Country Profile: Indonesia

**Draft – 4 June 2010**


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A decade after Indonesia’s “big bang” decentralization in 2001, the Indonesian central government’s approach to decentralization continues to evolve, and development partners continue to play key supporting roles at both the national and local levels. Based on a framework established by the Informal Development Partners Working Group on Decentralisation and Local Governance, this paper reviews the history and current state of development partner support for decentralization in Indonesia with a particular emphasis on the amount and effectiveness of donor harmonization in the decentralization sector. The paper draws out several themes from the Indonesian experience that might be of broader interest when considering development partner support for decentralization. The research draws on primary and secondary sources and over 30 interviews with development partners, government officials, academics and civil society leaders conducted in Jakarta in March and April 2010. The author received feedback on an initial draft from a workshop of development partners and civil society representatives in May 2010.

The paper first describes the progress of decentralization in post-Suharto Indonesia and then the way in which the national government has tried to coordinate decentralization policy across ministries and levels of government. Then the paper describes general trends in aid harmonization in Indonesia. After reviewing the many facets of development partner support for decentralization, the paper considers at some length the Decentralization Support Facility (DSF), a bold and still evolving attempt to harmonize donor support for decentralization in Indonesia. The paper concludes with a brief discussion of the role that civil society has played in coordinating support for decentralization.

Several themes emerge from this review. First, the Indonesian government has not been able to coalesce around a single central institution responsible for setting the decentralization agenda, and this has hindered harmonization of external support for decentralization. Second, pre-existing alliances between development partners and particular actors in government may prolong the fragmentation of government policy on decentralization, which in turn hinders harmonization. Third, it is not clear that the political incentives exist either at the highest levels of the executive branch in Indonesia or among the development partners to remedy this situation. Fourth, the usefulness of the trust fund approach being supported by the National Planning and Development Ministry (BAPPENAS) is particularly challenged in the decentralization sector. Fifth, minimum steps for improving harmonization involve more systematic reporting of activities and lessons learned from activities to the government from across different development partners. Finally, despite some initiatives for it to do so, civil society has not played a major role in directing national decentralization policy or coordinating national development assistance efforts in the sector.

Decentralization in Indonesia

Stretching over 5,000 kilometers and across 17,000 islands with a vast number of languages, cultures and ecosystems, Indonesia’s diversity often has made decentralization seem like a desirable or sensible policy. Nonetheless, for much of its post-colonial history, Indonesia’s leaders opted for centralized rule instead. Its first constitution, written in 1945 before complete independence had been achieved, established Indonesia as a unitary state. In 1959, the founding president Sukarno centralized power in Jakarta as part of his Guided Democracy endeavor. With Suharto’s rise to power in 1965, the centralized authority of the Indonesian state was consolidated.
Less than a decade into the New Order, Law 5/1974 raised the issue of regional autonomy anew (although in the context of national economic development). Implementing regulations for the law were slow to come, and for at least a decade, decentralization initiatives were few and far between. In the late 1980s, in a response to increasing demands for service delivery that came with economic growth and decreasing central government revenue due to falling oil prices, various parts of the Indonesian government began exploring decentralization initiatives, such as the Integrated Urban Infrastructure Development Program (Smoke and Bastin 1993; Smoke and Lewis 1996). In the mid-1990s, a more serious experiment with decentralization began through a pilot program in 26 (of 297) districts. This experiment ultimately was incomplete insofar as the central government did not allocate resources and facilities commensurate with decentralized tasks (Hofman and Kaiser 2004).

The government’s interest in decentralization had grown as the emergent opposition movement in the 1990s focused attention on government performance (Smoke and Lewis 1996). Seminars in the early 1990s around a draft decentralization law “illustrated just how enthusiastic regional administrators and educated elites were for great autonomy at the local level” (Podger 2001b). And by the time of the Reformasi movement, decentralization was “one of the main demands of the reform movement” (King 2004; see also Suwandi 2004).

With the Asian Financial Crisis, the democratizing Reformasi movement and the downfall of Suharto’s New Order regime, decentralization forcefully became a major presence in the political landscape of Indonesia. Decentralization was seen as a means of furthering democracy, as a foil to the top-down decision making processes of the New Order government, as a means for addressing the complaints of areas rich in natural resources that felt they had been exploited by Suharto’s state and as a possible means for addressing more general separatist desires. In addition, President B.J. Habibie, who had succeeded Suharto and had ambitions of retaining the presidency, believed that success in implementing decentralization would demonstrate his credentials as a reformer and win him political support throughout the country. He hoped that this would ensure his selection as president following the 1999 general election (Hofman and Kaiser 2004; Smith 2008).

There exists a fair amount of skepticism about the democratizing intent of those supporting decentralization in the late 1990s. Decentralization to the district level – rather than the provincial level – was a “divide and rule” strategy meant to short-circuit separatist sentiment at the provincial level. By creating a large number of relatively small subnational units, the central government sought to diminish the ability of provinces to break away and possibly thought it would more easily be able to control the individual districts (Fitriani, Hofman and Kaiser 2005; Firman 2009).

Following an October 1998 decree by the People’s Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR), the Habibie government prepared decentralization laws within a matter of months. The regional autonomy law built upon a draft that had originated in the Ministry of Home Affairs (MoHA) in the early 1990s, while a finance law was based on on-going discussions of how to reform the center-to-local transfers system. Some sources assert that these bills were pushed through the parliament without much public debate (Embassy of Indonesia – Ottawa ND; Turner and Podger 2003), whereas others describe how public debate on the bills, involving bureaucrats from the Ministry of Home Affairs and the Ministry of Finance (MoF) and members of parliament, resulted in some changes being made to the draft bills (Smith 2008).
In May 1999, the People’s Representative Council (Dewan Perwakilan Rakyat, DPR) approved Law 22/1999 on Regional Governance and Law 25/1999 on Fiscal Balance Between the Center and the Regions. The laws stipulated a two-year period to prepare necessary implementing regulations, later amended to 19 months such that decentralization would coincide with the beginning of a new fiscal year on 1 January 2001. These laws devolved power to the kabupaten (regencies) and kota (cities). The districts were given responsibility for all government functions except for a few explicitly reserved for the center (i.e. foreign policy, defense and security, justice, fiscal and monetary policy, religion and planning). Law 22/1999 specified that local parliaments were responsible for electing the district head (and could dismiss him or her by rejecting an annual accountability speech), for approving the annual local budget and for approving local laws and regulations. The provincial level of government was not given an official oversight role in the law. Law 25/1999 created general allocation grants for the districts and also a formula for sharing natural resource revenue, intended to appease those districts that felt as though they were having their resource revenues unfairly appropriated by the central government.

In January 2001, the “big bang” arrived (Hofman and Kaiser 2004). By the end of the month, around 2.5 million civil servants – including 1.1 million primary school teachers and 300,000 health workers – and, within six months, more than 16,000 service facilities (e.g. schools, health care centers and hospitals) had been transferred from the central to the district governments. The share of government spending at the district level almost doubled from 17 percent of total government expenditure in 2000 to over 30 percent in 2001.

Many observers regarded the initial years of decentralization as having turned out better than expected: service delivery was not interrupted in a serious way; civil servants received their wages; regional unrest was limited; and district governments began the type of policy experimentation that decentralization is supposed to encourage (Hofman and Kaiser 2004; USAID 2006). On the other hand, some observers – particularly officials in the central government – saw this early period as one of confusion and even “uncontrolled, irresponsible behavior” (USAID 2009b: 20; see also USAID 2006) – “the autonomy that went overboard,” according to one decentralization-era cabinet minister (Simandjuntak 2004: 266). Officials at the center described some local leaders as raja kecil (“little kings”) caught up in “autonomy euphoria” (Ferrazzi 2007) because of their penchant for taking advantage of decentralization to create newly concentrated power at a smaller scale (Firman 2009). (Most local governments were far more cautious and conservative.) Also, the ad hoc transfer of some central government agencies implied unfunded mandates for the districts and provinces (USAID 2009b), and the inability of some provinces to meet expenses led to hastily-devised taxes and fees, which in turn opened the door to accusations of (and undoubtedly some actualization of) corruption (Lewis 2003).

In part, the lack of problems with decentralization can be traced to the fact that the same bureaucrats were still responsible for service delivery after decentralization – they simply had become local government staff whose salaries were being funded by transfers from the central government. Given the lack of administrative experience of many local elected leaders, these sector bureaucrats in many cases continued to look upward to their traditional superiors within the bureaucracy for guidance.

1 Throughout this paper, I use the term “districts” to refer to both kabupaten and kota; other sources reserve the term “district” only for kabupaten.
With resources now being transferred to the district level, there was an incentive for local elites to carve up territory in order to receive central government transfers. There began a process of district proliferation (pemekaran, “blossoming”). From a total of 292 districts in 1998, the roster grew to 348 in 2002 and to 434 in 2004. This number remained constant for three years before a new wave of proliferation began, such that there are now 491 districts today (398 kabupaten and 93 kota). There has been and continues to be some fear that this regional fragmentation is counterproductive insofar as it could inhibit local and regional economic development.

Recognizing the need to clarify and reform some of the original policies, the government revised the two decentralization laws in 2004. (Some actors – include the local government associations representing the regencies and cities – questioned the haste to revise the laws, saying that problems could be solved through improved supervision without needing to resort to revision (Rasyid 2004).) The new law on regional administration importantly provided a list of obligatory functions for provinces and districts, whereas Law 22/1999 had assigned all residual functions – those not reserved for the central government – to the district governments with only limited demarcation of necessity or priority among them. It also introduced direct election of district heads (who previously had been elected by the district councils) and specifically noted the supervisory roles of both the Ministry of Home Affairs and the provincial governments. (This final change was seen by many as a modest reversal of the decentralization in the 1999 law.) The financial law revised the formulas for fiscal transfers from the center to the districts and reined in the ability of regional governments to establish own-source revenues.

Nonetheless, these revised laws almost immediately came to be viewed as still incomplete, and within two years, the government was planning another set of revisions. There was some discussion of trying to combine the two laws into a single decentralization law, but there was very little progress in this direction because of the association of Law 32/2004 with MoHA and the association of Law 33/2004 with MoF, such that individual ministry ownership over the laws trumps more general efficiency concerns. In fact, within MoHA, there was some discussion of splitting the Law 32/2004 revision into three separate bills – on regional autonomy, village government and elections – although as of mid-2010, it seems likely to be only a single revised bill.

National Government Coordination on Decentralization

During the period from May 1999 to January 2001, the different government line ministries were expected to prepare implementing regulations for decentralization under the terms of Laws 22/1999 and 25/1999. However, with the laws having been prepared by two different ministries – the Ministry of Home Affairs and the Ministry of Finance respectively – there was no clear central government ministry to take overall responsibility for overseeing this process. The Ministry of Home Affairs and the Ministry of Finance report to separate Coordinating Ministries – for Legal, Political and Security Affairs and for the Economy respectively – and as described below, the coordinating bodies for decentralization have been located within the Ministry of Home Affairs, rather than above it. (In general, the coordinating ministries, which were quite strong during the New Order period, no longer play an effective leadership role in Indonesia.)

When the laws were passed, parliamentary elections were already scheduled for early June 1999, so uncertainly about who would lead the new government and the need for political actors to
focus their attention on winning the election reduced the incentives of relevant officials to focus on the implementing regulations. More to the point, the various line ministries recognized that they could only lose control over resources and projects through decentralization, and they therefore had no immediate incentive to begin working on such regulations (Rasyid 2004; Suwandi 2004). The National Land Agency and the Coordinating Board for Investment even arranged for presidential decrees exempting them from the provisions of Law 22/1999 (Hofman and Kaiser 2004; Rasyid 2004). Some of the line ministries still today continue service delivery programs that compete with those for which the district governments should have responsibility and in some cases may impose unfunded mandates on the districts (USAID 2009).

In October 1999, Abdurrahman Wahid surprisingly edged out Megawati Sukarnoputri in the newly elected MPR’s selection of a new president – Habibie, the incumbent, already had withdrawn his name following the MPR’s rejection of his annual accountability speech. Recognizing the need to move forward with decentralization, Wahid created the State Ministry for Regional Autonomy in November 1999. Unfortunately, the new ministry took six months to establish itself and then was able to produce only two of the hoped for implementing regulations. In an August 2000 cabinet shuffle, Wahid abolished it, relocating its responsibilities within MoHA at which point the government began to produce more of the needed regulations (Hofman and Kaiser 2004), although the reassigned State Minister for Regional Autonomy, Ryaas Rasyid, describes the lack of leadership by the Minister of Home Affairs as sufficiently severe that it threatened to delay the start of decentralization (Rasyid 2004).

Meanwhile, Wahid in April 2000 had revived, as called for in Law 22/1999, the Regional Autonomy Advisory Council (Dewan Pertimbangan Otonomi Daerah, DPOD). Chaired by the Minister of Home Affairs with the Minister of Finance as Vice Chair, the DPOD also included regional representatives (two each from the provinces, kabupaten and kota) and representatives from the local government associations that had been established in Law 22/1999 to act on behalf of the three types of subnational governments. In November 2000, Wahid also established a task team to facilitate the final preparations for decentralization and the initial monitoring of decentralization. This group became known as Tim Keppres 157 after the presidential decree (keputusan presiden) that brought it into being. As with the DPOD, Tim Keppres 157 was chaired by the Minister of Home Affairs. The group seems to have played a fairly important role at the moment of the Big Bang in 2001.

In the wake of Megawati Sukarnoputri’s rise to the presidency following Wahid’s impeachment in July 2001, however, Tim Keppres 157 stopped to function in a meaningful way (Schmit 2008), leaving the DPOD as the main government body responsible for coordinating decentralization. Yet chaired by the Ministry of Home Affairs, the DPOD has never had greater authority than the Ministry of Home Affairs itself. Given tensions between MoHA and MoF, tensions among the various directorate generals within MoHA and the lack of superior authority allocated to the DPOD, this has meant that the DPOD simply has not been able to play an effective coordinating role (Smoke 2005; Rohdewold 2006). The body, which only meets at the discretion of the Minister of Home Affairs, has continued to remain on the sidelines and is widely viewed by both government and development partners alike as a non-entity.

**The Consequences of the Lack of Government Leadership**

Development partners frequently have described this lack of a single leadership body for decentralization within the central government as problematic. USAID’s 2006 Stock Taking Study on
Decentralization described the “lack of coordination among relevant agencies” as a “[g]laring weakness… in the legal framework and process” (USAID 2006: 3). The report says, “Oversight/supervision systems are being developed but in uncoordinated fashion, creating inconsistencies, complexity, and burdensome requirements on regional government” (USAID 2006: 17).

For instance, on the issue of functional assignment across the different levels of government, MoHA wrote a government regulation to clarify the 2004 laws, while the State Ministry of Administrative Reform (MenPAN) wrote a new law on the same topic; MoHA has tried to draft regulations on financial management, revenue generation, the special allocation grants and other things that seem clearly to fall under the domain of MoF; BAPPENAS and MoHA both collect overlapping information for the purpose of evaluating local government performance. An effective coordinating body could prevent such duplication of central government efforts.

Development partners specifically have suggested bringing the DPOD under the president or vice president’s office in order to give it the necessary authority to play a leading role on decentralization questions (USAID 2009a, 2009b). Located within the Ministry of Home Affairs, the body lacks the authority over the Ministry of Finance and the National Planning and Development Ministry (BAPPENAS) that it would need to effectively make decisions on decentralization issues. The political ramifications of undertaking a major institutional move like this are not clear however. Certainly the president might upset elements within the three ministries that would be afraid of the power of a new high-level coordinating body, so would there be sufficient positive returns to compensate?

One government official, describing the difficulty of calling a meeting of the DPOD, given that its formal membership includes six different ministries, suggested also that informal contacts among government officials are a superior means for resolving policy disputes. Public situations force ministerial officials to hold their ground and avoid compromise, whereas, in this official’s opinion, informal meetings among officials from BAPPENAS, MoF and MoHA are more likely to lead to progress on the resolution of issues related to decentralization. A number of informants mentioned the successful discussions held during informal breakfast meetings among officials from these three ministries. Development partners might do well to keep these informal decision making channels in mind, although one observer questioned whether the policy decisions made at these informal meetings would ever be translated into operational decisions, arguing that lower-level functionaries have consistently scuttled reforms agreed to at higher levels.

Some informants noted the culpability of development partners themselves, who prolong the splits within the government by playing favorites with particular government ministries or particular directorates within ministries. By giving life to parts of the bureaucracy that might otherwise fall into line behind national leadership, development partners are potentially undermining their own stated cause of having the government speak with a single voice. This is particularly a problem in the field of decentralization, where there are three main ministries involved, and these ministries have incentives to maintain special relationships with particular donors in order to ensure that they do not lose access to funding and to ensure that they can gain access to special bilateral arrangements. In comparison, for donors to coordinate in the education sector, they more clearly must interact primarily with the Ministry of National Education, leaving less opportunity to be drawn into interministerial turf battles.

Development Partner Harmonization in Indonesia
Indonesia has a substantial history of aid coordination dating to the early New Order era, when the Suharto regime – under the influence of the Berkeley Mafia, a group of Indonesian academics who had studied at the University of California at Berkeley on Ford Foundation grants in the late 1950s and early 1960s – began to reintegrate Indonesia into the international development sphere. Soon after Suharto came to power, Indonesia rejoined the International Monetary Fund (IMF) and the World Bank and joined the Asian Development Bank. In 1967, the Netherlands established and began chairing the Inter-Governmental Group on Indonesia (IGGI), which included as its members all of the major bilateral and multilateral donors working in the country, who agreed to act “in concert” in providing foreign assistance to Indonesia. The IGGI undertook informal annual reviews of Indonesia’s development needs and coordinated annual development aid flows intended to meet those needs. In the late 1960s and early 1970s, as large quantities of aid were organized through the IGGI, the Indonesian government adopted reforms supported by the World Bank and the IMF. Because of its embrace of liberalizing reforms in the trade and financial sectors, the international community hailed Indonesia as a foreign aid success story, crediting the development industry with having helped to catalyze Indonesia’s economic growth (Chowdhury and Sugema 2005). By 1992, 13 bilateral donors and six multilateral organizations were meeting under the auspices of the IGGI.

Rising tension between the Netherlands and Indonesia over East Timor resulted in increasingly strict conditions on Dutch aid to Indonesia such that, in March 1992, the Suharto regime simultaneously disbanded the IGGI and also asked the World Bank to become the chair of a new coordinating entity, the Consultative Group on Indonesia (CGI). That year, Indonesia received slightly more foreign assistance under the auspices of the CGI than it had under the IGGI arrangement the previous year.

The CGI met once per year during the 1990s and into the 2000s. Reviewing the government’s draft budget, donors made pledges at an October meeting that then would be incorporated into the final budget approved by the Indonesian parliament. Following the downfall of Suharto, the CGI even opened its annual meetings to participation from civil society groups, who had long criticized the conditionalities included in donor loans and the rising debt burden of the Indonesian state.

In January 2007, taking both donors and government officials somewhat by surprise, President Susilo Bambang Yudhoyono announced that there was no longer a need for the CGI given that the majority of Indonesia’s foreign assistance was coming from just three creditors: the Asian Development Bank, Japan and the World Bank. Finance Minister Sri Mulyani said that Jakarta would prefer to operate through bilateral channels rather than “having to go through a long, meaningless ceremony” (ANTARA News, 25 January 2007).

The president’s desire to disband the CGI was to a significant extent due to the impression of the institution within civil society. The CGI was “perceived to be a forum in which donor agencies reviewed and judged the performance of the government” (Edi and Setianingtias 2007: 20) or where “the World Bank ... promote[d] its own agenda” (Brewer et al. 2008/09: 44). (Insofar as small donors had an ability to raise their voices at the CGI disproportionate to the amount of money that they were giving to the country, the former issue – loud criticisms from minor players – was the more notable problem.) Therefore, Yudhoyono had an incentive to demonstrate his independence and that of his government by eliminating the group. Simultaneously, however, Yudhoyono allegedly emphasized to the World Bank Country Director “that donors were still very much valued in Indonesia, and that he was keen to continue receiving aid” (Pollard 2009: 128).
The donor community downplayed the consequences of the CGI’s dissolution, saying that it “had practically no impact on the workings of donors at all” and that the “meetings were always useless ... they just reiterated the bilateral agreements which all the agencies had anyways” (Pollard 2009: 128). A BAPPENAS official responsible for donor coordination, however, said that aid coordination had indeed become more difficult since the end of the CGI.

*The Jakarta Commitment and the Aid for Development Effectiveness Secretariat*

Two years after the dissolution of the CGI, the Yudhoyono government entered into a new covenant with development partners. In January 2009, 22 bilateral and multilateral donors and the Government of Indonesia signed the Jakarta Commitment, a declaration by both development partners and the government that they will work to apply the internationally-agreed-upon principles of the 2005 Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action, and the 2008 Doha Declaration on Financing for Development, as well as the 2002 Monterrey Consensus on Financing for Development. The document notes the changes that have come with Indonesia’s ascendance to the ranks of middle income countries but also cites three “significant development challenges”: “poverty reduction, service delivery and decentralization” (Government of Indonesia 2009). Although the government committed in the document to holding regular dialogue with development partners (and also with the private sector and civil society), the government also has been quick to state quite clearly that the “Jakarta Commitment is [an] effort to improve independenc[e] in utilizing foreign aid [and] not a replacement [for] donor forum[s] like IGGI or CGI” (A4DES 2009b).

In conjunction with the signing of the Jakarta Commitment, the government – with support from AusAID, BMZ, JICA, UNDP and USAID – established the Aid for Development Effectiveness Secretariat (A4DES) located within BAPPENAS. The Secretariat, which came into existence in June 2009, has a steering committee chaired by the BAPPENAS Deputy Minister for Development Financing that sets the general direction of the institution and a management committee chaired by the BAPPENAS Director of Bilateral Foreign Funding and including officials from MoF, MoHA, the Coordinating Ministry of Economic Affairs, the Ministry of Foreign Affairs, the National Procurement Policy Agency and the State Secretariat that operationalizes and implements the decisions of the steering committee. An initial set of six working groups – intended to include both government and development partners – were established: on procurement, dialogue and institutional development, public finance management, monitoring and evaluation, capacity building and knowledge management, and the development of finance mechanisms. Financial support comes from a Transitional Multi-Donor Fund, which is administered by the UNDP and received initial contributions from DFID, the Netherlands and Norway. An A4DES Management Committee meeting in October 2009 was attended by AusAID, CIDA, the Dutch Embassy, GTZ, JICA, the Norwegian Embassy and UNDP (A4DES 2009c).

At the end of its first sixth months of existence, several issues with A4DES’s operations were reported: there was generally low awareness of its principles and tools; there was inconsistency in

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2 AusAID and USAID provided support to the A4DES Management Office. The UNDP provided introductory training on aid effectiveness and management of a transitional multi-donor fund to support A4DES operations. BMZ helped with the development of the Aid Information Management System, which seeks to map all development partner activities in Indonesia. JICA also provided support for a study of procurement practices undertaken by one of the A4DES working groups.
conducting meetings and dialogues and so far little communication across the working groups; some senior officials were not available for working group meetings; and there was inadequate information on existing systems and donor-government programmes (A4DES 2009d). One official from a development partner organization wondered why the government had not put any money into A4DES – it is currently completely donor-funded – and questioned what this said about the government’s commitment to facilitating harmonization.

Also, being located within BAPPENAS, it is not clear how much other central government ministries will cooperate with A4DES, given the problems of government factionalism described in the last section. For instance, the Procurement Working Group might be able to coordinate well, since there is a single national procurement body, but will the Monitoring and Evaluation Working Group be able to successfully reach across multiple ministries and multiple directorates within ministries?

Section 1(a) of the Jakarta Commitment speaks to harmonization and alignment, calling for development partners to provide capacity building support while simultaneously aligning themselves with government programmes and systems through synchronizing programming cycles, reporting assistance in the format requested by the government, using government financial and procurement systems and untying aid. For both donors and the Indonesian government, complying with these commitments is a significant challenge.

When it comes to using government procurement systems and untying aid, many of the bilateral donors are constrained. Although there may soon be changes, USAID, for instance, has procurement rules that require significant amounts of U.S.-sourced purchasing, and AusAID and JICA are similarly constrained by procurement rules. Switching to the use of government systems is a major shift and one that is related to numerous policies established at headquarters or by national parliaments. Therefore, it is not clear that harmonization efforts actually will be able to change the way in which individual donors procure projects, although bilateral donors are facing global pressure on this issue, so there is some hope that change might come for reasons external to Indonesia. An A4DES workshop on harmonizing procurement systems was held in October 2009, although development partner representation was limited to the Asian Development Bank, AusAID and the World Bank (A4DES 2009a).

The difficulties of using external procurement and financial systems can be seen also in the problems that development partners have had working with each other’s systems. Within the context of the Decentralization Support Facility (DSF), the World Bank and the UNDP signed their first fiscal agency agreement in Asia, which should have facilitated the UNDP’s use of funds from the DSF, but the World Bank staff said that they were concerned with the UNDP’s oversight systems and were worried that DFID, as the contributor to the DSF trust fund, might hold the World Bank responsible for the UNDP’s mismanagement of funds (Pollard 2009). (It is not clear that this actually was a concern for DFID.) Bilateral donors complain that World Bank procurement goes through headquarters in Washington and that UNDP financial management goes through headquarters in New York, slowing down the operation of projects run by these organizations. The government agency responsible for overseeing the Aceh reconstruction in the wake of the December 2004 tsunami, for instance, complained about the slow pace of World Bank procurement.

For its part, the government of Indonesia has yet to significantly improve its national procurement practices. Insofar as the Jakarta Commitment – and the Paris Declaration and Accra Accord – require action on the part of Indonesia, the country has not yet lived up to its commitments.
The Use of Multi-Donor Trust Funds in Indonesia

The Jakarta Commitment specifically cites the increased use of multi-donor trust funds in Indonesia, mentioning by name the Multi-Donor Trust Fund for Aceh and Nias, the Decentralization Support Facility and the Indonesian Partnership Fund for HIV/AIDS. Based on the country’s positive experience with the Multi-Donor Trust Fund for Aceh and Nias and also the PNPM Support Facility Trust Fund (which coordinates donor support for the highly successful national community-driven development program that grew out of the World Bank-funded Kecamatan Development Project), there seems to be keen interest within the Indonesian government (and particularly BAPPENAS) in expanding the use of trust funds in Indonesia.

The idea is to concentrate funding for relevant issues into a single pool with a single management system in order for the government to avoid having to deal with the different financial and procurement requirements of different development partners. The trust funds can help Indonesia achieve its goal of having development partner projects be “on-budget/on-treasury” such that they are accounted for in the Indonesian national budget with the funds flowing through accounts controlled by the government. While the trust funds and programmatic lending from the two development banks and Japan are “on-budget/on-treasury,” much lending from other donors remains “off-budget/off-treasury” or “on-budget/off-treasury” (i.e. recorded in budgets but not flowing through government accounts).

Arrangements currently are being developed for this last mode of operation – on-budget/off-treasury procedures – given the restrictions on bilateral donors that might prevent them from going fully on-treasury. Although these trust funds have been and are currently managed by development partners (e.g. the World Bank for the DSF and the PNPM Support Facility; the UNDP for A4DES), officials in BAPPENAS ultimately would like to transition to using Indonesian institutions and have suggested using a new hybrid organization built from domestic financial institutions and civil society organizations.

While the smaller bilateral donors in Indonesia see the trust funds as useful ways for bringing their aid to scale, there is definite reluctance among the larger bilateral donors when it comes to contributing to the trust funds because of the implied loss of leverage when operating through the trust funds as compared to direct funding. Multiple informants from bilateral donors also asked if the trust funds were not simply giving money to the World Bank to do projects.

De Facto Harmonization in the Form of Donor Sorting?

Looking at the aid landscape in Indonesia, it is possible to note some level of de facto aid coordination – or at least sorting – among the major development partners in terms of the functional areas in which they operate, the geographical regions in which they undertake projects and the other development partners with whom they are in most frequent contact. However, insofar as this sorting occurs, it ultimately does not look like true coordination – one commentator described it as “mutual accommodation” in which donors do what they want with only minimal compromise.

Programmatic lending in Indonesia, for instance, is the clear domain of the Asian Development Bank, Japan and the World Bank. Technical assistance to the national government has come from nearly all donors at one time or another. The pattern of GTZ technical assistance has been the most consistent, given the long time horizons of its programs and its sustained contacts within the Ministry of Home
Affairs. The major bilateral donors – AusAID, CIDA and USAID – have been particularly involved with capacity building at the local level, and the World Bank also has undertaken some high profile projects in this area.

Within the realm of technical assistance, one government official described topical sorting among the different development partners, saying that GTZ was interested in functional assignment, the UNDP in personnel management, CIDA in service delivery and the ADB in financial issues. This type of sorting along functional lines perhaps has led to de facto coordination in the realm of technical assistance, such as in the context of the preparatory work for the upcoming law revisions (described below).

More clearly, there seems to be geographic sorting of donors. Australia has worked predominantly in Eastern Indonesia, whereas USAID has had a larger role in Java and Sumatera. CIDA has taken an extensive interest in Sulawesi. GTZ’s local-government work has been concentrated in five provinces – Central Java, Kalimantan, Nusa Tenggara Barat, Nusa Tenggara Timur and Yogyakarta. The Dutch pay particular attention to Papua and Maluka.

Some of this geographical sorting is due to strategic interests. Australia’s interest in Eastern Indonesia is linked to its economic interests in the natural resources located there, while Dutch interest in Papua and Maluka is tied to historical migrant flows from these places. One donor agency official spoke of Australia’s need to be able to point to specific accomplishments within Indonesia as a means of promoting bilateral relations between Australia and Indonesia.

Given the geographical sorting that occurs, there needs to be concern, however, that certain areas might be excluded, leading to inconsistencies in service delivery. Some areas may even receive too much support based on ad hoc donor interests, finding themselves with more assistance than they might be able to absorb. Attempts to map the destinations of development partner support should provide relevant information but so far have progressed in only a limited fashion. The Decentralization Support Facility produced a database of donor support for decentralization that included project mapping, and one of the goals of the A4DES Secretariat is the Aid Information Management System (AIMS) that might be able to do so as well. However, it is not yet clear that either of these projects has provided useful information about the geographic dispersion of projects. This is a difficult task insofar as information needs to be gathered for localities with regard to what specific donor-funded activities occurred there. Just knowing that a particular district was involved in a project often provides only limited information – was a one-day workshop held in that district, or did local officials receive extensive training? Attempts by AusAID, CIDA, GTZ and USAID to collaborate on a common monitoring and evaluation framework may improve the ability of the government or development partners to collect this information.

Beyond adhering to regional patterns, development partners may have an instinct to work in areas where there have been past successes, leading projects to be concentrated in cities like Makassar or Yogyakarta where there have been past projects and where there exists a community of local and international NGOs with which to work. Insofar as donor agencies (or their implementing partners) want a success story, there may be a bias toward working in places where success is more likely, which again can have a pernicious effect in terms of avoiding areas that would benefit from assistance and possibly overloading a few favored areas with assistance.
As development partners have been undertaking similar local government capacity-building projects in diverse regions, Indonesia still lacks a mechanism through which the knowledge acquired in these localized projects becomes widely disseminated. If an AusAID project provides capacity building for a limited number of districts, a CIDA project for a different limited number of districts and a USAID project for another limited number of districts, and the results of these projects produce relevant information for other areas of Indonesia, how then do the lessons learned across all of those districts become synthesized and translated into useful information for the Indonesian government? The local government associations have produced best practice guides, but the mechanism for information gathering and dissemination should be institutionalized.

The government also has raised the related concern that these capacity-building projects in which different donors use different tools across many projects will confuse local governments. At an extreme, different donor projects may be based on fundamentally different philosophies about decentralization. Without official coordination, ad hoc sorting of local capacity-building support may result in different local governance emphases across regions of the country, possibly undermining the establishment of a single coherent system of Indonesian decentralization.

Given the sorting that occurs in Indonesia, the different development partners have in some ways formed subsets that coordinate with one another. The World Bank coordinates with the ADB and JICA on its programmatic loan series and with DFID and the Netherlands on several trust fund projects. AusAID, CIDA, GTZ and USAID, meanwhile, have come together as a “group of likeminded donors” to think about programming issues – in part because they were all developing new decentralization-related projects at the same time. These four organizations are able to coordinate well also because they share the same contacts at the Ministry of Home Affairs. Although coordination within these subsets might be useful, the question of overall coordination of decentralization policy remains pertinent. If the programmatic lenders are supporting particular policy reforms while the bilateral donors are funding dissonant or irrelevant capacity-building projects, this is a coordination failure – another breakdown of the relationship between high-level policy making and on-the-ground operational activity.

*On What Should Donors Be Coordinating?*

In terms of where donors should be concentrating their efforts, the Jakarta Commitment emphasizes the role that development partners can play in providing information, saying that external assistance can play “a catalytic role [by] allowing Indonesia to access international knowledge and best practices, to enhance institutional capacity, and bring about strategic systems improvement” (Government of Indonesia 2009). Although foreign financing is still likely to be used in the future for funding development, infrastructure and social welfare programs, the government itself has requested that development partners concentrate their efforts not so much on supplying money as on supplying knowledge.

An official at the Ministry of Home Affairs emphasized that donors can provide comparative perspective on decisions that need to be made by the government. For example, donors can gather information on how other decentralized countries deal with the issue of functional assignment across different levels of government. Development partners can sponsor academic papers related to the issues faced by local governments and facilitate discussions that ultimately lead to legal changes at the national level. Some on the donor side point out that development partners have been preparing such
reports for decades now and yet the government has not necessarily made use of the information. Without a high-level body for policy coordination and effective operational coordination, it is not immediately clear how the lessons learned from these reviews sponsored by a single ministry will spread across the multiple ministries involved in decentralization at either a policy making or implementation level.

It is worth noting that members of the Indonesian government and of civil society organizations both praised USAID’s 2009 Stock Taking Study on Decentralization as representing the best description of the current state of decentralization in Indonesia. The 2006 Stock Taking Study was sponsored by USAID’s Democratic Reform Support Program (DRSP) for the Donor Working Group on Decentralization with funding coming from USAID, AusAID and the Decentralization Support Facility. The 2009 follow-up was prepared by USAID-DRSP in coordination with the Donor Working Group on Decentralization. In both cases, there was a significant amount of collaboration across different development partners to produce analytic work held in high esteem by the primary actors.

How Much Time Should the Government of Indonesia Invest in Coordinating Donors?

Insofar as the government can play a stronger role in coordinating development partners, this is a time-consuming task for the government officials charged with the duty. Given that foreign assistance makes up only a small proportion of Indonesia’s national budget, it is, in fact, unclear how much effort the government actually should put into coordinating development assistance. Aid as a proportion of Indonesia’s GDP represents less than 1 percent.³ As one observer notes, by the mid-00s, it seemed that “donors needed to give aid to Indonesia more than Indonesia needed aid from donors” (Pollard 2009: 119).

Several informants raised the idea of the “India scenario,” where foreign assistance becomes such a small part of the budget that the government feels free to say no to development assistance that it does not like and where donors consequently have very little leverage over the government. In Indonesia, the government either can articulate a strong call for coordination – in line with the Jakarta Commitment – or can decide that it is not worth the time to do so, in which case little seems likely to change, given repeated donor calls for government leadership in this regard. As described above, however there may be somewhat of a disjuncture between public statements by donors that are intended to be in line with the Paris Declaration and their actual activities that continue to support particular central government ministries or particular directorate generals within ministries in a fashion that hinders the government’s ability to speak with the single voice that would be necessary for coordination of this sort.

On the other hand, although perhaps a small amount of money in absolute terms, development partners have been, as detailed above, intimately involved in knowledge sharing and capacity building activities related to decentralization. And insofar as this work is not being coordinated, that leads to suboptimal outcomes where efforts are either duplicated or not undertaken at all. One informant stressed that this ultimately comes back to the issue of government coordination: if the Indonesian

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³ This measure can be somewhat deceptive. Aid as a proportion of government expenditures or of development expenditures is significantly higher (Chowdhury and Sugema 2005).
government as a whole has clear plans, asks donors for specific outputs and makes use of its authority to monitor what the donors are doing, then there will be effective coordination at low cost.

Certain government officials, for their part, complain that development partners refuse to follow the government’s lead. The government, for example, has not necessarily requested the geographical sorting that donors have undertaken, and one official said that donors are today too concentrated in Eastern Indonesia. Another official critiqued donor evaluations of decentralization that duplicate government work or produce conflicting results. The response of development partners is again that the government is not speaking with a single strong voice, which is what leads to the lack of coordination.

As a comparison case, the PNPM Trust Fund provides evidence that when the government comes together with a clear message, donors will get in line. The government stated its desires for funding and programming, and given the pre-existing success of the PNPM model in Indonesia, it was easy for donors to provide support to the trust fund and to accept the government’s leadership and direction. However, as described later in this paper, it is not clear that the PNPM Trust Fund model can be replicated in the decentralization sector.

There also have been some local initiatives on coordination of development partners. In the province of Gorontalo, the former governor was very proactive in soliciting development partner activities in the province and so tried to coordinate activities through recruitment. In the province of Nusa Tenggara Timur, the provincial government created a special bureau within the Regional Planning and Development Ministry to coordinate donors and NGOs. The Support Office for Eastern Indonesia (SOfEI), which existed for some time as part of the Decentralization Support Facility, has transitioned its functions into the stand alone Eastern Indonesia Knowledge Exchange Foundation (BaKTI), which helps formulate local development requests and then convey them to the local government planning boards. The direct role that BaKTI plays in coordinating donors is so far limited, but given the credibility and history of the organization, there is a distinct possibility that it could represent a strong civil society voice with regard to donor harmonization.

**Development Partner Support for Decentralization**

Indonesia was not exempt from the general trend of donors promoting decentralization that began in the 1970s, but against the strongly centralized New Order state, there was little room for maneuver. A USAID-funded program to train local officials, for instance, was dropped because of opposition from the Ministry of Home Affairs, which argued that there was no need for training, since local officials operated based only on orders from Jakarta (Silver 2003). In the 1990s, the World Bank and USAID provided support for programs that, in conjunction with the government’s Integrated Urban Infrastructure Development Program would modernize local finance by having the central government use measurable and transparent allocation criteria and by allowing for improved local revenue generation (Silver 2003). One informant mentioned USAID’s Municipal Finance Program, in particular, as a project that usefully reached across multiple relevant ministries. Although the New Order government was not undertaking significant devolution of power to the local level, these projects helped build capacity for local service delivery that ultimately was beneficial when decentralization did arrive. The World Bank also issued a major report in the mid-1990s calling for the decentralization of certain services to local governments (Shah and Quereshi 1994).
The most important of the early decentralization projects, GTZ’s Support for Decentralization Measures (SfDM) began in late 1992 and ran for 13 years. The project focused on giving technical advice to the central government, mostly to the Ministry of Home Affairs, although sometimes also to the Ministry of Finance, the State Ministry for Administrative Reform (MenPAN) and BAPPENAS. (One informant, however, suggested that the project was quite insular and overly concentrated within MoHA and therefore ultimately may have contributed to undermining donor coordination in the decentralization sector.)

In 1996, the government undertook the District Autonomy Pilot Program (DAPP) in the context of Law 5/1974, decentralizing authority to one kabupaten or kota in each province (with the exception of Jakarta). The functions that were transferred were quite limited, and the amount of money involved was even more limited. Presaging what would happen with the 1999 laws, some central government ministries fought a rearguard action to protect their bureaucratic territory. And perhaps because the State Ministry of Administrative Reform was in charge, the reforms tended to emphasize administrative simplification rather than a true devolution of function or power (Devas 1997). Donors played “minor supporting roles” in these pilot experiments but were constrained by the government’s lack of enthusiasm (Turner and Podger 2003: 129).

The technical assistance provided by GTZ through SfDM contributed to the drafting of the 1999 decentralization laws. Some allege that GTZ “practically wrote [the initial] decentralization policy,” (Pollard 2009: 118) although others suggest that the contribution was more modest. Other informants acknowledge USAID and the UNDP as having contributed to the drafting of Laws 22/1999 and 25/1999, and the World Bank and the IMF as having weighed in on elements of Law 25/1999, although there is a sense that some of these suggestions were overruled by the DPR (Alm and Indrawati 2004; Hofman and Kaiser 2004). Former State Minister for Regional Autonomy Ryaas Rasyid identified GTZ and USAID as having guided Habibie’s cabinet in producing the list of authorities that would be reserved for the central level under decentralization (Rasyid 2004).

After the passage of the 1999 laws, donors stepped in with significant amounts of technical assistance. In 1999, the Asian Development Bank alone produced three technical assistance projects. A 2002 “matrix of actions” produced by the Decentralization Working Group of the CGI lists projects from ADB, CIDA, GTZ, JBIC, UNDP, USAID and the World Bank to support pilot activities in selected regions, a review of Law 22/1999, analyses of the intergovernmental funds transfer processes, the preparation of capacity-building tools and the development of monitoring and evaluation systems. A 2003 book on Indonesia’s decentralization quite positively assesses this first wave of donor support for decentralization, describing how donors quickly transitioned from an early period of unfamiliarity with other actors to information sharing and both formal and informal meetings (Turner and Podger 2003: 134). Other informants were far more skeptical and questioned the extent to which any of these technical assistance or capacity building projects were coordinated across donors.

More recently, GTZ has been involved with the current revisions to Law 32/2004 through its Advisory Services Support for Decentralization (ASSD) program. GTZ has provided the Ministry of Home Affairs with consultants and is planning a national workshop for the middle of 2010. One BAPPENAS official cited ASSD support for the law revisions, in particular, as a success story in the field of development partner support for decentralization. Through its Democratic Reform Support Program (DRSP), USAID supported three academic papers linked to the three possible draft laws – on regional autonomy, on village government and on elections – for the Law 32/2004 revisions. The Ministry of Home Affairs also reports having solicited specific policy advice from different donors for these revisions, matching 22 different inputs to specific development partners based on their interests.

Local Capacity Building

Central government officials frequently cite the need for significant capacity building among the district governments. As mentioned above, the major bilateral donors and the World Bank have done extensive work at the local level. Through its Local Governance Support Program (LGSP), USAID helped local governments engage their communities during the musrenbang planning process, provided technical training on finance and budgeting, helped governments develop management systems for service delivery, trained the members of regional parliaments and provided training for local civil society organizations. AusAID’s programs also have worked through local governments. The Local Governance and Infrastructure for Communities in Aceh (LOGICA) project aimed to facilitate local governments accomplishing particular tasks in a community-driven development format, and the Australia Community Development and Civil Society Strengthening Scheme (ACCESS) project also was focused on local communities acquiring means to satisfy their own perceived needs. The lessons from the Australia Nusa Tenggara Assistance for Regional Autonomy (ANTARA) program, which aimed to support local governance systems, have been integrated into the new Australia-Indonesia Partnership for Decentralization (AIPD), which aims to facilitate a long-term interaction between the two countries within the domain of decentralization.

The Public Expenditure Analysis and Capacity Harmonization (PEACH) program works with provincial-level institutions to improve capacity for financial management and to enhance the capacity of civil society to monitor government spending. The program is incorporated as a World Bank-administered trust fund that receives money from AusAID, CIDA and the Dutch Embassy and that is linked to the DSF. AusAID and CIDA make use of PEACH as an instrument in their other projects.

There have been some tensions between the central government and development partners over these local-level projects. Although there is a widespread discourse about the lack of capacity among local governments, one government official suggested that development partners have rushed to undertake capacity building projects without first fully understanding the decentralization laws. There is a threat that the need among development partners to have visible projects in the field leads to ill-advised and inconsistent projects. But there also is a threat that the central government’s desire to assert its dominance over local government leads to distracting complaints about donor activities.

Certainly, as discussed above, given that there are so many different local capacity-building projects on the ground, there also should be significant effort to draw together the lessons learned through them. This is a place again where donors have suggested that the government needs to lead with a stronger hand, saying that the Ministry of Home Affairs should play a more active role in
identifying the capacity building interventions that have worked and in asking development partners to support these types of interventions. One informant questioned whether MoHA has the capacity to do this. For their part, donors could do a better job of reporting on their local-level interventions to the central government using a unified framework that would allow the government to assess the strengths and weaknesses of different interventions coming from different development partners. In addition, donors need to avoid the tendency to worth through favored directorate generals within MoHA, since the reliance on these traditional relationships hinders the ministry's ability to synthesize the set of capacity building projects into a single national program.

The Ministry of Home Affairs, at times, seems to have taken more of an obstructionist line. For instance, it has said that it does not need the PEACH outputs because it has its own instrument for evaluating local government performance. But rather than a blanket dismissal of the project, adjudicating the strengths and weaknesses of the two competing systems instead could be seen as an entry point for putting together one element of a decentralization toolbox for local governments.

Programmatic Lending

Programmatic lending in Indonesia has been the reserve of the Asian Development Bank and the World Bank. The ADB provided a $300 million single-tranche loan in 2005 and a $350 million single-tranche loan in 2008 as part of its Local Government Finance and Governance Reform (LGFGR) Sector Development Program; both loans came with technical assistance to support the DPOD and aimed explicitly at improving intergovernmental coordination (ADB 2005). These loans were made in conjunction with the National Action Plan for Fiscal Decentralization (NAPFD), which covered the period 2005-09, and the Medium Term Development Plan (Rencana Pembangunan Jangka Menengah, RPJM), which covered the period 2004-09. They specifically aimed to improve functional assignment across the levels of government, the inter-governmental transfers formulas and financial management systems. Noting that donor coordination is “critical for Indonesia’s decentralization reforms,” the ADB described consultations with CIDA, DFID, GTZ, USAID and the World Bank in advance of the first loan and active participation in the Donor Working Group on Decentralization and the Decentralization Support Facility (ADB 2005: 6).

The ADB, Japan and the World Bank together have been undertaking single-tranche programmatic lending through the Development Policy Support Program (ADB) and the Development Policy Loan (WB) series, which began in 2004. (The IMF also has been involved with these projects in a consulting capacity.) These loans have focused on macroeconomic fundamentals in terms of tax, investment and trade policy. Other reforms have focused on procurement, auditing and financial management, and the loans have supported the development of the country’s anti-corruption institutions. According to the World Bank, these loans have been well-regarded by the Government of Indonesia because of “donor harmonization around the Government’s own program[, which] has bolstered country ownership of the reform process and has helped change the nature of the relationship with these donors to one of a reliable partnership” (World Bank 2009). These loans, however, have had little to do with support for specific decentralization measures.

There is significant room for additional programmatic lending to be used to support decentralization-related reforms. Two of the most frequently mentioned priorities by both government officials and donors for decentralization are functional assignment and bureaucratic reform (in terms of
the writing of job descriptions, the crafting of appropriate incentive structures and the shedding of unnecessary positions). These are both national-level reforms that perhaps could be catalyzed by programmatic lending used to support pro-reform elements within government.

**Coordinating Institutions in the Field of Decentralization**

The Joint Working Group on Decentralization (JWGD) that formed as part of the CGI was acknowledged by several informants and in both USAID Stock Taking Studies as an effective institution for coordinating donor support. The JWGD had regular meetings, separate from the annual CGI conferences, and there were plans to create a permanent secretariat for the group, bringing together echelon II officials from BAPPENAS, MoF, MoHA and MenPAN. CIDA and GTZ were taking the lead on establishing the secretariat.

The 2006 USAID Stock Taking Study on Decentralization describes the decision to create a permanent secretariat as the result of waning attention to decentralization within the CGI and a consequent struggle “to find mechanisms to be more active and effective” (USAID 2006: 44). The same document offered up hope that the secretariat ultimately would be “an effective donor coordination mechanism … expected to help in gaining coherency between related reforms, and add to the quality of the reforms” (USAID 2006: 7).

The JWGD was chaired by GTZ, which, through the SfDM, had long been involved with decentralization, and then later by CIDA. As described in its final evaluation, GTZ through the SfDM program already had been playing a “prominent role in donor coordination” (GTZ 2006: 5). SfDM had served – through its monthly “Decentralization News” and its extensive website – as an information clearinghouse on decentralization, and it was hoped that the JWGD could take over this role. Indeed, the authors of the project evaluation recommended that “the SfDM website frequently used by stakeholders … definitely be continued at the same high standard by the Permanent Secretariat of the Joint Working Group” (GTZ 2006: 7; see also Turner and Podger 2003).

There were some fears that the permanent secretariat of the JWGD would be seen as too dominated by MoHA (and by extension GTZ) – perhaps mirroring the disappointing experience of the DPOD – and so there was discussion of bringing it into the president’s office (USAID 2006). But with the 2007 disbanding of the CGI, plans for the JWGD’s permanent secretariat instead fell apart, although some suggest that plans were in place to continue the working group independent of the CGI and that the group actually was displaced by the Decentralization Support Facility. In fact, orders had come from headquarters in Germany that GTZ was to join the DSF in order to fulfill Paris Declaration commitments (Pollard 2009). (CIDA, the other leader on the JWGD initiative also joined the DSF.)

A Donor Working Group on Decentralization (DWGD) remains in existence but is not a joint entity with the government. AusAID is the current chair. The DWGD has accomplished some information sharing among its members, but such information sharing does not lead automatically to coordination of programs. And even for that purpose, the group does not meet often. One informant described the group as “not inactive, but not active either,” while another said that it lacked a focal point that might drive coordination.

As described above, AusAID, CIDA, GTZ and USAID have started meeting as a group of likeminded donors to plan programming and coordinate reporting to the government on the issue of decentralization. Representatives from other institutions, such as the Decentralization Support Facility,
are invited to attend meetings of the group. As compared to the DWGD, the group of likeminded donors wants to move beyond information sharing and have talked about harmonizing monitoring approaches with the goal of proposing a plan for this to the government. Whether this initiative is sustainable is not clear.

**The Decentralization Support Facility**

The most prominent entity today for coordinating donor support for decentralization in Indonesia is the Decentralization Support Facility. In late September 2004, at a time when DFID already was coordinating with the ADB and the World Bank on their programmatic lending and also was providing funding for the World Bank’s Initiative for Local Government Reform program, DFID Permanent Secretary Suma Chakrabarti was visiting Indonesia. The terrorist attack on the Australian Embassy on 9 September 2004 brought Chakrabarti, DFID Country Head Shan Mitra, World Bank Country Director Andrew Steer and some other officials together in a hotel room for an all-day discussion while they waited out the security alert related to the bombing. With eyes toward the upcoming High Level Forum on Aid Effectiveness in Paris, the group developed the idea to set-up a multi-donor office in Jakarta, bringing together different aid agencies under one roof. Chakrabarti tasked DFID’s Indonesia office with setting up this facility in time to be announced at the Paris conference (Pollard 2009).

In this sense, the first goal of the Decentralization Support Facility actually did not have to do with Indonesia – rather, it was to allow DFID to be seen on the international stage as being at the forefront of the aid harmonization movement being expressed in the Paris Declaration. A 2007 review of DFID operations in Indonesia identifies the institution as DFID’s flagship initiative in Indonesia and says that “the DSF ... focuses on donor harmonization” (DFID 2007: ix) and later that the “DSF is a significant experiment for implementing the principles of the Paris Declaration (DFID 2007: 35).

DFID’s Indonesia office moved quickly, and DSF was established on 4 February 2005. ADB, DFID, the Dutch Embassy, UNDP and the World Bank all contributed to the initial incarnation of the facility. DFID supplied £5 million for the first phase (2004-2006) with a promise of £25 million for a second phase beginning in 2006. The World Bank would manage the trust fund in which the DFID money resided and therefore would take responsibility for overall management of the DSF office. Then-BAPPENAS Minister Sri Mulyani participated in the formal opening of the DSF in March.

The goal was to make DSF an archetype of donor harmonization. As anthropologist Amy Pollard describes DSF, it “was no ordinary donor office[,] it was ‘not an organization,’ and ... was not to be a legal entity of any kind. Instead it was to be a radical experiment in aid” (Pollard 2009: 10). The logic of DSF not being a legal entity was that it “should not become ‘another player’ that the Government of Indonesia would have to interact with [but instead] should consolidate the work of donor agencies” (Pollard 2009: 144). In one former DSF staffers’ vision, the development partners working under the DSF umbrella could try things out in the field and find out what worked and report this learning back to headquarters. According to Pollard, when DSF was initiated, there was no other office like it anywhere in the world.

The focus on harmonization was reflected in a strong emphasis on process during the initial phase of DSF – on having different development partners come to agreement on appropriate initiatives. According to DFID itself, this process orientation “makes it difficult to set objectives ... [or] to measure
performance” (DFID 2007: 13). The initial round of projects at DSF, however, mostly complemented ongoing donor projects rather than presenting innovative new offerings in the decentralization field. One informant described a set of quid pro quo project approvals where the different DSF partners agreed not to complain about the projects that were being funded as long as their own projects also were funded.

BAPPENAS’s involvement in the opening of the office originated in the World Bank’s traditional relationship with that ministry. According to some informants, it also signaled a looming problem with DSF, since MoHA seemed excluded from the institution and was more clearly associated with the JWGD. GTZ, which was the chair of the JWGD, saw the DSF as “a parallel process on donor coordination [that was not] coordinating with the original body which had been established for the very purpose [i.e. the JWGD]” (Pollard 2009: 122).

Aware of this rift, DFID – noting that its “closeness to the Bank may ... begin to alienate other partners” (DFID 2007: ix) – argued that the JWGD should have representation on DSF’s management committee when the body entered its second phase in 2006 (Pollard 2009). Before the dissolution of the CGI, DFID also had worried that the DSF might “adversely affect relations” with that group, “further dividing the international development community and undermining the harmonization objective of the DSF” (quoted in DFID 2007: 25).

As Pollard points out, the relationships between different donors that DSF sought to build were not coming from a tabula rasa. Donors had been working on decentralization projects for over a decade when the DSF came into existence and therefore already had established work programmes and preferred counterparts in government (Pollard 2009). Since the government did not have a single coordinating body for decentralization, development partners involved with the DSF could choose their preferred government partner, leading to a plethora of voices around the table and a slow decision making process through which only “lowest common denominator” projects, as one informant described them, could be approved. Insofar as the status quo remained in place, the DSF clearly was not coming up with innovative ways to address the coordination problems in the decentralization sector.

The lack of government coordination also led to insufficient overall country ownership of DSF during its initial phase. An ADB study from early 2008 argues, “Extensive decentralization legislation and decrees setting out the roles and responsibilities of BAPPENAS, the finance and home affairs ministries, and local governments and parliaments constitute an opportunity for supporting country ownership. The location of the decentralization support facility [sic] outside these organizational structures and its physical location outside the government offices have undermined this ownership opportunity” (ADB 2008: 12). The report notes that the MoF in particular had “expressed a sense of frustration at the missed opportunity to ensure that [DSF] support was fully aligned with government priorities” (ADB 2008:12). DFID’s 2007 review of its country portfolio described “a lack of a well-articulated, coherent demand from the government for DSF’s products and services” and described the “flagship programme” as being a “considerable challenge and risk to the portfolio” (DFID 2007: xi), warning that

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4 An earlier ADB case study of the DSF experience had been significantly more upbeat: “Trading on its adaptability, energetic approach, and willingness to plan for and embrace reform, the DSF ... has started to operate in the ways that may deliver tangible benefits. The DSF was envisaged as a bold experiment in donor harmonization and alignment approaches, and so it has turned out to be” (ADB 2006).
“[h]armonization without the buy-in of government runs the risk of alienating government and individual development partners” (DFID 2007: 59).

**World Bank Management of the DSF**

The World Bank’s role in managing the office raised additional concerns. Multiple informants expressed a sense early in the DSF experience that the World Bank was throwing its weight around. Donors were worried that the Bank was just going to use the funds for its own projects. The World Bank was the trustee of the funds that DFID had contributed yet was also on the DSF Steering Committee and therefore responsible for deciding how those funds should be spent. The World Bank’s Operations Manager for DSF had an admitted interest in using DSF funds to pursue projects in which he was interested – for instance, analytical studies in relation to the Kecamatan Development Project. In this light, one donor representative complained about the World Bank staff running the DSF using the institution’s funds for projects not clearly related to decentralization. Another described DSF-sponsored projects as a set of projects that the World Bank had told the government to ask the DSF to do. Other informants said that all of the development partners operating within the DSF saw it as a place to raise money rather than as a place to actively collaborate with other donors and that they were therefore willing to accept the pet projects of other donors in exchange for having their own projects accepted.

The World Bank’s cumbersome procurement rules were another source of tension. This issue was raised both by members of the development community and by the government. During the first phase of DSF, GTZ came in conflict with the rules when it wanted to make use of DSF money for a project. One government official described the situation as DFID telling the government that it could do what it wanted with the trust fund money only to have the World Bank then slow down the process. This official lamented that involving the DSF was leading to a loss of momentum when it came to decentralization-related reforms.

These initial conflicts over the way in which the DSF and its management structure had been established created a hostile work environment within the facility. In her research, Pollard details the inter-personal tensions affecting the DSF office. One informant describes “people crying, getting so angry … completely breaking down.” GTZ staff referred to the office as “the pool of sharks (haifischbecken),” whereas World Bank staff used the phrase “pit of snakes” (Pollard 2009: 25). Other descriptions of working at DSF included “miserable,” “horrible” and “the worst professional experience of my life” (Pollard 2009: 146). To some extent, this is the difficulty of making use of seconded staff, as the first incarnation of the DSF did. To the extent that they took up the DSF mantle, these staff ended up having dual identities: concerning themselves with DSF’s mission and objectives but also recognizing that they ultimately were responsible to their home organization. One former staffer described working for DSF with instructions from her home agency to try and find money for projects.

**Comparing the DSF to Other Trust Funds in Indonesia**

The Decentralization Support Facility can be compared to other trust funds operating in Indonesia and their success with aid harmonization. These comparisons illuminate the way in which the cards were stacked against immediate success of a harmonization effort in the decentralization field.

The Multi-Donor Fund for Aceh and Nias (MDF), which provided humanitarian and reconstruction aid in the wake of the December 2004 tsunami, had several advantages over the DSF.
The MDF interfaced with a single government agency – the Aceh Rehabilitation and Reconstruction Agency (Badan Rehabilitasi dan Rekonstruksi, BRR), which had national cabinet-level authority – around a single clear agenda, whereas the DSF was asked to work with at least three central government ministries on an agenda incorporating many different components (DFID 2007). (This is not to say that all elements of the government were happy with the creation of the BRR – the Ministry of Public Works distinctly was not.) The MDF was able to attract large commitments from multiple donors because of the salience of the tsunami, whereas the DSF has had trouble attracting contributions beyond those made by DFID, both because of the more esoteric nature of decentralization and because of the institution’s early reputational issues. (Both AusAID and CIDA have made financial contributions.)

We also can compare the DSF to the PNPM Support Facility. With the Kecamatan Development Project phasing out in 2007, President Yudhoyono announced a massive scaling up of that community-driven development program into PNPM Mandiri (Program Nasional Pemberdayaan Masyarakat Mandiri, National Program for Community Empowerment). The program already had name-brand cachet in the development community, making it easier for donors to support. The president called a donor meeting at the Coordinating Ministry for Social Welfare, where seven ministers from across the government showed up, making it clear that this was a serious, government-led effort that donors could align behind.

Taking into account DFID’s harmonization goal for the DSF, perhaps the domain of decentralization was simply not the right place to try to harmonize foreign assistance. Given the difficulty of measuring outputs and outcomes within the field of decentralization, it was overly ambitious to think that it would be the right substantive area in which development partners could coordinate. In an emergency situation like the Aceh Tsunami, the government can create an institution like the BRR with its special powers and limited mandate and then easily observe the outputs; decentralization is a long-term process and one where intergovernmental politics perhaps should be allowed to play out. PNPM involved a name-brand project and unified government leadership, things that the decentralization sector again lacked.

The 2007 DSF Memorandum of Understanding

Discussions surrounding the move to the DSF’s second phase beginning in March 2006 focused on linking the facility’s three focal areas (National Policy, District Service Delivery and Community Driven Development) to the three ministries involved in determining overall decentralization policy (BAPPENAS, MoF and MoHA). In order to increase coordination on the government side, CIDA and GTZ suggested giving the DPOD representation on the management committee, but those within DSF saw this as unwise because of the DPOD’s lack of power (Pollard 2009).

A change in the leadership at BAPPENAS resulted in the government demanding a “clearer, formal agreement as to what the Government’s ‘partnership’ with DSF would involve”; BAPPENAS officials voiced complaints that “multi-million dollar agreements had been signed without proper consultation ... and without proper awareness of DSF funding which had already been committed” (Pollard 2009: 127). As the specific contents of this formal agreement were negotiated, DSF slowed down its operations.

The November 2007 Memorandum of Understanding involved all three government partners – BAPPENAS, MoF and MoHA. Each of these three ministries would rotate as chair of both the Steering
Committee (involving echelon I officials and meeting twice per year to set overall direction for the institution) and the Management Committee (involving echelon II officials and taking responsibility for day-to-day operations).

Since the signing of the Memorandum of Understanding, government leadership at DSF has been much clearer, and all three key ministries – BAPPENAS, MoF and MoHA feel more ownership over DSF. Given the creation of A4DES, BAPPENAS has a vested interest in getting the DSF to work in an exemplary fashion. The latest DSF work program has been developed through a consultative process with the government, and DSF aims to align itself with government priorities. Proposals for projects come from the government, and the DSF, in addition, makes a concerted effort to run its projects through government systems.

With this new country ownership of DSF, the government has increasingly asked development partners to put more funds into DSF – several bilateral donor representatives spoke of the government making requests for additional money for the DSF – and also has asked donors to report their projects to the DSF. One government official spoke optimistically of increased donor funding for the DSF in light of its recent accomplishments. But some of the development partners in Indonesia question what they will get out of putting their money into the DSF – what will their role be? what leverage will they have with the government?

Doubts also remain as to whether this is what an aid coordination entity should look like. Some informants argue that BAPPENAS, MoF and MoHA are now able to come to DSF with their wish lists of projects and then do these individual projects through DSF but that they are not progressing toward speaking with a single voice on decentralization issues or having a single plan for donors to fund. These informants view DSF as having been divvied up to provide resources for government rather than as having become a platform for development partner or government coordination. Both donors and government can check this off as an accomplishment – claiming successful aid coordination – but it is not clear that this is what aid coordination should be: to some, it seems instead to just be a fund for decentralization projects and therefore not about aligning or harmonizing development partners. One informant described the government as so dominant within the new DSF that it made the institution’s usefulness questionable; another described the dysfunctional dynamics of donors as having been replaced by the dysfunctional dynamics of fragmented government agencies.

On the other hand, dividing money up into these separate pots and bringing all three government ministries to the table may be instrumental in helping development partners to accomplish their broader goals in Indonesia. Informal meetings among government officials that occur at the time of formal DSF meetings allegedly have helped the government to improve its internal coordination. If DSF serves as a focal point in this regard, it would seem to be serving a useful function, regardless of the way in which DSF funds get spent.

There also are practical drawbacks to the fact that the chair of the management and steering committees rotates among the three ministries. It takes time to build a system for managing the DSF within each relevant ministry, and so the cycling from one ministry to another means that time is lost building up a management system that eventually will be set aside when leadership transitions. Nonetheless, representatives from all three ministries spoke of being happy with the new arrangement.

Some development partners claim that since the Memorandum of Understanding, the DSF has been less successful at playing a coordinating role among donors. Under the new DSF arrangement,
there are fewer information sharing meetings. In the earlier phases of the DSF, the institution held workshops on monitoring and evaluation plans, for instance. Now the DSF seems more likely to just ask for comments on projects. One government official, on the other hand, complained that there was still too much discussion at DSF – even after the 2007 reorganization – and that waiting for input from the DSF on law revisions might mean running out of time.

Donors still face the fundamental issue of being able to flag their work. Confirming the fears of development bureaucrats, for instance, BAPPENAS officials at one point relayed to DFID that the agency’s contributions in Indonesia had become less visible because of the agency’s operation through partner programs (DFID 2007: 18). When the host government is citing the difficulties of detecting a donor’s presence in-country, this certainly is cause for concern within that donor agency, although it might also be said to be precisely the indicator of success for aid harmonization.

Despite the Indonesian government’s positive assessment of the new DSF, the institution currently has a very short shadow of the future in front of it. Its current funding is set to expire in 2011. For DSF to be any sort of effective actor in the decentralization debate, a longer-term existence seems necessary, particularly insofar as decentralization will continue to play itself out in Indonesia over the next 10-20 years.

Civil Society’s Role in the Decentralization Debate

Amidst the talk of whether government coordination needs to precede donor coordination and whether or not development partners should be working to catalyze such government coordination, the role of Indonesian civil society has received little attention. To a certain extent, this is just because of lacking capacity within Indonesian civil society and, according to one commentator, because of the lack of government policy with regard to how the government should interact with civil society organizations. In part, it also may be because of mutual suspicion between the donor community and Indonesian civil society in the initial post-Suharto period. During that time, Indonesian civil society was strongly critical of the role that it saw foreign assistance as having played in supporting the Suharto regime and in encouraging or facilitating the corruption within the regime (Chowdhury and Sugema 2005).

In March 2000, the Partnership for Governance Reform, which was intended to facilitate broad-based dialogue on governance issues as Indonesia prepared for decentralization, came into existence with UNDP funding; over the first five years of its existence, a broad range of bilateral donors contributed to the trust fund overseen by the Partnership, notably DFID, the Dutch Embassy and the European Commission. The governing board included the Asian Development Bank, the World Bank and representatives from donor countries. DFID’s 2000 Country Strategy Profile described the partnership as a “multi-donor trust fund” designed to “participate in the decentralization debate” (quoted in DFID 2007: 9). Another review described the Partnership as “the vehicle to coordinate an integrated and coherent approach to international support for governance reform in Indonesia with national ownership” (U4 2006: 1). Through the trust fund, the Partnership oversaw the disbursement of tens of millions of dollars in grants to civil society organizations, universities and local government agencies. There were some complaints, however, that the Partnership was simply another intermediary institution, and that by virtue of its existence, less money flowed to the ultimate end users.
Insofar as the Partnership was supposed to be a coordinating body for development funding in the realm of decentralization, it saw its position become secondary to those of the JWGD and the DSF. One informant described movement from the Partnership to the DSF as flocking to the new game in town. Today the Partnership emphasizes implementing projects over funding other civil society organizations and has no clear leadership role in the field of decentralization.

When it comes to other forms of civil society participation in the decentralization debate, as described above, the CGI had opened its door in the post-Suharto era to civil society. The International NGO Forum on Indonesian Development (INFID) made use of CGI meetings to present an alternative perspective on development assistance in Indonesia. So far, the DSF has not similarly provided an institutional platform for the views of civil society. (In its earlier incarnation, DSF headquarters did provide useful resources – a library, computers, meeting space – for civil society organizations; this was even more true of the DSF-linked Support Office for Eastern Indonesia in Makassar, South Sulawesi.) Within the context of the A4DES Secretariat, on the other hand, civil society organizations have led several workshops on the Jakarta Commitment. In October 2009, INFID co-chaired a meeting with the Partnership for Governance Reform in which a number of CSOs reviewed the Jakarta Commitment and some donor-funded projects initiated under it.

Within the context of decentralization programming, different development partners have emphasized the strengthening of civil society. At the national level, USAID-DRSP supported interactions between two different NGO forums and the Ministry of Home Affairs; one relationship produced useful NGO input to government decision making, whereas another was less successful (Antlöv, Brinkerhoff and Rapp 2008). USAID-LGSP included grants to local civil society organizations for capacity building. The PEACH program has funded local universities to build their capacity for analyzing government budgeting and spending. AusAID’s local governance projects have included funding for civil society. Building up such local intermediaries ultimately should lead to project sustainability, although so far there have not been rigorous evaluation results on this topic.

Even if local NGOs are improved, however, there is still a question of finding the appropriate national-level civil society voices on decentralization. No NGO identifies itself as specifically interested in decentralization – as compared to forestry NGOs that will comment directly on a new forestry law, for instance. This means that there are many diverse NGOs interested in decentralization for particular reasons. It is difficult to effectively coordinate with civil society when there is no single, strong voice that can speak for civil society in the decentralization sector.

“Coordination is a Nice Word”: Concluding Thoughts

When asked about development partner harmonization in the context of decentralization, one government official leaned back in his chair and said, “Coordination is a nice word,” before going on to delineate the constraints faced by both the government and development partners when it comes to successfully coordinating efforts in the decentralization sector. On the one hand, both the government and development partners active in Indonesia, by signing the Jakarta Commitment and the series of international agreements from which it takes its inspiration, have committed to the goals of harmonization and alignment, and with the creation of the Aid for Development Effectiveness Secretariat within BAPPENAS, there is a clear institutional mechanism to support working toward these goals. On the other hand, given Indonesia’s middle-income country status and the limited role that
foreign assistance plays in the national budget, the extent to which the government will work to bring about donor harmonization in a sector where it so far has been notably difficult to achieve – decentralization – remains an open question.

This paper has reviewed the context of decentralization and development partner harmonization in Indonesia. It has looked at the role that development partners have played in the realm of decentralization and has paid particular attention to the bold harmonization initiative that was and is the Decentralization Support Facility. The paper concludes by highlighting six emergent themes.

First, both development partners and the government admit that the lack of a single government voice on decentralization has hindered aid harmonization. One study suggests that the failure of MoHA, MoF and BAPPENAS to speak with a single voice leads to “donor-driven aid projects” (Edi and Setianingtias 2007), while another says that “the key barrier to aid effectiveness was not national ownership, but rather a lack of coordination on the part of Gov. … [G]overnment ministries usually do not communicate with each other on policy and may compete for donor dollars” (Brewer et al. 2008/09: 44). Going forward, it is easy to envision this multiplicity of government voices and consequent development partner fragmentation remaining the status quo unless changes come from the highest levels of government.

Second, the fact that development partners have traditional alliances with particular government ministries and particular directorate generals within those ministries may prolong this fragmentation. The seeming lack of concern for the Ministry of Home Affairs-linked Joint Working Group on Decentralization at the time of the creation of the BAPPENAS-linked Decentralization Support Facility is representative. The initial DSF initiative to facilitate harmonization among development partners may very well have led to a circling of wagons within certain areas of the government and a desire to protect preexisting working relationships with certain development partners, a pattern inimical to harmonization. With the 2007 Memorandum of Understanding, BAPPENAS, the Ministry of Finance and the Ministry of Home Affairs all seem to have bought into the new DSF model. Although the informal discussions among these three ministries that occur in the context of DSF meetings do seem to be facilitating increased government coordination on decentralization, the extent to which this will translate into donor harmonization remains unclear. So far donors have not demonstrated an increased interest in contributing to the DSF trust fund, for instance.

Third, while informal coordination within the government has increased, the likelihood of the government creating an improved formal coordination mechanism is not clear. Development partners lament the lack of functioning of the Regional Autonomy Advisory Council (DPOD) and have provided significant amounts of technical assistance to it, but whether donors can succeed in raising the profile of the institution – by having it brought into the Vice President’s office, for instance – is not clear. And even if this high-level policy-making body receives increased prominence, will that translate into changes at the level of operations and implementation? The ultimate question is whether or not it is worth the government’s time to coordinate in this fashion. If elevating the DPOD serves only the goal of donor harmonization and not internal political goals of the Yudhoyono administration, then it is hard to believe that the government will suffer the political costs of upsetting the ministries involved in setting decentralization policy by raising the profile of a currently dormant coordinating institution. As one former DSF staffer says, the government “has many more important things to worry about than whether donors get along together” (Pollard 2009: 131-2). And in fact, given fragmentation across and within
central government ministries, there are parts of the government that in many ways do not have an interest in seeing donors coordinate better.

Fourth, the role of trust funds in Indonesia is still evolving. Where the trust funds are organized around a name-brand project (such as the PNPM anti-poverty program) or a name-brand event (such as the Multi-Donor Fund in response to the tsunami), the government has been ready to exercise strong leadership, and development partners have been willing to support the effort. BAPPENAS envisions increased use of such trust funds in the context of the Jakarta Commitment. However, the creation of the Decentralization Support Fund did not elicit a wave of donor support. It lacked a single dominant government partner, did not have a name-brand project associated with it and established itself in the context of a potential competitor institution (the Joint Working Group on Decentralization). Therefore, development partners did not fall in line behind it. Even after being reconstituted in 2007, the DSF has not become the go-to mechanism for donors operating in the field of decentralization.

Fifth, some basic harmonization objectives in the field of decentralization seem within reach when it comes to systematically reporting projects to the government and coordinating the use of information gained through local capacity building projects. The “group of likeminded donors” has been working toward harmonizing monitoring and evaluations systems to facilitate reporting to the government. This also could facilitate the compilation of best practices from local capacity building projects, which might then be used as a means to harmonize future projects in terms of content. This is an area where the local government associations and civil society could play a notable role, as well.

Finally, civil society so far has not played a major role in facilitating donor harmonization in the context of decentralization. There was some hope that the Partnership for Governance Reform would play such a role, but the mechanism through which this would be the case was never clear. Development partners have channeled significant amounts of support to local civil society organizations (and also universities) in the context of local capacity building programs, but this has been in the context of making these organizations more effective monitors of government at the local level. There has been little sense of civil society playing an active role at the national level in helping to set the priorities for foreign assistance in the decentralization field. Although many NGOs in Indonesia are concerned with decentralization, there are no specifically decentralization-oriented NGOs, which limits the ability of civil society to have a strong voice in this field.

Ultimately, much having to do with foreign assistance in Indonesia seems to be on track. There is general agreement between the government and development partners about macroeconomic policy. The government and development partners have a strong record of coordination on anti-poverty programs, as can be seen in the successful nationalization of the PNPM program and the use of the associated support facility for monitoring, evaluation and refinement of the program. With the creation of the Aid for Development Effectiveness Secretariat, increased use of trust funds and development partner acknowledgement of the Medium Term Development Plan, there is clear evidence that the Jakarta Commitment is having an impact. Decentralization – given its inherently political nature with multiple laws, multiple revisions to those laws and multiple ministries responsible for those revisions and for implementation – is perhaps one of the most difficult areas in which to catalyze donor harmonization: with issues cutting across multiple government ministries and bureaus within ministries, there are simply many alternatives for both government actors and donors looking to find a way to do what they want to do. Therefore, the gains that have been made in this area should be applauded, and
the challenges that remain should be assessed soberly and with an eye to understanding the incentive structures and underlying political-economy that creates them.
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