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Wasisto Raharjo Jati  
*National Agency for Research and Innovation*

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# From A Semi-Federal to An Administrative-Technocratic Model: The Paradigm Shift in Decentralization in Contemporary Indonesia

Wasisto Raharjo Jati

*National Agency for Research and Innovation, Indonesia*

wasisto.raharjo.jati@brin.go.id

**Abstract.** The implementation of decentralization policies in Indonesia highlights contested interests between central and subnational governments. Particularly since the end of authoritarian rule, decentralization efforts have continuously faced tensions with recentralization interests. These interests do not necessarily aim to restore a strong state with a hierarchical command structure. Instead, the recent decentralization policies tend to display an administrative state supported by hierarchical policies. Consequently, the autonomous regions are no longer fully autonomous in managing their internal affairs but are increasingly required to comply with national policies. This study seeks to further investigate the reasons behind these shifts through a critical discourse analysis of relevant documents, FGDs, and expert interviews. Primary data were collected from in-depth interviews and FGD recordings, while secondary data were obtained from relevant literature. These data were then analyzed by synthesizing key findings per each expert and applying a link-and-match approach. This study seeks to validate the collected information to facilitate the interpretation of new findings, which were then presented in a draft outlining the debates on the topic and the position of the study. The findings indicate that the paradigm shift has made decentralization more administratively burdensome for the subnational level, as demonstrated by the increased policy assistance from the central government. The central government manages decentralization at the provincial, district, municipal, and even village levels through targeted policy objectives with key indicators. Consequently, the current decentralization creates a dependent relationship between subnational governments and the central government, primarily through fiscal transfers. A limitation of this study includes the relatively unexplored responses from local officials.

**Keywords:** central government, decentralization, paradigm shift, subnational governments

## INTRODUCTION

Previous studies on decentralization indicate a trend toward the recentralization of regional autonomy policies. This argument particularly refers to the withdrawal of autonomous rights at the district and municipal levels (Barter, 2008; Buehler, 2012; Hadiz, 2004; Pakaya, 2016). While this claim is fundamentally correct, this paper attempts to analyze the processes that have driven the central government to revise decentralization policies. Rather than merely debating current decentralization processes, it is essential to understand the underlying shift in academic perspectives. This approach allows for a better understanding of the government's ongoing policy evaluation concerning decentralization at the local level.

Building on these arguments, this paper focuses on actor mapping, agenda setting, and a paradigm shift in the narrative and implementation of decentralization policies in Indonesia, with a particular emphasis on three regulations on regional government, namely

Law Number 22 of 1999, Law Number 32 of 2004, and Law Number 23 of 2014. Early debates on decentralization in Indonesia during the Reform Era revolved around the distribution of power and authority between the central government and the subnational levels, with regions being granted substantial autonomy. The fundamental premise of these debates was that decentralization was an effort to save Indonesia from disintegration as a nation-state by granting substantial authority to the subnational governments to manage their own affairs. The disintegration was mitigated through the establishment of new autonomous regions at the municipal and district levels.

Aligned with the original objectives of decentralization policies, it is crucial to note the role of "Team 7", a group that spearheaded decentralization in Indonesia following the Suharto era. This team comprised experts in public administration and political science, including Ryaas Rasyid, Afan Gaffar, Andi Mallarangeng, Djohermansyah Djohan, Ramlan Surbakti, Hamid Awaludin, and Anas Urbaningrum.



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Correspondence to:  
Wasisto Raharjo Jati  
[wasisto.raharjo.jati@brin.go.id](mailto:wasisto.raharjo.jati@brin.go.id)

Table 1. List of The Key Informants

No	Name of Informants/Institutions	Positions
1	Ryaas Rasyid	Primary Informant
2	Hans Antlov	Primary Informant
3	Robert Jaweng	Primary Informant
4	Syarif Hidayat	Primary Informant
5	Gabriel Lele / Purwo Santoso / Bambang Purwoko	Primary Informant
6	State Administration Agency	Secondary Informant
7	Ministry of Home Affairs	Secondary Informant
8	Association of Indonesian Municipalities (APEKSI) / Association of Indonesian Districts (APKASI)	Secondary Informant
9	World Bank Representative in Jakarta	Secondary Informant
10	Expertise Agency of the House of Representatives of the Republic of Indonesia (DPR RI)	Secondary Informant

They identified two core principles underpinning decentralization policies in Indonesia: public accountability and power-sharing (Jati, 2012; Hamdi et al., 2023). These principles significantly influenced Law Number 22 of 1999, which equated municipalities and districts with the national government in terms of public goods distribution and income generation. In other words, Law Number 22 of 1999 was a political science-based product that adopted a semi-federal principle in navigating the first direct decentralization in Indonesia.

However, following the implementation of Law Number 32 of 2004, later revised into Law Number 23 of 2014, a strong emphasis on recentralization was observed. The paradigm has shifted from a semi-federal to a technocratic-administrative model. In other words, municipalities/districts that previously had greater freedom to manage their regions autonomously are now burdened with meeting various policy targets set by the central government. Certainly, this shift has brought numerous consequences for the relationship between the central and subnational governments. One prominent consequence is the tendency of the central government to bypass the authority of municipal and district governments by strengthening the role of provincial governments. Another consequence is that villages also become autonomous regions, ensuring that provincial and village governments can support the implementation of state-level policies as districts and municipalities already have their own policies. As a result, districts and municipalities become increasingly burdened with state-mandated assistance rather than implementing their own programs.

Several recent studies have examined the aforementioned shift in decentralization. Most underline the partial success in managing current decentralization policies due to the disproportionate distribution of authority between the central and subnational governments (Butt, 2019; Lele, 2019; Talitha et al., 2020). This partial success is primarily attributed to concurrent affairs that enable the central government to lead development projects at the subnational level (Wiryawan & Otchia, 2022). This results in a higher

dependence on grants from the central government, which diminishes the role of local governments (Alfada, 2019). These findings essentially illustrate that the central government sets administrative and technocratic parameters to ensure policy implementation at the local level. While this brief literature review only highlights the impact of decentralization policies, it is imperative to investigate the agenda-setting underpinning the top-down administrative and technocratic parameters further, as it disrupts the discretion of autonomous regions in managing their internal affairs. This gradual reduction in regional autonomy has been evident since 2004.

In-depth interviews were conducted with various actors engaged in decentralization policies in Indonesia, including members of “Team 7”, donor agencies, policymakers (particularly from the Ministry of Home Affairs), and NGOs. They concluded that the state needs to reclaim control over local governments once consolidation is achieved (Hamdi et al., 2023; Harsasto, 2020; Hariyati et al., 2021). It has prompted policymakers to shift the policy initiative from a semi-federalist to an administrative style. In line with the aforementioned changes in decentralization, it is important to explore the paradigm shift in the implementation of decentralization policies in Indonesia further, particularly from the period 1999-2004 to 2004-present. The focus is the changing agenda setting among policymakers and its implications for central-regional relations. Specifically, this study attempts to explore these two research questions.

## RESEARCH METHOD

The data sources for this study included in-depth interviews, a series of Focus Group Discussions (FGDs) with experts, and a literature review. To analyze the data, this study employed a qualitative method with a narrative design. This method facilitates the understanding of contextual meanings, particularly from different points of view, and allows researchers to construct a self-reflective narrative when interpreting the data (Creswell & Creswell, 2018). This study basically aims to investigate paradigm debates among

policymakers and their implications for the relationship between the central and subnational governments. To analyze these debates, this study compiled various relevant documents, including journals, books, book chapters, transcripts, and recordings. In addition to hardcopy sources, the study also included several FGDs and interviews with policymakers, academics, activists, and journalists to obtain broader insights. The disclosure of informants in policy-focused research is crucial for comprehending which voices and knowledge dominate the policy-making process (Lokot, 2021). The involvement of key informants from various institutions enables an examination of negotiations and contestations of interests among state and non-state actors.

As presented in the table 1, semi-structured interviews were chosen as the data collection method for both in-depth interviews and FGDs. This method enables researchers to identify core topics that may reveal interesting points from each informant (Magaldi & Berler, 2020). Each interview lasted 50-60 minutes, during which the informants were asked about their perspectives on the paradigm shift in decentralization in Indonesia. The collected data were subsequently coded and integrated to complement the findings, forming the basis for the research draft.

## RESULT AND DISCUSSION

### An Overview of the Shift in Decentralization in the Context of Contemporary Indonesia

Decentralization has a long history in Indonesia. During both the colonial period and the New Order era, decentralization generally functioned as a mechanism for consolidating the power of the central government over local governments. Consequently, decentralization reflected a hierarchical and uniform model. However, this model began to be revised in 1999. Ryaas Rasyid and his Team 7 were the leading actors orchestrating the revision of the decentralization policies following the fall of the New Order in the early 2000s. Two major policy changes should be underlined. First, an attempt to incorporate non-Java aspirations into the new decentralization law. Second, an initiative to transfer certain disputes from the central government to local governments.

These points were inspired by Ryaas's experience as a non-Javanese citizen and a Western-educated policymaker. "I have served as a bureaucrat for many years, from a village head outside Java to a minister in the central government. What left the deepest impression on me was the expansion of the Javanese into the bureaucracy and the poverty that affected my people. It was time for the new law to address this." (Informant 1). This statement suggests that the essence of federalism was already shaped in Law 22/1999, restructuring central power through the transfer of authority to local governments.

Simultaneously, the presence of donor countries also influenced the mindset of the actors, particularly from the 2000s onward. Several donor agencies, such

as the Ford Foundation and GTZ, promoted local democracy through direct decentralization policies. "They created funding schemes for epistemic communities/organizations such as Percik, IRE, and other NGOs to hold regular seminars on decentralization." (Informants 2 & 9). The involvement of these foreign donor institutions illustrates their concern for democracy and participation through decentralization in the early Reform era.

Between 2004 and 2014, an attempt was made to evaluate the federalist approach in the decentralization policy-making process. Two issues emerged: First, how to integrate global and local capitalism into decentralization. Second, how to unlock local resources through policy targets and adjustments. The introduction of "good governance" in the decentralization agenda allowed a gradual increase in central government intervention in local governance. More importantly, policy and performance parameters became tools for the central government to exert control over subnational governments. According to Purwo Santoso, "the state bridging global capitalism with local entities enables local governments to generate revenue to fund their public service programs." (Informant 5). Moreover, "the pressure from the central government on local governments to provide public services forces them to eventually focus on administrative parameters." (Informants 6 & 8). This eventually resulted in central government assistance to regions to promote local economic resources. The World Bank also supervised the implementation of the National Program for Community Empowerment (PNPM) at the local level to combat poverty and enhance participation as it funded the program. "It is important for us to assist the central government in ensuring that each poverty alleviation target is fulfilled by local governments." (Informant 9). As a result, Law 32/2004 fundamentally highlighted mandatory administrative tasks and policies from the central to local governments, which constrained local governments from independently formulating their own policies as they needed to align with the oversight of the central government and the World Bank.

Under Law 23/2014, the state has regained greater control over local governments. The implementation of regional elections and the Village Law has rendered local governments more dependent on the central government through funding schemes. Simultaneously, the central government has reclaimed several strategic authorities, such as forestry and mining, from local governments under the pretext of promoting economic development and growth. As a result, the role of local governments has been limited to providing public services and handling concurrent affairs. "In reality, regional elections and the Village Law are a means to democratize the grassroots level." (Informants 2 & 10). However, there is no guarantee that clean and caring leaders will emerge from these elections. The central government emphasizes that budget allocation targets should be met locally. "This prevents the public from seeing the results of decentralized policy

**Table 1. Decentralization and its impact on policies.**

<b>Decentralization Policies</b>	<b>Policy Changes</b>	<b>The Interests of Actors Involved</b>
Law 22/1999	<ol style="list-style-type: none"> <li>1) Decentralization of authority from the central to local governments</li> <li>2) Municipalities/districts have more authority than provincial governments</li> </ol>	<ol style="list-style-type: none"> <li>1) Democratization</li> <li>2) Trust building between state/society, central/local governments</li> </ol>
Law 32/2004	<ol style="list-style-type: none"> <li>1) Public service-oriented policy goals</li> <li>2) Provincial governments gradually gain control over cities/districts</li> </ol>	<ol style="list-style-type: none"> <li>1) Good governance</li> <li>2) New public management</li> </ol>
Law 23/2014	<ol style="list-style-type: none"> <li>1) Recentralization through the withdrawal of certain policies from cities/districts to provincial governments</li> <li>2) Governors as supervisors of decentralization at the subnational level</li> </ol>	<ol style="list-style-type: none"> <li>1) Policy control</li> <li>2) State stability</li> </ol>

budgets as they remain in a black box.” (Informant 8). At the same time, donor agencies focus on community empowerment through both national and local regulations in the decentralization process (Informants 2 & 4). They promote a technocratic model that local entities are ideally expected to follow, enabling the central government to exert greater control over local governance. The enactment of the capital city law further illustrates that the central government bypasses decentralization policies and processes. As a result, decentralization is now reverting to a hierarchical structure similar to that of the New Order era.

Ultimately, the latest decentralization law has fundamentally altered the relationship between the central and local governments. While the latter retains some autonomy in certain policy-making processes, they should still align with the interests of the central government and the agenda of donor agencies, particularly concerning grassroots empowerment. The following table provides an overview of each stage of policy changes and the interests of the stakeholders involved.

**Semi-Federalism as a Decentralization Paradigm in 1999-2004**

The concept of semi-federalism essentially refers to the transfer of authority to subnational governments without equating them with the central government. This idea was derived from the experience of the United States (US) and then modified to fit the Indonesian context. Specifically, this idea was proposed by Team 7, whose members included US-educated technocrats. Politically, semi-federalism allows districts and municipalities to aspire to meet local needs and serves as a strategy to relocate conflicts away from Jakarta. In other words, it was a way to localize conflicts during a period when Indonesia faced several insurgencies in early 1999. By strengthening the role of districts and municipalities, the concept aimed to resolve conflicts more effectively.

The period from 1999 to 2004 is crucial for understanding the mapping of actors, agenda setting, and the framing of the narratives and implementation of decentralization policies in Indonesia, particularly in Law Number 22 of 1999 and Law Number 32 of 2004. A key argument during this period was the urgency and significance of decentralization in Indonesia in the early Reform era, frequently referred to as "Balkanization" and "big bang decentralization" in scientific reports and popular writings (Rasyid, 2007a, pp. 3–4). The fundamental essence of these arguments was that decentralization was deemed as an effort to save Indonesia from disintegration as a nation-state and to grant substantial authority to regions to manage their own affairs (Holtzappel, 2009). The potential disintegration was mitigated through the establishment of new autonomous regions at the municipal and district levels. This premise raises vital questions about the contestation of power and interests behind this grand narrative.

In addition, other aspects that warrant exploration are the narratives of fiscal inequality, market openness, and the strengthening of identity, which were largely absent in various analyses of the early decentralization during the Reform era. Such narratives were not fully considered in the production of knowledge about decentralization in Indonesia in the 1999-2004 period. Therefore, it is necessary to have an alternative perspective to interpret the implementation of decentralization policies in Indonesia during this period.

**The Mapping of Actors and Agenda Setting in the Decentralization Policy in 1999-2004**

The concept of decentralization did not receive widespread and significant attention until the 1990s. Epistemic communities, such as the Association of Administrative Science Scholars (PERSADI) and the Indonesian Society for Government Studies (MIPI), had long developed critical studies of decentralization

during the implementation of Law Number 5 of 1974. These communities strived to encourage the central government to delegate authority to regions in accordance with the mandate of Article 11 Paragraph 2 of Law 5/1974. If this mandate was not fulfilled, the law would need a complete revision and replacement with a new Local Government Law. The emergence of these two communities originated from the issue of public accountability and weak accommodation for local aspirations under Law 5/1974, which contributed to the fall of the Soeharto regime in 1998 (Rasyid, 2007b, pp. 5–8). The recommendations proposed by PERSADI and MIPI sparked scientific debates on decentralization and regional autonomy in Indonesia until 1999. In addition to PERSADI and MIPI, another contributing epistemic community was the Indonesian Political Science Association (APII). APII sought to formulate a decentralization design based on both administrative and political approaches, with legal parameters as the starting point.

As observed from the debates among the aforementioned communities, the road map of decentralization in Indonesia became entangled between idealistic, technical, and pragmatic understandings. Significant differences in framing emerged in the process of reaching a consensus on decentralization policies. Paradigmatic debates about the existence of a unitary state with federalism as a middle ground influenced knowledge production in Law 22/1999. This was due to a misunderstanding that a unitary state should be centralized, which eventually suppressed grassroots aspirations (Ferrazzi, 2000, pp. 76–79). The analysis by PERSADI and MIPI opened the discourse on applying federalism to increase public accountability and better represent public aspirations. The rise of federalism strongly indicated the involvement of donor agencies (OXFAM, Walhi, Mitra Tani, and PACT) in the formulation of decentralization policies in Indonesia. These organizations argued that a unitary state needed to adopt certain aspects of the concept of a state as an independent entity. These debates gained prominence when the weakened macroeconomic conditions of the state demanded budget efficiency and regional participation. To align these debates in the formulation of a new local government law, Team 7 was then formed during the administration of President Habibie, led by Ryaas Rasyid. The team, primarily consisting of intellectuals, activists, government officials, and politicians nurtured in tradition, quickly drafted the new Local Government Law in a period of four months. The drafting process aimed to demonstrate that decentralization was a reform idea that needed acceleration (Smith, 2008, pp. 222–225). The urgency of ratifying this legislation was grounded in the notion that decentralization represented a necessary middle ground for Indonesia at the time.

Other actors, such as DPR, which was dominated by the Golkar Party, insisted that decentralization would strengthen the electoral system at the local level. In contrast, the military was not in favor of decentralization, fearing it would weaken national defense and

security. For Ryaas, the concept of decentralization in Indonesia was an original idea developed based on the experiences of previous local governments that primarily prioritized the division of authority. In addition, the implementation of decentralization under Law 22/1999 was referred to as risk decentralization because it minimized the financial burden of the state in providing public services at the local level. In other words, it could be seen as a "cleansing action" by the central government, considering that any issues with public services at the local level would not directly implicate the center. Nonetheless, the claim that decentralization in Indonesia was an original idea triggered debates, particularly since the prospect of regional autonomy in Indonesia might result from reformulating experiences of other countries that underwent similar challenges (Jati, 2021). Paradigmatically, the approach applied in Indonesia shifted in the post-New Order era from the French, which emphasized homogeneity, to the Anglo-Saxon characterized by heterogeneity.

At the technical level, decentralization in Indonesia was defined as the broadest and most responsible form of autonomy. However, in its implementation, Team 7 faced challenges between political and military interests, which required further consolidation. The principle served as a middle ground, preventing regions from developing into federal entities while allowing the central government to maintain a degree of control (Kaho, 2012). Thus, the decentralization model in Law 22/1999 was more political-administrative in nature. This law, enforced in 2001, initiated the first wave of big bang decentralization in Indonesia. It resulted in the formation of around 148 new autonomous regions (DOB) at the district and municipal levels in Indonesia. Nonetheless, the implementation of decentralization in Indonesia during the early Reform era was hindered by several technical problems. Furthermore, the role of regional offices became ambiguous. Previously representing the central government, they now acted as regional partners. The main issue lies in the structural relationship between institutions. It deviated from the ideal agenda setting envisioned by the Local Politics and Regional Autonomy (PLOD) study group of UGM, which underlined that decentralization should not be imposed from the top but should instead affirm and recognize local knowledge and institutions that needed to be accommodated in DOB.

The formation of APKASI, accommodated under Law 22/1999, was essentially an extension of Team 7 after the Law came into effect. The organization was established to act as a bridge between central and regional interests, particularly regarding central policy issues in the regions and fiscal balance. Moreover, APKASI functioned as a voice for the interests of regions outside Java since a great number of its administrators were regional executives. After serving as the Minister of Regional Autonomy and the Minister of Administrative Reform during the era of Abdurrahman Wahid, Ryaas Rasyid became more

active in APKASI. However, the role of APKASI began to fade in subsequent discussions on the Local Government Law due to the emergence of stronger actors, both domestically and internationally.

The emergence of organizations such as the Percik Foundation, the Asia Foundation, and the Riau Mandiri Foundation as a coalition of global actors also played a role in shaping the ongoing discourse and implementation of decentralization in Indonesia. Unlike PERSADI and MIPI, which emphasized public accountability and aspirations, these three institutions underscored empowerment and independence at the local level within the framework of healthy central-regional relations. Through initiatives taken by the Percik Foundation to monitor local governance in the post-reform era, the idea of civil society gained traction. This discourse arose in response to the high dependence of regions on the central government, causing inefficiencies at the village level. Consequently, central government assistance, such as Presidential Assistance and Presidential Instructions in the form of schools and markets, was partially implemented in various regions of Indonesia. Therefore, it was also necessary to discuss the essence of bringing the government closer to the public in terms of providing services.

Team 7 arguably can be regarded as the dominant actor that has constitutionally influenced the production of knowledge on decentralization in Indonesia. However, in terms of power and interests, the role of donor agencies also needs to be considered to fully understand the interests of actors involved in the implementation of decentralization in Indonesia. Donor agencies such as USAID, AusAid, GTZ, and the Knowledge Sector Initiative have played an important role in shaping decentralization policies in Indonesia. The involvement of these global actors began when assistance and democratization efforts became crucial prerequisites for the entry of foreign financial assistance into Indonesia. Decentralization thus became an entry point for global actors into the local scope through national policies. This was followed by a pattern of technical discipline, accompanied by a variety of achievement indicators that needed to be met, such as good governance, wider community participation, and budget efficiency. It could be argued that these donor agencies act as hegemonic actors behind the scenes, initiating a decentralization agenda to align with global development interests, which emphasize democratization and transparency at the sub-national level. The argument put forth was that while third-world national governments were controlled by elites and oligarchies, the regions continued to offer hope through the creation of democratic spaces at the local level.

The diverse actors involved in the discussion and implementation of Law 22/1999 illustrate that decentralization was not merely a national agenda but also a global one. It demonstrated a contestation of interests and power, as observed in the agenda-setting discussions highlighting the competition between

these actors. Two keywords, namely Decentralization and Regional Autonomy, dominated the discussion of agenda-setting in Law 22/1999. Decentralization was more inclined towards state administration issues such as bureaucracy, budget efficiency, and the effectiveness of public services. In contrast, regional autonomy focused more on power politics. In simplified terms, regional autonomy represented a practical entity, while decentralization served as the theoretical counterpart. This distinction underpinned the debates during the formulation of Law 22/1999, characterized by a clash of paradigms between state administration and government politics. Both offered quite different interpretations of the challenges faced by Indonesia as a nation-state following the collapse of the Suharto regime. From the viewpoint of political governance scholars, disintegration posed a critical issue, marked by various conflicts and regional upheavals in areas such as Riau, Papua, and East Timor. Meanwhile, scholars of public administration viewed dysfunction as a more complicated problem, where the centralized nature of the state had stifled regional initiatives and innovations due to a constant need for directives and technical guidelines from the central government. The issues of disintegration and dysfunction arose when the stability and rapid development pursued under Law 5/1974 failed to acknowledge regions as important subjects and partners. Both perspectives converged on a significant premise: a unitary state did not necessarily have to be centralized but should also be pluralistic in terms of democratization and the provision of public services in the post-New Order era. Thus, the agenda setting formulated and implemented in Law 22/1999 was politically idealistic yet administratively technical.

The discussions on agenda setting in Law 22/1999 were indeed complex due to the multitude of contested issues/interests and actors. This contestation arose because Law 22/1999 provided room for negotiation and advocacy between regional governments and the central government. The framework established under the law aimed to eliminate the hierarchical relationship previously dictated by Law 5/1974 and create a more inclusive relationship. The existence of two perspectives within these camps can be theoretically explained by two fundamental paradigms. The first paradigm views decentralization as a devolution of power from the central to local governments to achieve public accountability, political equality, and local responsiveness, as embodied in clearly defined legal territories, local income sources (Hidayat, 2008), and local parliaments. Meanwhile, the second paradigm interprets decentralization as a transfer of planning, decision-making, or administrative authority from the central government to local governments to enhance the effectiveness and efficiency of governance and development at the regional level (Hidayat, 2008). These two paradigms shaped the agenda setting of Law 22/1999, balancing the desire to maintain a unitary state while also providing regions with opportunities to become independent and

manage their own affairs. However, the devolution of power under Law 22/1999 had not been fully realized due to the weakening condition of the country and chaotic macroeconomic conditions. The first step initiated was gradually reducing the deconcentration of power from the central government to local regions. This deconcentration led to a substantial increase in state budget expenditures due to numerous supervisory functions that the central government needed to perform in the regions.

One of the crucial agendas promoted in the implementation of decentralization in Indonesia under Law 22/1999 was to serve as a corrective measure against Law 5/1974, which was considered overly centralized and Java-centric. This perspective emerged to reintroduce diversity by allowing local entities to thrive and develop once again in Indonesia. Notably, Law 22/1999 represented advocacy for regions outside Java, facilitated by Team 7. Team 7 asserted that the decentralization promoted by Law 22/1999 was purely an initiative to transform the centralized system and abolish the hierarchy between the center and regions. This was demonstrated in the establishment of APKASI under Article 115, paragraph 2 as the Regional Autonomy Advisory Council (DPOD). The agenda formulated in APKASI, as conceived by Team 7, essentially involved negotiation and lobbying with the central government. This dynamic was indeed realized, particularly in the face of ongoing tensions between centralization and decentralization following the enactment of this law in January 2001, necessitating the role of this institution in balancing and mediating potential conflicts. These tensions originated from the “residual principle” in Law 22/1999, as stipulated in Government Regulation 25/2000, which transferred 25 regional affairs from the central government to the provinces as autonomous regions. This measure was, in fact, contrary to the suggestion by Team 7 that regional autonomy should be implemented at the district/municipal level instead of at the provincial level. Conceptually, it indicates that decentralization stipulated in Law 22/1999 remained ambiguous between aiming for pure decentralization and creating a new model of centralization. Technically, Law 5/1974 was only implemented 25 years later, in 1995, through the Decree of the Minister of Home Affairs Number 8 of 1995, which mandated that every district/municipality in 26 provinces of Indonesia implement the decentralization model for districts/municipalities (Kazuhisa, 2003, p. 12). This decree specified the decentralization model to be implemented in districts/municipalities rather than provinces. This provision aimed to strengthen centralization at a more micro level. Therefore, it can be argued that the drafting of Law 22/1999 followed the agenda setting established in the decree, yet shifting the location from districts/municipalities to provinces.

Kazuhisa challenged the assertion by Ryaas Rasyid that decentralization under Law 22/1999 was an original idea of Indonesia, highlighting the influence of a

German donor agency, GTZ, in the ratification of Law 22/1999 on Regional Government and Law 25/1999 on Central-Regional Financial Balance. This influence extended to other organizations such as the Ford Foundation and the Asia Foundation, which initiated TIFA, which were part of a broader effort to promote the idea of an open society introduced by George Soros (Antlov et al., 2016). Following the New Order era, Indonesia faced the critical challenge of renewing the fragile state-society relations through the establishment of the DOB to bring the government closer to the public through public services. The entry of various foreign donor agencies to Indonesia during the implementation of Law 22/1999 was inseparable from a global governance scheme intended to be applied in Indonesia. Regions became an entry point for global control over national resource assets under the guise of market openness and other technical indices. There was efficiency in the central budget for regions, which subsequently encouraged deconcentration by reducing departmental and regional offices, providing flexibility for regions to improve the welfare of their citizens.

Therefore, Law 22/1999 reflected the influence of foreign donors on Indonesian policies in the post-Reform era. The emphasis on decentralization at the provincial level, rather than at the district/municipal level, echoes the US federal model that formed the foundation of Team 7. This was intended to mitigate the issue of separatism at the provincial level while also balancing the distribution of funds for mineral resources for resource-rich regions such as East Kalimantan, Riau, Papua, and Aceh (Jati, 2023). Thus, provinces served as a proxy of the US concept of states within the Indonesian context. This policy, at the same time, established provinces as DOBs with the authority to manage their own affairs. The emergence of attitudes and reactions from these rich areas was inseparable from the significant role of Syaokani Hasan Rais (Head of Kutai Kartanegara District, East Kalimantan Province) in the debates and agenda-setting for decentralization in 1999-2004. One of the points promoted in the agenda-setting was to change the paradigm that extractive income did not directly contribute to regional income but was instead converted into human resource development. This was based on the experience of East Kalimantan as a centrally constrained area, with its natural resources always controlled and taken over by the central government. Consequently, it was deemed fair for these natural resources to be returned to regions (Susanto, 2003, pp. 183–184).

The significant demands from subnational levels, particularly those rich in natural resources, prompted the central government to engage in more balanced negotiations with these regions, ensuring fair and equitable authority, including in the management of natural resources (Talitha et al., 2020). The legislative discussions regarding Law 22/1999 were quite interesting and dynamic, aiming to map the contestation of power among government actors, DPR, and other



stakeholders. As part of the reformist laws alongside Law 2/1999 on Political Parties, Law 3/1999 on Elections, and Law 4/1999 on the Structure of The People's Consultative Assembly (MPR)/DPR, Law 22/1999 aspired to provide ample space for expression in the name of democratization. The provision of such space subsequently triggered extended debates and discussions among various factions in DPR. The enactment of Law 22/1999 was expedited with minimal discussion by DPR despite concerns over its potential threat to the national elite and political parties in Jakarta. Ultimately, the law was enacted to support the reform agenda. President Habibie was also inclined to present this to the MPR as a form of accountability while simultaneously seeking opportunities for re-election in the upcoming elections. However, the real polemic lay in the formulation process at the central bureaucratic level, particularly within the Ministry of Home Affairs, which exhibited only half-hearted efforts in executing decentralization at the regional level, excluding local actors from the drafting of the law as well as its implementation and technical guidelines (Hadiz, 2004).

The mapping of paradigms in the framing process illustrates that DPR was more pragmatic and opportunistic in nature, utilizing Law 22/1999 as a tool to gain votes, while the stance of the government was more ambiguous between relinquishing and retaining regional authority. This ambiguity was particularly evident in matters related to the placement of echelon 1 officials in regional secretariats. The appointment and dismissal of Provincial Secretaries were performed by the President through the consideration of the Ministry of Home Affairs. Meanwhile, District/Municipal Secretaries were appointed by the Governor as the representative of the central government. The governor and Regional House of Representatives (DPRD) nominated candidates for Regional Secretary, whose eligibility was evaluated by the Ministry of Home Affairs and the National Civil Service Agency (BKN).

Regarding the Government, the framing had shifted. Previously, under Law 5/1974, the term "assistance" was predominantly used. It had now been replaced with "consultation." This change occurred following the implementation of Law 22/1999, which brought significant reorganization to the Ministry of Home Affairs by stripping certain authorities, thus streamlining the number of existing Director Generals. Therefore, consultation with regional secretariats became a key strategy for the government to control regional staffing. Law 22/1999 also triggered the need for recognition and representation of identity, which DPR attempted to accommodate. Various reactions emerged from regional legislators subsequent to the enactment of Law 22/2001 on Papua. This condition was reflected in the submission of Article 18 of the 1945 Constitution as the main argument.

### **The Administrative-Technocratic Model as The Decentralization Paradigm in 2004-present**

The implementation of Law No 32 of 2004 represents a gradual shift towards recentralization within decentralization policies. This recentralization demonstrates elite dissatisfaction with the poor performance of DOB in executing decentralization policies. Although politically successful in preventing national disintegration, the law highlights the inability of DOB to improve public services for local communities. Moreover, the element of federalism within Law No 22/1999 poses challenges for Indonesia following its consolidation. These findings eventually prompt policymakers to shift the focus from political reasons to administrative matters.

The adoption of an administrative-technocratic model indicates the need for the central government to reclaim authority from subnational governments. Subsequent to consolidating Indonesia from potential disintegration, the government has redirected its focus toward targeted development and policy objectives. A critical measure is strengthening the role of provincial governments to oversee district heads and mayors in implementing decentralization. This administrative paradigm, underlining the role of the provincial government, demonstrates the intention of the central government to ensure that development and policy objectives align from the top down. While provincial governments act as controllers and supervisors, districts and municipalities are assigned numerous co-assistance duties, particularly to meet policy target requirements (Jaweng, 2013).

Administrative scholars are the key actors driving recentralization through targeted public services and policy indicators. They believe that the current decentralization should focus on achieving specific outcomes rather than accommodating identity. This paradigm has eventually been adopted by policymakers from IPDN, who have infused more administrative elements into the current regional government law (Law No 23 of 2014). The central government's main focus remains on how districts/municipalities can be effectively supervised by higher levels of government. In this context, governors are expected to embody the spirit of responsible decentralization policies during the reign of the New Order. More specifically, provincial governments now regulate sectors such as mining and education, which were previously under the authority of district/municipal governments.

### **The Mapping of Actors and Agenda Setting in Decentralization Policy in 2004-present**

This section describes the mapping of actors, agenda setting, and framing within Law 32/2004. As the new Local Government Law, Law 32/2004 represents an attempt at recentralization by the central government, aiming to position provinces as tools for controlling districts and municipalities. The recentralization reflects a political response from Jakarta, which perceives Law 22/1999 as laden with federalism that threatens the existence of the Unitary State of the Republic of Indonesia (Prasojo, 2006, p. 78). The argument for federalism frequently surfaces

alongside increasing regional demands for asymmetric autonomy by leveraging their strategic potential. The central government perceives this as an effort to curb the number of proposals for DOB. As a result, the principle of real and broadest autonomy in implementing regional autonomy is now replaced with the concept of concurrent autonomy with a clear division of authority between provinces, districts, and municipalities in Law 32/2004. This division seeks to resolve the ambivalence between the desire for decentralization or recentralization (Tirtosudarmo, 2008). This shift was necessary because Law 22/1999 contained two fundamental issues, namely 1) the distribution of authority between the center and regions is considered to not sufficiently reflect local needs, and 2) the relationship between the center and regions deteriorates, with regions becoming reluctant to consult with the center on technical and operational matters. According to Haris, the central government and DPR appear to want to integrate DPRD into the bureaucracy of local government through Law 32/2004, similar to the New Order era (Tirtosudarmo, 2008). One of the crucial debates is the implementation of regional head elections by establishing new constituencies at the district/municipal level. In this regard, recentralization can be analyzed by observing that the weakening of DPRD and the strengthening of regional heads have reduced public accountability toward local parliaments. This strengthening has led to the emergence of “minor kings” and political dynasties in regions (Jati, 2012; Raharjo Jati, 2022). Strengthening the role of regional heads is, in fact, a political agenda pursued by national political parties to secure votes at the regional level. The strong impression of this recentralization in DPR, along with the formulation of Law 32/2004, becomes pivotal due to the 2004 Political Year, which then prompts DPR to expedite its ratification. In addition to DPR exercising its political function, the Regional Representative Council (DPD) has also become an important actor in shaping decentralization in Law 32/2004, particularly in voicing regional aspirations. The DPD focuses on two areas: the division of affairs and hierarchy. However, politically, the position of the DPD remains lower than that of the DPR.

The strong understanding of recentralization under Law 32/2004 is an implication of the dominance of public administration perspectives in state policies. This understanding emphasizes efficiency and effectiveness, with clearly measurable performance indicators. Thus, while Law 22/1999 was more idealistic, Law 32/2004 took a more technical approach by attempting to simplify regional autonomy as regional expansion, involving the creation of DOB to facilitate public service delivery with measurable bureaucratic performance. This concept is sparked by academics from Universitas Indonesia, such as Eko Prasojito, Irfan Ridwan Maksum, Benjamin Hossein, and also Teguh Nugroho. Decentralization is then viewed technically through a division of functions between the central government and local governments. This paradigm is taken comparatively from

the experiences of Japan and Germany, which prioritize a fused/single hierarchy in decentralization. This initiative affects administrative and political decision-making in the hands of regional heads as executors in the field. The administrative logic is constructed to minimize conflicts and public debates when a policy is implemented. Public attention is directed toward achieving measurable outcomes rather than certain political interests.

The strengthening of the executive function at the local level has contributed to breaking down the notion of decentralization across different dimensions: the electoral dimension through post-conflict local elections, the administrative dimension through regional governments, and the financial dimension. The paradigmatic solution has been employed to facilitate policy execution at the lower level. The framing used emphasizes rapid and appropriate development acceleration, minimizing political debates and reducing the risk of intervention in political decision-making. Therefore, under Law 32/2004, decentralization was shaped top-down, with regions becoming the executors of the central tasks to ensure smooth development acceleration.

In the formulation and implementation of Law 32/2004, in addition to the dominant roles played by DPR and the central government, the involvement of non-governmental organizations, such as associations and donor agencies, cannot simply be overlooked. They act in dual capacities, both as interest groups and pressure groups. For donor agencies, the decentralization policy in 2004-2014 provided an opportunity to bypass national elites and attempt to influence local actors. The Jakarta branch of the World Bank played a role in four key areas during the formulation of the 2004-2014 decentralization agenda: 1) PNPM, 2) strengthening local-level institutions, 3) enhancing community capacity, and 4) empowering actors. For the World Bank, the implementation of decentralization serves as an entry point for development assistance with local governments, particularly in terms of poverty at the local level. The framing employed by donor agencies in decentralization practices at the district/municipal level is known as local economic governance for poverty alleviation and community development acceleration. The entry of donor agencies is an attempt to navigate around the rigidity of regional bureaucracy.

The implementation of Law No. 23 of 2014 ultimately marks the final stage of recentralization. More importantly, it reflects the efforts of the central government to reclaim strategic authority from district heads and mayors through provincial supervision. The current role of governors has a dual function – provincial heads and supreme heads over districts and municipalities. Consequently, mayors and district heads have become less innovative and are required to spend more time consulting with higher-level administrators. Moreover, policy targets tend to be an additional burden, distracting their focus from serving the local communities.

## CONCLUSION

During the period from 1999 to 2004, an idealistic dimension was prioritized in constructing post-reform decentralization. Issues of disintegration and dysfunction in public services were addressed by providing regions with the broadest possible space for expression. The involvement of multiple actors, starting from Team 7, the Ministry of Home Affairs, and DPR, indicates a common perception that the establishment of new autonomous regions (DOB) is a viable solution.

In contrast to Law 22/1999, Law 32/2004 and Law 23/2014 emphasize recentralization as the primary dimension to ensure that policy implementation aligns with a top-down approach. The role of governors is superior to that of district heads/mayors. In addition, district heads/mayors are expected to be more engaged with national rather than local agendas. As a consequence, the current decentralization signifies a more consolidated state with a hierarchical structure.

In line with this, the implications of this study have highlighted the regression of decentralization policies in Indonesia due to a strong favor of state recentralization. This includes the significant influence of national elites who seek to keep the sub-national governments under control. Consequently, it results in a half-hearted commitment to empowering local governments to empower regions. It leaves a research gap for future studies to examine how the central government has shifted local authority by placing village administration under state control and establishing new authorities, such as Nusantara Capital City Authority, as an enclave within local administrative territory.

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