Legislative Programme which covers the five-year period of the respective Repelita and outlines planned new laws (Act of Parliaments or *Undang-Undang*) and Government Regulations (*Peraturan Pemerintah*).
22. In practice, however, the involvement of the BPHN is not always guaranteed (see Bintoro 1991:212).
23. See Bintoro 1991:179f.
24. So far there have been five *Repelita*'s: Repelita I (April 1969 - March 1974), Repelita II (April 1974 - March 1979), Repelita III (April 1979 - March 1984), Repelita IV (April 1984 - March 1989), Repelita V (April 1989 - March 1994). The new plan (Repelita VI) commenced on 1 April 1994.
25. For this paragraph, see AIDAB:28ff.

## 3

# Public administration at the sub-national level

### 3.1 Terms, principles and legal framework of public administration at regional and local level

One of the main issues of public administration in Indonesia at the present time is the relationship between the central and the local governments and the respective functions of each administrative level. Following a period of regionalisation in the 1950s and early 1960s, and a strong tendency for centralisation after the coming into power of the "New Order"-government in the mid-1960s, the 1980s experienced a revival of the discussion on decentralisation and on strengthening the role and the functions of the sub-national levels of government and administration (Bintoro 1991:86).

The legal basis for the Indonesian administration at the sub-national level is the Law No. 5 (1974) concerning Basic Principles of Administration in the Region.<sup>(1)</sup> In that law, three main principles of regional administration are outlined:

- The principle of decentralisation (*asas desentralisasi*), meaning the transfer of administrative services and functions to lower levels of government. Matters transferred under the decentralisation principle become the full responsibility of the regional governments including authority for policy formulation, planning, implementation as well as funding (SANRI I:81). Under the decentralisation principle, Law No.5 (1974) established two levels of autonomous regions.
- The principle of deconcentration (*asas dekonsentrasi*) meaning that some of the matters which remain the permanent responsibility of the central government will be carried out and discharged by administrative units of the central government departments in the regions, the *instansi vertikal*. However, policy-making in these matters remains at the central level.
- The principle of co-administration (*asas tugas pembantuan*)<sup>(2)</sup>, meaning that certain functions which are under the jurisdiction of the central government are carried out by administrative units of the autonomous *daerah* government on behalf of the central government. The central government retains its jurisdiction for planning and funding of these matters.