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MASTER THESIS

**INFRASTRUCTURE PLANNING IN THE DECENTRALIZED
GOVERNANCE SYSTEM**

Case study: The Development of High Speed Rail Jakarta-Bandung

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Preface

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List of Abbreviation and Acronyms

Bappeda	Local Development Planning Agency
Bappenas	Ministry of National Development Planning
BKPRN	Badan Koordinasi Penataan Ruang Nasional / <i>National Coordinating Body for Spatial Planning</i>
BUMN	<i>Badan Usaha Milik Negara</i> / State-owned enterprises
CDB	China Development Bank
DKI Jakarta	<i>Daerah Khusus Ibukota</i> Jakarta / Special Region of Capital City Jakarta
GBHN	<i>Garis-garis Besar Haluan Negara</i>
HSR	High Speed Rail
MPR	<i>Majelis Permusyawaratan Rakyat</i> / People's Consultative Assembly
NSP	National Strategic Project
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> / National Medium Term Development Plan
PT	<i>Perseroan Terbatas</i> / Limited enterprises
PTPN	<i>Perseroan Terbatas Perkebunan Nusantara</i> / National farming enterprises
PT KCIC	<i>Perseroan Terbatas Kereta Cepat</i> Indonesia-China
PT PSBI	<i>Perseroan Terbatas Pilar Sinergi</i> BUMN Indonesia

Chapter I

Introduction

1.1. Background

Decentralization has been a foremost paradigm in governance system in the recent decades. It has become a prominent trend in the developing countries that they transform centralized governance system into decentralized. This concept is believed as a result of the failure of central government in developing the local equally. Moreover, it is widely expected to bring more effectiveness and efficiency to the development at the local level.

Devolution, one of the types of decentralization and a form of administrative decentralization, has been applied to many functions of government (Rondinelli et al, 1983; Cheema & Rondinelli, 1983). It means that the responsibilities of national government are being transferred to the local governments as the one who are in charge to carry out the tasks. To name some functions that are delivered to the local governments are politic, economic, public service, and regional planning as well. The decentralized regional planning was intended to achieve better public service provision as the local government is the one who has the deep insight of local condition and profoundly understand what the needs of its inhabitant. Therefore, infrastructure as the human being basic needs will be carried out and implemented by the local government.

However, the decentralization is not merely about administrative aspect, but also fiscal and political (Parker, 1995; Tanzi, 1996). Fiscal decentralization means that the local government has to be fiscally independent or at least not fully dependent from central government. In the advance fiscal decentralization system, market is the most important player in the development arena which is hollowing out the role of the state, the so-called privatization (Bardhan, 2002). It is difficult to be achieved by the regions which lack of capacity. Furthermore, political decentralization means that the decision-making process will involve not only the government itself, but also a wide range of stakeholders (Zhou, 2009), namely the civil society and market/private sector. Therefore, the decision will consider multiple perspectives and interests which is highly complex. Both the fiscal and political decentralization imply that with regards to infrastructure planning, the local governments cannot rely on state budget to fund the project and make the decision by themselves.

In the centralized governance system, the development is conducted by the state/central government. Further, the development plan is simply realized as long as agreed by the leader. On the other hand, the development in the decentralized governance system is more complicated since the local governments have their own autonomy to develop the regions while the central government is only responsible to the national strategic issue. In this situation, the national agenda that should be implemented in the local level have to deal with the local willingness and ability issue because of externality/social dilemma and economies of scale. (Prud'homme, 1995; De Vries, 2000; Zuidema, 2011). Social dilemma often occurs when the central government wants to implement the national interest which does not align with the local governments' desire. They are unwilling to implement or address the national issue as they have their own development agenda. In addition, lack of resources and capacity also the contributing factor to the local ability.

Consequently, as the government is using a certain governance system, thus it definitely has impacts on the implementation of public service provision, especially since it is widely believed that the role of public infrastructure is an essential element of economic growth

(Aschauer, 1989a; 1989b). Furthermore, it cannot be neglected that the role of public infrastructure in the regional development is highly complex since it involves provision of public good, the generation of externalities, political decision making, and long term period (McCann & Shefer, 2004). Therefore, the effect of a certain governance system, especially decentralized, must have both positive and negative side. As a positive effect, the decentralized governance system brings the decision making closer to the beneficiaries. Thus, they might have a sense of belonging to support the implementation of the provision of a public service. On the other side, as a lot of stakeholders are being involved and such a consensus have to be built based on mutual agreement, thus it brings uncertainty to the project realization and make the circumstance become more complex. As a consequence, it takes longer time and much more effort to do so and hence put the project into delays.

Based on the issues explained above, therefore, it is important to have profound understanding on how the decentralized governance system affect the realization of infrastructure project. Moreover, in order to obtain the knowledge, Indonesia as one of the most decentralized countries is interesting to be taken as the case study of this research. In addition, as a developing country it also has many major infrastructure project that is being realized, one of them is the development of High Speed Rail Jakarta-Bandung.

1.2. Objective

Based on the research background described above, the main objective of this research is to evaluate the realization process of a big public infrastructure project in a decentralized governance system. By understanding how the decentralization affects the provision of public infrastructure, some policy recommendations are formulated on how to reduce the complexity of public infrastructure realization. Thus it might make the process of infrastructure project realization become more effective and efficient.

1.3. Research questions

In connection with background described above and to achieve the main objective of this thesis, the central question of this research is:

How does a decentralized governance system influence the realization of a major infrastructure project?

In order to answer this central question, some sub-questions are formulated based on the type of decentralization, which are administrative, fiscal, and political (Parker, 1995; Tanzi, 1996). They are as follows:

- 1. How does administrative decentralization affect the realization of a major infrastructure project?*
- 2. How does fiscal decentralization affect the realization of a major infrastructure project?*
- 3. How does political decentralization affect the realization of a major infrastructure project?*

These questions are answered based on literature review and empirical results which the research framework can be seen in in sub-chapter 1.5 and the research strategy in chapter 3.

1.4. Research Framework

This research is framed as follows:

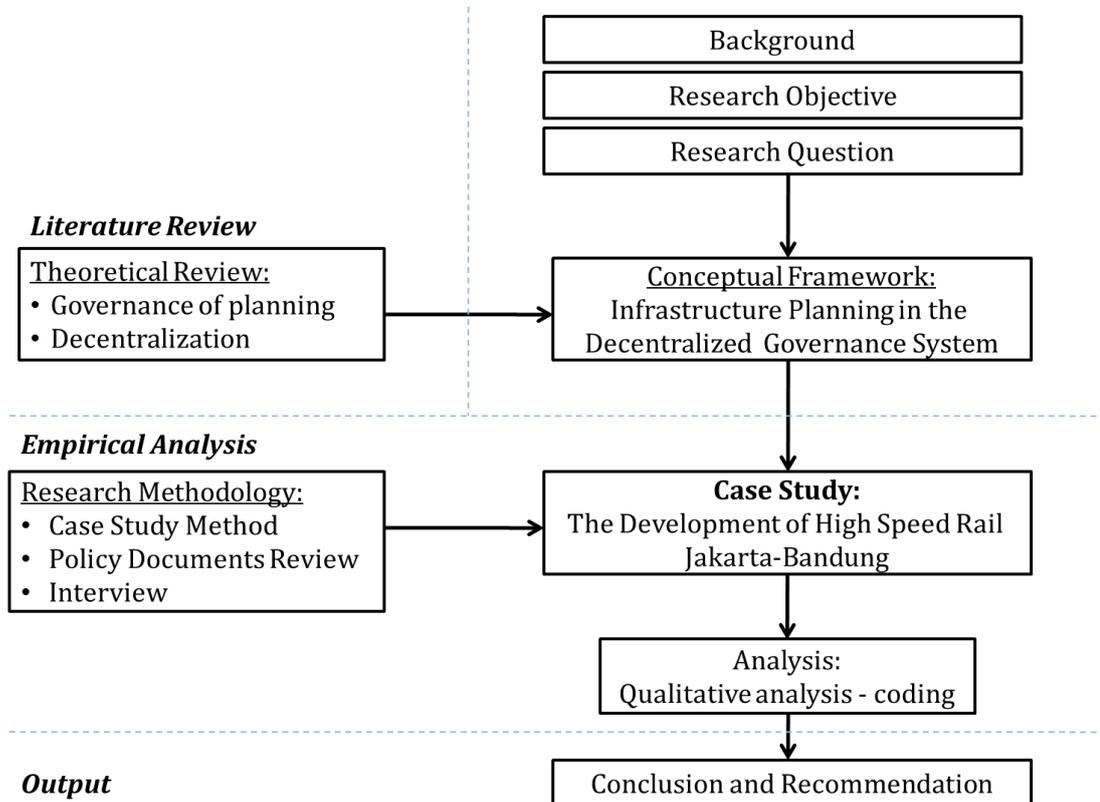


Figure 1.1. Research Framework

Chapter II

Theoretical Background

2.1. Governance and Planning Paradigm

Nowadays, the term of governance has been echoed in all management system, including in the planning field. Even though it is often being confused with the term government, governance is now widely known as the new style of governing the society (Rhodes, 1996). In the new paradigm of governance, it means that the role of state has become less due to the involvement of another stakeholder (Alexander, 2005; Rhodes, 1996) and the boundaries between the government and non-government actor have become unclear (Stoker, 1998).

Governance furthermore is defined in many ways, Rhodes (1996) himself distinct the use of governance into six which are: (1) as the minimal state; (2) as corporate governance; (3) as the new public management; (4) as good governance; (5) as a socio-cybernetic system; and (6) as self-organizing networks. The use of governance as the minimal state bolsters the definition by Alexander (2005) and Rhodes (1996) that the role of government in delivering public services has been minimized and replaced by privatization. Meanwhile, governance as a socio-cybernetic system claims that the central government is no longer a prime actor or a single sovereign authority in the development. Multiple actors have been invited to take part in the development and inevitably it brings more resources, wider point of view, various interest, and so forth. In consequence, the development should encounter the different, sometimes contradictory, opinions among stakeholders that could enable and constraint the actions.

Similar to the transformation in the governance, there is also a shift in the planning paradigm which is the approach from technical rationale to the communicative rationale (Almendinger, 2009; de Roo & Porter, 2007). In the past, planning practice and system was featured with a top-down process and object-oriented approach through an absolute control by the state. As the demand of a more democratic process in the whole governmental system, planning practice and system was expected to be more inclusive, through involving more stakeholder – non-government actors (inter-subject oriented approach), a bottom-up process, and a lesser degree of government's role. Communicative rational emphasize the inter-subject orientation which focus on interaction and actors. One communicative rational approach that has become popular is collaborative planning as Healey (2003) mentioned and further explained by Brand & Gaffikin (2007).

De Roo (2007) stated that the planning nowadays is more inter-subjective oriented which means broader interest parties involved in the planning process. Although it is perceived as a better way to develop a plan, it has to be keenly aware that these actors are not value free. They have their own interest, opinion, value, which therefore makes the planning is not value free either. Since the process is moreless about bargaining process, thus Forester (1982) has argued that planning is therefore a political process and the power relation is present in the process itself. In addition, Van Assche (2014) further defines power in planning as the relations between involved stakeholders in the planning system. As each stakeholder has their own perspective, therefore collaborative planning demands an interactive process among stakeholders and needs to be mediated through a consensus building as Innes (1996) proposed which means that plan is a product of a bargaining process that has achieved a mutually agreed decision.

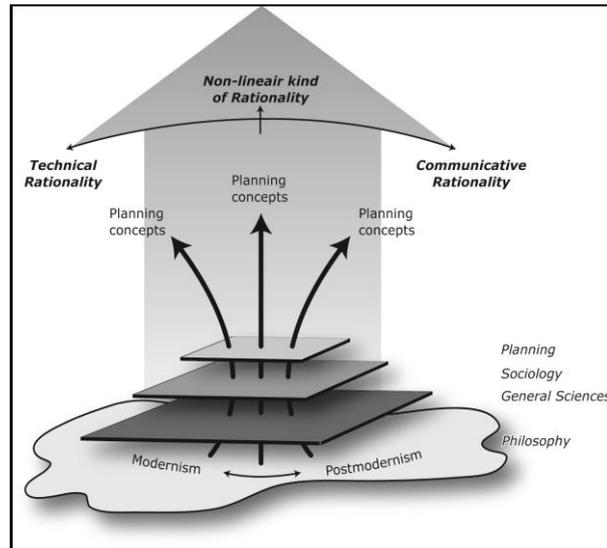


Figure 2.1. Transition on planning theory
(Source: de Roo, 2010)

Therefore, in the era of governance paradigm and collaborative planning approach, the fact that the state loses their power to control and the involvement of a wider range of stakeholders make planning process more complex and full of uncertainty. In consequence, the planning process, specifically infrastructure planning, requires more time, energy, and resources before it is being realized as a project. Furthermore, the process itself might not always enable the realization of an infrastructure project, but it also might be a constraint due to the resistance of the stakeholders.

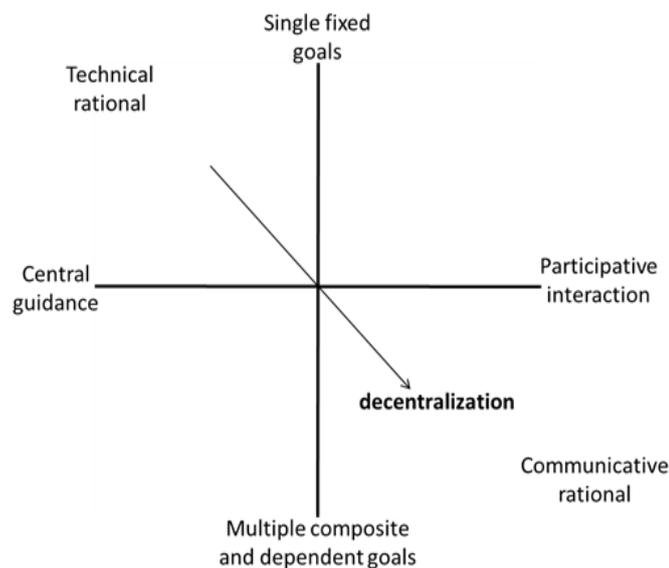


Figure 2.2. Decentralization in the framework for planning oriented action
(Source: De Roo 2004; Zuidema, 2011)

Facing this situation, Zuidema (2011) explain how the degree of complexity has to be considered in order to make decentralization works. He argued that the different degree of complexity needs to be treated in different way. In the limited complexity circumstances which

are associated with single fixed goals and the goals are certain, technical rational approach through central guidance is appropriate approach to be chosen. This is where centralization fits perfectly for decision making process. On the other hand, when there are more stakeholders which have their own goals being involved and more issues to face in the circumstances, thus the degree of complexity is increasing. In this circumstance, decentralization and communicative rationale is the most appropriate approach to be used. That is how complexity is applied to choose between centralized or decentralized approach as De Roo (2004) further explains the complexity on planning in a framework as can be seen in figure 2.2.

2.2. Decentralization

Rondinelli et al, (1983) distinguishes decentralization into four types, namely deconcentration, delegation, devolution, and privatization. First, deconcentration, means that the authority and responsibility of the central government are transferred to the governments at the lower level. Second, delegation means that the managerial responsibility of specific tasks is handed over to the organization outside regular structure of government that is controlled by central government. Third, devolution implies that some functions are divested to the sub-national level without control from central government which means that the local government has their own authority and independent. Finally, under the privatization, the responsibilities of central government will be transferred to the voluntary organization or private enterprises.

Decentralization furthermore is distinguished based on the subject being divested, namely administrative, fiscal, and political decentralization (Cheema & Rondinelli, 1983; Parker, 1995; Tanzi, 1996). Administrative decentralization is principally the transfer of responsibilities or authorities from central government to the lower level of government. The local governments are no longer under a tight control of central government, further Ichimura & Bahl (2009) called it as local autonomy. It means that they are allowed to carry out any development program they prefer. On the other side, they also have power to agree or reject to implement a certain development agenda.

Fiscal decentralization exerts the local governments to be independent from central government in terms of finance, including obtaining revenue, expenditure, and funding their own development (Ichimura & Bahl, 2009). The local governments are being stimulated to be innovative in managing their financial, as well as involving the market or private sectors (Miraftab in Beard, 2008). Privatization, liberalization, and deregulation (De Bruijne, 2006) are another form of fiscal decentralization. In the advance stage of decentralized governance system, the government might cooperate with the private sector with regards to funding the development, which is called Public-Private Partnership (PPP), or even more fully divest the tasks to the private sector.

When the tasks have been transferred and the funding is already available, the other crucial aspect in the decentralization is the actor which is explained in political decentralization. In the political decentralization aspect, it means a wider range of stakeholders in the decision making process. Furthermore, as the local governments have their own authority to develop the regional plan as a part of devolution, they are the one who has fully authority to decide on what they want to do with their regions. However, local government is not the only new stakeholders involved, but also market and society. Moreover, participatory planning or community-driven planning is considered as the best form of decentralization (Beard, et al, 2008), it implies how

essential the role of local community in a decentralized governance system. Lemos & Agrawal (2006) frames these decentralized governance system as a governance triangle as figure 2.3.

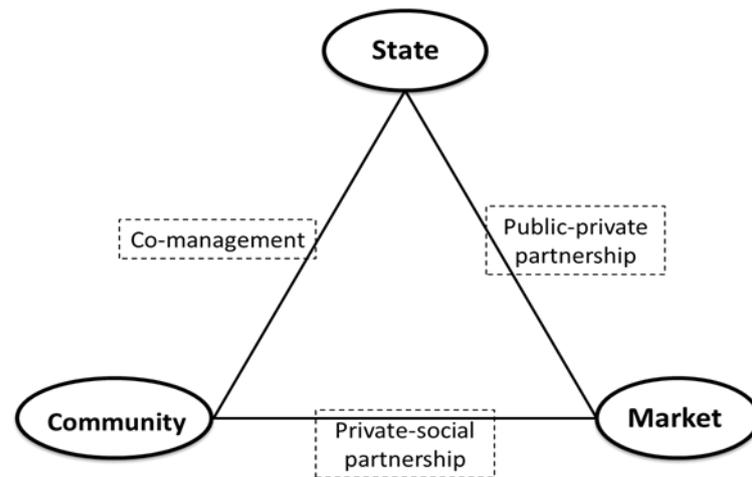


Figure 2.3. Stakeholders in the decentralized governance system (Lemos & Agrawal, 2006)

The frame shows the shift of government to governance and indicates the hollowing out the nation state (Rhodes, 1994). It implies that the role of central government is distributed to the non-government actor, namely market and community. Lemos & Agrawal (2006) further define it as the increased participation of business and civil society. It clearly shows that state is no longer the prime actor in the decentralized governance system as the responsibility, as well as power in decision making process, has been transferred to the other actors.

In summary, the situation of decentralized governance system is similar to the current ideal planning approach, collaborative planning, which expect a wider range of stakeholders to be involved in the decision making process. Furthermore, since the (central) government is no longer the only decision maker, thus they have become less powerful as the other stakeholders also have as much power as theirs.

2.3. Decentralized Public Service Delivery

Decentralization governance system is widely acknowledged that it has substantial benefits in the public policy field. Many scholars (Beard, et al, 2008; Cheema & Rondinelli, 2007; Bardhan, 2002; Oates, 1993; Rondinelli, 1983) point out its major advantages, such as the tailor-made policies, closer decision making process to the beneficiaries, public service delivery based on local governments/community's greater knowledge of the local circumstances. It also could bring a more accountable governance system which is one of good governance principles. Decentralization also encourages public participation in the decision making process. In addition, the span of control that has been shortened from central government's control to the local level might bring effectiveness and efficiency. Thus in the provision of public goods and services, it is widely believed that decentralization is the best means to address the local issue and provide the local needs. In other words, Fleurke & Hulst (2006) state that the flaw of centralization approach that impedes the local government in customizing the policy into specific local context can be addressed by decentralization.

Despite all of those mentioned advantages, the supposed benefits of decentralization are currently being disputed (De Vries, 2000; Fleurke & Hulst, 2006). It is questionable whether decentralization does produce a better development in terms of effectiveness, efficiency, and the knowledge of local officials. Prud'homme (1995, p.201) in support to those arguments also argues that "*decentralization measures are like some potent drugs, however: when prescribed for the relevant illness, at the appropriate moment and in the correct dose, they can have the desired salutary effect; but in the wrong circumstances, they can harm rather than heal*". Thus, decentralization is not a panacea that might be the best means to achieve a better public policy making process, as well as public service delivery. He further mentions some disadvantages of decentralization, such as wider disparity among regions, corruption, and inefficiency on providing local public service.

Since decentralization is viewed as a better way to achieve effectiveness within government system, thus the correlation between them needs to be proved. This is in line with Zhou's (2009) argument that the literature on the impact of decentralization on government effectiveness is strong in theory but weak in empirics. Nevertheless, some of empirical researches have been done to prove the correlation, to name some, Wunsch (1991) compares infrastructure investment between centralized and decentralized governance system; Drèze & Saran (1995) examines the education sector in China and India; Alderman (1998) evaluates a targeted social assistance program (*Ndihme Ekonomika*) in Albania; Coady (2001) reviews fiscal decentralization through *Progres* program in Mexico; Galasso and Ravallion (2001) study on decentralized food-for-education program in Bangladesh; Faguet (2001) reviews the public investment in education, water, and sanitation sector in Bolivia; Herath (2009) who tries to prove the correlation between decentralization and economic growth and development; Mustajab (2009) studies on infrastructure investment in decentralized Indonesia; and recently Holzhaecker, et al (2016) review decentralization in some policy areas also in Indonesia, such as transportation, education, health care, and environment.

On the other hand, Fleurke & Hulst (2006) further explain that the relation between decentralization and efficiency is not that simple and even risky. The first risk which deserves more attention as they explain is technical inefficiencies. It would occur when the government functions require substantial resources, such as expertise and financial. This is in line with the constraints of decentralization discussed by some scholars (Zuidema, 2011; Zhou, 2009; De Vries, 2000; Prud'homme, 1995) which they called *economies of scale*. It refers to the condition that the local governments have no sufficient resources in carrying a certain government functions. It might be the lack of funding, organizational capacity, or knowledgeable staff. Central government is considered more attractive for skillful people and investment. The second risks argued is *externalities* (see also Zuidema, 2011; Zhou, 2009; De Vries, 2000; Prud'homme, 1995) which refer to an action in an administrative boundary which its effect spill-over to other administrative boundary. Prud'homme (1995) further emphasizes that the less the spill-over is easier for decentralization.

Apart from the arguments in favor and against decentralization, it can be concluded that in order to make the decentralization works, the local governments as the main actors need to have a good capacity. It implies that if the local governments have no capacity to carry out a specific tasks and functions, thus it is not necessary to decentralized (Zuidema, 2011; De Vries, 2000; Prud'homme, 1995). However, in order to implement the decentralized tasks and functions delivered by central government who has a certain aim, the willingness and ability of local

governments are obligatory. Furthermore, De Vries (2000) and Zuidema (2011) mention that all those mentioned risks might affect the local willingness and ability.

Therefore, to overcome the local willingness and ability issue, central government intervention is necessary (Zuidema, 2011). Economies of scale might be solved through support from central government, for example, offer expertise and train the local officers. On the other hand, to cope with externalities issue which often lead to social dilemma, central government could provide reward and punishment mechanism. Local governments who perform good might be given an incentive and vice versa.

However, based on those mentioned scholars, it can be seen that the researches are limited on theoretical framework and the empirical study is only measuring the outcome of a decentralized program/project, not the process. Bardhan (2002, p. 200) even firmly states *'studies suggest generally positive effects of decentralization, but it is hard to draw conclusive lessons. Many of the studies are largely descriptive, not analytical, and often suggest correlation rather than causal process'*. Thus, this research wants to fill the gap on how decentralization influence the process of public service provision and a contribution to the empirical work on decentralization.

2.4. Conceptual Framework

Based on those theories on governance, planning paradigm, and decentralization, it is recognized that involving broader stakeholders is definitely a matter. Nowadays, stakeholder engagement is essential in any development sector as it bring transparency, accountability, and mutual responsibility. It also has been a trademark in decentralization terms and is expected to achieve the effectiveness and efficiency in any development program. Furthermore, the role of state is expected to become less than ever in many development sectors, infrastructure provision as well, from planning process, implementation, and monitoring/evaluation.

Provision of public infrastructure planning has become an issue on decentralized governance system as the provided system promises many advantages, as well as disadvantages. As a consequence of the paradigm shift on planning and governance, it inevitably has affected the realization of an infrastructure project. The process has become more complex as it involves broader stakeholders which has to make decision that is mutually agreed.

Taking decentralized governance system as an object, this research distinguishes decentralization into three types according to Parker (1995) and Tanzi (1996), which are administrative, fiscal, and political. First, administrative decentralization is measured by pointing out how an infrastructure project carried out. The role of each stakeholder is crucial in identifying the process of the project realization. Furthermore, understanding the process of planning and realization of the project also could tell how the decentralization affect it as the implementation might face a certain regulatory framework. Second, fiscal decentralization is measured by knowing about the funding. The source of funding and its mechanism is crucial as the project, especially major public infrastructure, will not be realized without money. Lastly, political administrative is measured by finding out how the process of decision making is and who the involved stakeholders are.

In terms of ideal situation of decentralization, it is assumed that the role of central government is limited and it has no longer the prime actor in the infrastructure planning as a form of administrative decentralization. Further, the planning should involve a broader range of stakeholders, from local government, local community, and private sector in the decision making

process which is a form of political decentralization. In fiscal decentralization term, the source of funding is not only by the local government, but privatization, liberalization, and deregulation are also considered as a form of decentralization (De Bruijne, 2006). Thus in this research, each aspect of decentralization is examined.

As the role of state is supposed to be limited in a decentralized governance system, thus it is expected that the realization of infrastructure project has become highly complex as it involves a lot of stakeholders who has their own interest, or in other words, they are not value free. All the process should be mutually agreed among stakeholders which is not an easy task and require long time to achieve.

Furthermore, in undertake a public infrastructure plan in a decentralized system, local willingness and ability might impede the process of realization. As some scholars point out that the problem is due to three factor which are weak profile, externalities or social dilemma, and economies of scale (Prud'homme, 1995; De Vries, 2000; Zhou, 2009; Zuidema, 2011). However, this research only expects externalities and economies of scale as the obstacles in infrastructure project. The factor of weak profile is not being considered in this research as public infrastructure has always been a major concern in the government and furthermore weak profile usually occurs when dealing with non-priority sector, such as environmental issue (see Zuidema, 2011).

The conceptual framework of this research can be seen as follows:

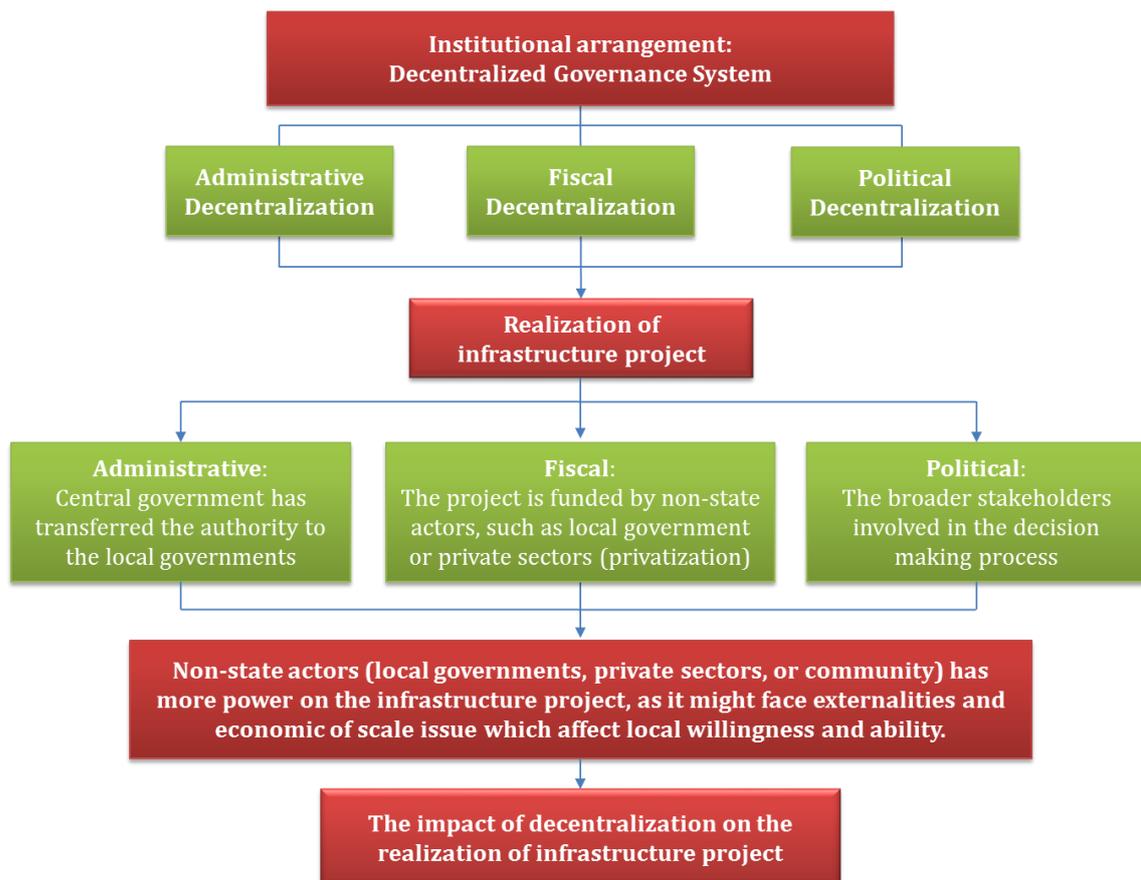


Figure 2.4. Conceptual Framework

Chapter III

Methodology

3.1. Research Methods

In conducting a social research, there are many ways to do it, such as experiment, case, study, survey. Each method has advantages and disadvantages depends on what the objectives of the research and its research questions. Since this research wants to understand how the decentralized governance system influences the realization of a major infrastructure project, thus it requires a certain circumstance in a real life context which is a region where the decentralization is applied in its governance system.

In order to answer the research questions and achieve the objectives of this research, the case study method is used as it is capable to obtain information about a phenomenon and therefore the researchers can effectively understand how the certain circumstance occurs (Berg, 2001). Furthermore, Yin (2009, p.2) argues that the case study method is a preferred strategy when: (1) the research aims to answer “how” or “why” questions; (2) the researchers have a little control over the event; and (3) the focus is on a contemporary phenomenon within some real-life context. Therefore, case study method is considered as an appropriate method in conducting this research on the infrastructure planning in a country with a decentralized governance system.

As this research wants to know how the decentralized governance system influences the infrastructure planning, therefore it has to be conducted in a country which uses decentralization approach. Furthermore, since the infrastructure is massively developed in a developing country thus it is beneficial to use a developing country as the case study to get the real experience. Therefore, Indonesia is interesting to be learned as it is widely known as one of the most decentralized countries which has many major infrastructure project in varied sectors, such as transportation, water safety, and so forth. Thus, Indonesia is a suitable country to conduct this research. Moreover, from several big infrastructure projects taking place in Indonesia, this research will take the development of High Speed Rail Jakarta-Bandung as a case study. It is considered as a major infrastructure project which involve many stakeholders. Further, it will connect the two of biggest cities in Indonesia, Jakarta-Bandung, and is expected to bring benefits to the national level.

Furthermore, since this research aims to explore how the decentralized governance system influences the realization of a big infrastructure project profoundly, then using a qualitative research is the most suitable approach. Hennink, et al (2011, p.8) define *qualitative research is an approach that allows the researcher to examine people experiences in detail, by using a specific set of research methods such as in-depth interviews, focus group discussions, observations, content analysis, visual methods, and life histories or biographies*. In addition, this research wants to identify the key stakeholders’ perspective in experiencing the planning process of an infrastructure project, as well as understanding the process of the planning itself.

3.2. Data Collection

After grasping the theory and the concept through literature review, another two methods were used in this research to answer the research questions, namely policy documents review and interview. It is realized that since this research is using a case study method, thus understanding the local context has become substantial. Therefore, it is crucial to review the

Indonesian policy documents with regards to the decentralization policy and infrastructure planning - particularly transportation and train, here policy documents analysis is employed. In order to grasping the Indonesian national development planning system, some regulations and planning documents are reviewed, they are as following:

- Law No. 25/2004 on National Development Planning System in Indonesia
- Law No. 23/2014 on Local Government
- Government Regulation No. 38/2007 on Functional Assignment
- Master Plan for Acceleration and Expansion of Indonesia Economic Development (MP3EI)
- National Railway Master Plan
- Document of National Strategic Project 2016
- Licensing guideline for railway operation

However, policy document analysis was only used to comprehensively understand the case context in this research, not to answer the research question.

Therefore, to answer the research questions, the second method employed is interview. Interview has been well-known as one of the backbone of qualitative research. In this research, interview is a mean to get an insight information by asking directly to the participants as Hennink, et al (2011) describe interview as a conversation with a purpose between interviewer and interviewee about a specific issue. Thus the preliminary answer of the research question that is generated through literature and policy document review in the first place can be confirmed and profoundly explained. To obtain a more profound understanding of the issue, a semi-structured interview was applied to the purposively selected respondents. Therefore, the personal perspective and experience of the respondents were obtained.

3.3. Instrument and Respondents

Since this research was using a semi-structured interview method, therefore to obtain the primary data it used interview guide as the research instrument. Thus, participants were crucial in a qualitative research as they were the key persons who have the information.

3.3.1. Interview guide

Using interview as a mean to answer the research question, therefore, an interview guide was used as the instrument to collect the data through interviewing the stakeholders. An interview guide is a list of questions used by the interviewer, that simply to guide the interview. Since this research wants to obtain a deep understanding of the planning and realization of infrastructure project, the interview guide (see appendix 1 for details) was developed in a semi-structured way that will not limit the range of questions for interviewer and the answer from the interviewees as Berg (2004) explains that it involves a number of predetermined questions and topics, but the interviewer is allowed to ask through and probe far beyond the answers to the initial questions. The basic set of predetermined questions and topics can be found in Appendix 1.

Therefore, as explained by Berg (2004), the questions asked were pre-formulated depend on the stakeholder themselves and their institution that related to the specific knowledge that is relevant for them. In the beginning of interview, the researcher introduced herself and asked the participants to mention their name and positions in the institutions. The interview has been

undertaken in person (3 interviewees) and via phone call (7 interviewees) and it was conducted in Bahasa Indonesia as all of the participants are Indonesian and not all of them speak English. Further, the researcher is also Indonesian, thus interviewing in Bahasa would make the interview much comfortable. As it was a semi-structured interview, the researcher asked some additional questions during the interview when she felt that certain information was important and skipped some certain questions when she thought that were already covered by the respondents. Finally, every interview was recorded and transcribed, the transcripts can be seen in appendix 2.

Those questions consisted of three kinds of questions which is intended to explore each type of decentralization, namely administrative, fiscal, and political. Administrative decentralization is indicated by how the process of the project realization is, the challenges faced by in the process; fiscal decentralization is shown by who funds the project, be it central government, local government, private sector, or local community; and political decentralization is pointed out by knowing who initiated the project, who involved stakeholders are, what is the role of each stakeholder, and who has the power in the decision making. These can be seen in the conceptual model (figure 2.4).

3.3.2. Respondents

The respondents interviewed were purposively selected as they are the key stakeholders of the High Speed Rail development consist of the central government, private sector, and the local governments who are traversed by the railway. The central government includes the Ministry of National Development Planning/Bappenas and Ministry of Transportation. On the other hand, the private sectors who have important role in this project, namely, PT Kereta Cepat Indonesia China (KCIC) as the executor of the project implementation and PT Pilar Sinergi BUMN Indonesia (PSBI) which is a consortium of state-owned enterprises. Moreover, the regions which are traversed by the High Speed Railway consist of nine districts/municipalities, they are Bekasi, Karawang, Bandung Barat, Purwakarta, Bandung Districts, City of Bandung, East Jakarta, Cimahi, and Bekasi Municipalities.

At the starting point, researcher interviewed the main stakeholders at central government level, the Ministry of National Development Planning/Bappenas since all the development plan comes from them. As the case study is about High Speed Rail development, thus the relevant stakeholder in Bappenas is Directorate of Transportation. The second main actor at the national level is Ministry of Transportation. It is realized that their role in this project is crucial because all the permits have to be issued by them. However, since this project is considered as a very sensitive issue that might have political intervention for the Ministry of Transportation, thus they were quite reluctant to be interviewed. Some efforts had been tried to reach them, but as a prospective interviewee told the researcher that their Minister (he has been replaced since July 2016) asked all the staff of the ministry to be careful about this issue and it is not allowed to speak about High Speed Rail except the minister himself. They even asked the researcher to send them the list of questions in details and just answered it via a word file and the answers were very normative that the researcher could get via documents or website. Thus unluckily, the researcher do not get profound information from them via interview.

After interviewing the government at central level, the researcher interviewed the second prime actor in this project who is private sectors as the executor of the High Speed Rail project. Private sector stakeholders identified in this project are PT *Kereta Cepat* Indonesia-China (KCIC) and PT Pilar Sinergi BUMN Indonesia (PSBI). These two companies are actually under

coordination of one big state-owned enterprises which is PT Wijaya Karya. It is the leader of consortium members and each of mentioned companies is actually working under one office. It is the reason why the interviewees from those two companies are the staff of PT Wijaya Karya.

Some issues had been identified by interviewing stakeholders at the central government and private sector level, which were spatial plan document. Thus, the researcher thought that interviewing stakeholder who in charge on this issue is important. Hence, the Directorate of Land and Spatial Plan of Ministry of National Development Planning was interviewed to get confirmation and knowledge about the mentioned issue. At first, the researcher spoke to the head of sub-directorate of Spatial Planning, but as the researcher said that she represented the institution and the interview would be quoted, she frankly said that there is some information she could not tell about. Thus, the researcher tried to interviewed her staff to get deeper information.

Table 1. Selection of Respondents on Sub-National Level

Districts/Municipalities	Station	Spatial plan documents
Bekasi district		Local Regulation No. 12/2011
Karawang district	Station Karawang	Local Regulation No. 2/2013
Bandung Barat district	Station Walini	Local Regulation No. 2/2012
Purwakarta district		Local Regulation No. 11/2012
Bandung district	Station Tegalluar	Local Regulation No. 3/2008
City of Bandung		Local Regulation No. 18/2011
East Jakarta municipality (which is represented by DKI Jakarta)	Station Halim	Local Regulation No. 1/2012
Cimahi municipality		Local Regulation No. 4/2013
Bekasi municipality		Local Regulation No. 13/2011

Finally, as this thesis is picking up the decentralization, thus listening the local governments' point of view has become substantial as a mean to confirm the information obtained from the central government level and private sector. However, with respect to the timeline, the local governments who would be interviewed had to be selected. The selection of local governments were chosen from the nine traversed regions which then categorized by three steps. Firstly, the region which is a big city. As a big city, building a major infrastructure might have face more challenges than a small city due to the limited land and high number of population thus it might face tough issue. Secondly, the region that is planned to build a station. It is assumed that building a station requires many more prerequisite (massive land acquisition, build permit, social impact analysis, etc) and consequently create a more complicated process of the project realization. The researcher realized that listening arguments from the local governments who will not have a station is also interesting, thus it does not really matter since the other criterion would cover it. Lastly, the region recruited is the one that has just legitimated their spatial plan document within last 1-3 years. It means that the project realization will also be more complicated if they do not have the High Speed Rail in the document since according to the spatial planning law, they are only allowed to revise it after 5 years implementation.

Based on the exercise on the table 1, the blue color indicates that the regions match the categories. First column shows the first indicator which is a big city, namely Bandung City and DKI Jakarta. Second column points out the four regions which are planned to have a station, they are Karawang District, Bandung Barat District, DKI Jakarta, and Bandung District. Lastly, as the third indicator, according to the Local Regulation on Spatial Plan document, there are 2 regions which has just enacted their spatial plan within 3 years ago, namely Karawang District and Cimahi

Municipality. Therefore, based on those three indicators shown on the table, six out of nine districts and municipalities are chosen to be the respondents on the local level for this research, they are DKI Jakarta, City of Bandung, Karawang District, Bandung Barat District, Bandung District, and Cimahi Municipality. In this research, local governments were represented by the local development planning agency/Bappeda as they are the institutions who are responsible to the development plan in the local level.

The details list of respondents and the relevant topic that was discussed can be seen as follows:

Table 2. List of Respondents and Topics

Institutions	Respondents	Topics
Central Governments		
1. Directorate of Transportation, Ministry of National Development Planning/ Bappenas	Director	The planning process of High Speed Rail Project
2. Directorate of Spatial Planning and Land, Ministry of National Development Planning/ Bappenas	Head of Sub-directorate of Spatial Planning	The realization of High Speed Rail Project with regards to the spatial planning permit
Private Sectors		
1. PT <i>Pilar Sinergi BUMN</i> Indonesia (PSBI)	System and Business Developer of PT Wijaya Karya	The realization of High Speed Rail Project
2. PT <i>Kereta Cepat</i> Indonesia-China (KCIC)	Corporate Secretary of PT Wijaya Karya	
Local Governments		
1. Province of DKI Jakarta	Functional Staff of Sub-division on Transportation Development Sector, Bappeda	The role of local governments in the planning and realization of High Speed Rail development.
2. Bandung City	Functional Staff of Infrastructure sub-division, Bappeda	
3. Bandung District	Head of Sub-division of Transportation Infrastructure, Bappeda	
4. Karawang District	Head of Bappeda	
5. Bandung Barat District	Head of Sub-division on Spatial Planning&Environment, Bappeda	
6. Cimahi Municipalities	Head of Sub-division of Spatial Planning&Environment, Bappeda	

3.4. Ethical Considerations

In conducting this research and taking a big infrastructure project of Indonesia, the researcher realizes that it might have some ethical consideration. This project recently has been a national hot issue in Indonesia hence it becomes a very sensitive issue for some stakeholders in the whole level of government and private sectors as well. Some stakeholders even admit that this project somewhat involves a political interest. Thus, some stakeholders were a little bit reluctant to openly answer the questions of interview and even reluctant to be interviewed.

To illustrate the condition, it can be seen from some national news which reported that Ignasius Jonan, Former Minister of Transportation, is partly disagree with the project as it is not built as the first plan. The project is building the High Speed Rail for only Jakarta-Bandung route, instead of Jakarta-Surabaya. It was shown exactly that in the late of conducting this research (July 2016), the President Jokowi reshuffled his cabinet and Ignasius Jonan (the former Minister of Transportation) has been replaced.

3.5. Data Analysis

The data generated through policy document review and interview are analyzed thus it can help to answer the research question. The policy document review helps to grasp the local context of the case study on planning system and practice. The result of policy document review will be explained in the chapter 4 as a description of Indonesian (case) context. On the other hand, semi-structured interview gives more empirical results on what is occurring in the selected case study which were recorded and transcribed.

Afterwards, the transcripts are exercised through systematical coding to obtain the central answer for each questions. The code is developed using deductive strategy which means that the code originates from the researcher that were derived from concept in the research literature (Hennink, 2011). Thus, to ensure the transparency and objectivity of the result generated from collected data, this approach is examined manually by categorizing using several different colors for each topic, namely **administrative**, **fiscal**, **political**. By using those codes, all the answers from respondents are categorized. The answers related to administrative were highlighted with blue color, fiscal with yellow, and political with red. After finishing the coding, the result of empirical research is explained in the chapter 5 by quote-ing the answers from the respondents (indicated by the institutions) and further be analyzed according the conceptual framework. Finally, the conclusion of the research is drawn in the chapter 6.

Chapter IV

Development Planning System in the Decentralized Governance System of Indonesia

Planning system in a country is a backbone of the development of the country itself. The laws and rules will guide the spatial configuration and it is realized through planning practice. One of the main aspects of the planning system is the formal institutions, namely the law that regulate the planning process. Therefore, it is essential to understand the regulation on planning system in Indonesia as a case study.

4.1. Transformation in governance system of Indonesia

Indonesia has been experienced a major shift in the governance system. It was a very centralized country with an authoritarian regime of President Soeharto who ruled Indonesia from 1966 to 1998 (32 years). Despite the steady economic growth and political stability, due to the failure to address the economic and monetary crisis in 1998, apparently the so-called New Orde regime came to an end. The authoritarian government collapsed as the citizens demanded the government to be more accountable and democracy.

Therefore, the authoritarian government faced the major shift from a centralized to decentralized governance system, the so-called “Big Bang Decentralization” (Hill, 2014). It is marked by the first Local Government Law No. 22/1999 (which is already replaced twice into Law No. 32/2004 and Law No. 23/2014). The local governments now have their own authority, called *local autonomy*, to manage the region because almost all the government functions have been delivered to the local level. It means that the central government has no authority to intervene the local governments’ business.

The remarkable shift is called a Bing Bang Decentralization due to the vast number of government functions that are delivered to the local governments. The kinds of decentralization that is being implemented in Indonesia are administrative, political, and fiscal (Holzhacker et al, 2016; Mishra, 2002). Administrative decentralization means shorten the span of control from central government. It includes the implementation of devolution and de-concentration which the local governments enable to manage the administrative functions of government. Political decentralization means that the local governments are authorized to implement local democracy which they are allowed to elect their own leader/executive and legislative. Furthermore, as central government is not allowed to intervene, thus the decision making depends on the local governments themselves with the principle of democracy which is more participatory through involving a wider range of stakeholders, including the community and private sector. Lastly, the fiscal decentralization is expecting that the local governments to be self-sufficient, less dependent on central budget. Furthermore, they are expecting to be innovative with regards to increase their revenue. Indonesian fiscal decentralization is stipulated on the Law No. 33/2004 which set the division of central and local governments’ budget.

Decentralization is actually not a brand new approach in the government system in Indonesia. Decentralization has had been used since the beginning as a principle in organizing the locals, but it was only limited to de-concentration and co-administration (Silver, 2003). It means that the local governments only responsible for the tasks that was delivered to them with the control from central government.

4.2. National development planning system in Indonesia

In the centralized era, the national development plan was legitimated by the *Majelis Permusyawaratan Rakyat*/MPR (People's Consultative Assembly) which was the highest institution in Indonesia. The plan which was called *Garis-garis Besar Haluan Negara* (GBHN) was used as the guidance of the development in the whole level of governments, from central to the local, for only five years. Meanwhile, in the decentralization and local autonomy era, the national development planning system in Indonesia is regulated in Law No. 25/2004 which stated that the development plans are distinguished to short term (annually), medium term (5 years plan), and long term (20 years). Moreover, it also differs the plan into national and local development plan.

The law also mentions that Indonesian planning uses five approaches, namely politic, technocratic, participatory, top-down, and bottom-up. Political approach looks the election of President or head of local (governor, mayor, regent) as a process of planning itself since the people choose them based on the development programs that are offered by the candidates. Therefore, it means that the national development plan needs to explain the vision and mission of the elected President that hence have to be realized. Second, technocratic approach in planning process means that the plan is developed through a scientific method and framework. Third, participatory approach requires the relevant stakeholders have to be involved in the planning process. Therefore, they will have a sense of belonging to the development plan and eventually support the realization. Meanwhile, top-down and bottom-up approaches are carrying out based on the level of government. It means that the both central and local government will develop a plan and the plans will be aligned through discussion in all level of government, national, provincial, district/municipality, sub-district, and village. Additionally, in the new law also states the actors of the development which are the government (central, provincial, district/municipality), market, and community.

4.3. Indonesian Spatial Planning

The major shift of Indonesian governance system inevitably affects the spatial planning. In the New Orde regime, spatial planning was regulated in the Law No. 24/1992 which reflected the authoritarian rule of the President Soeharto. However, since it was no longer relevant with the decentralization and local autonomy principle thus it was replaced by the new Spatial Planning Law No. 26/2007 with a more democratic principle (Rukmana, 2015). The scope of both laws consist of three policy areas, which are plan-making process (*perencanaan tata ruang*), plan implementation (*pemanfaatan ruang*), and development control (*pengendalian pemanfaatan ruang*). The flow of spatial planning in Indonesia can be seen as below:

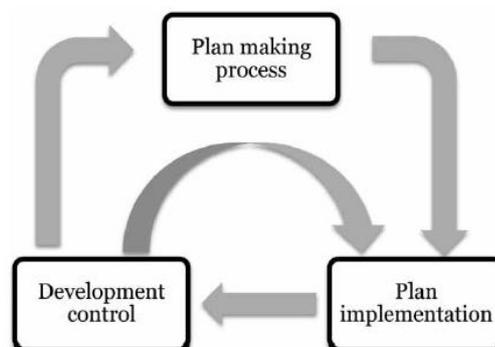


Figure 4.1. The flow of Indonesian Spatial Planning (Source: Rukmana, 2015)

The notable change in the amendment is the new law explicitly the authority of provincial and district/municipality governments. They are given a wider authority in spatial planning as they can determine new elements in their spatial plan which might not be included in the national spatial plans. For example, when a district decides to build new settlement area in its region, then they are allowed to put it in its spatial plan even if it is not mentioned in the provincial or national spatial plan. The division of authority on spatial planning between central, provincial, and district/municipality can be seen in detail as follows:

Table 3. Division of Authority on Spatial Planning
(Source: Government of Indonesia, 2014)

Central Government	Provincial Government	District/Municipality
a. Setting, coaching, and supervision on the implementation of national, provincial, and district/municipality spatial planning, as well as the implementation of the spatial plan on national, provincial, and district/municipality's strategic regions;	a. Setting, coaching, and supervision on the implementation of spatial planning national, provincial, and district / city, as well as the implementation of the spatial plan on provincial, and district/municipality's strategic regions;	a. Setting, coaching, and supervision on the implementation of district/municipality spatial planning, as well as the implementation of the spatial plan on district/municipality's strategic regions;
b. Implementation of national spatial planning;	b. Implementation of provincial spatial planning;	b. Implementation of district/municipality spatial planning;
c. Implementation of spatial planning on national strategic regions; and	c. Implementation of spatial planning on provincial strategic regions; and	c. Implementation of spatial planning on district/municipality strategic regions; and
d. Spatial planning cooperation between countries and facilitating the cooperation of spatial planning inter-provinces.	d. Spatial planning cooperation between countries and facilitating the cooperation of spatial planning inter-districts/municipalities.	d. Spatial planning cooperation between countries and facilitating the cooperation of spatial planning inter-districts/municipalities.

The other difference between the previous and the new spatial planning law is the period of the plans. Both laws mandates different level of spatial plans (national, provincial, district/municipality), but in the previous laws distinguished the plans into three categories, namely national, provincial, and district/municipality spatial plan with the period are 25, 15, and 10 years respectively. However, centralized planning laws drove the use of universalized approaches and standards in many planning requirements, which consequently the diversity of regions was not well-accommodated (Hudalah & Woltjer, 2007). On the other hand, the planning periods in the new law consist of three levels, namely national, provincial, and district/municipality, and each of them only has long-term plan which is 20 year period which can be evaluated within five years. The new spatial planning hierarchy can be seen as below:

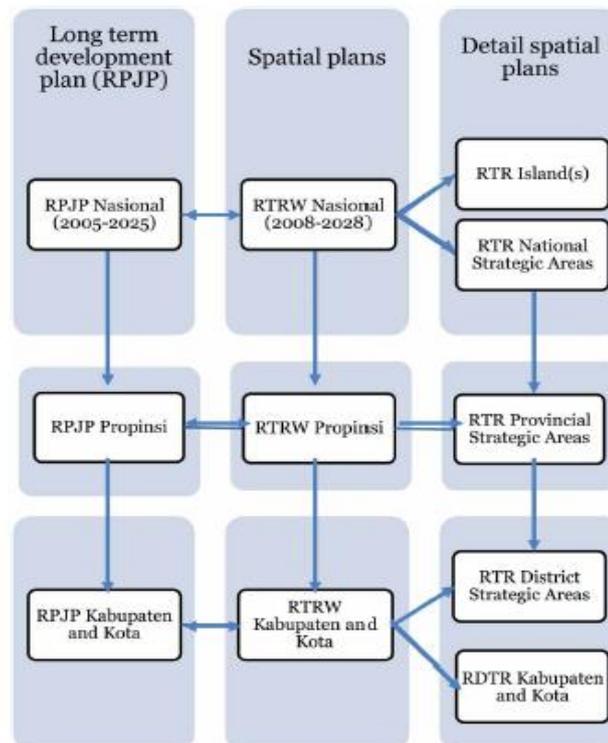


Figure 4.2. The hierarchy of spatial plans and long-term development plans
(Source: Rukmana, 2015)

Another important provision in the new law is the citizen involvement. As the fall of New Orde regime, a more participatory approach is being utilized in the new law. Public participation in spatial planning is considered as an important point. Compared to the previous law, it means that decentralization has improved the public involvement from the level of merely *informing* to the level of *public consultation* (Hudalah & Woltjer, 2007).

One of the flaws of the previous spatial planning law is that it had no sanction provisions for spatial violations. It made the spatial plan was ineffective to control land use as there is no sanctions for the local governments who issued and gave land use permit which did not align to the plan (Rukmana, 2015). Therefore, sanctions have become one of main improvements in the new spatial planning law. The sanctions for spatial plan violations include administrative sanctions and criminal sanctions. The administrative sanctions include written warning, temporary activity termination, temporary service termination, location closure, permit revocation, cancellation, building removal, land use reconversion, and administrative charge. On the other hand, the criminal sanctions seem heavier as it means that the sanctions have to be carried out by the head of region as an individual, which include imprisonments up to 15 years and penalties up to Rp. 5,000,000,000.00 (approximately US\$500,000).

4.4. Tasks division of infrastructure between central and local government

As the principle of decentralization and local autonomy, the local governments responsible to carry out their functions that have been transferred by the central government, except six functions that is fully central authority, namely, defense, safety, judicial, foreign policy, security, national monetary and fiscal, and religion, as stated in the Law No. 32/2004 on Local

Government which is amended to the Law No. 23/2014. Other than those six functions, all the tasks are divided between province and district/municipality which can be seen in detail on table 4.

Table 4. Tasks Division between Province and District/Municipality

Province	District/Municipality
<p><u>Obligatory tasks:</u></p> <ol style="list-style-type: none"> 1) Development planning and control; 2) Spatial planning, utilization and control; 3) Public safety and tranquility; 4) Providing public infrastructure; 5) Public health; 6) Education and human capital; 7) Social issue (cross-districts/municipalities); 8) Manpower (cross-districts/municipalities); 9) Facilitate the cooperation, small and middle enterprises (cross-districts/municipalities); 10) Environmental management; 11) Land administration (cross-districts/municipalities); 12) Civil registration; 13) Government public administration; 14) Administration of capital investment (cross-districts/municipalities); 15) Providing other basic services which could not be provided by the districts/municipalities; and 16) Other obligatory functions which are mandated by the law. <p><u>Complementary task:</u> The complementary task is including the other sectors that potentially improve people welfare based on the local condition, characteristic, and the feature product of the province itself.</p>	<p><u>Obligatory tasks:</u></p> <ol style="list-style-type: none"> 1) Development planning and control; 2) Spatial planning, utilization and control; 3) Public safety and tranquility; 4) Providing public infrastructure; 5) Public health; 6) Education; 7) Social issue; 8) Manpower; 9) Facilitate the cooperation, small and middle enterprises; 10) Environmental management; 11) Land administration; 12) Civil registration; 13) Government public administration; 14) Administration of capital investment; 15) Providing other basic services; dan 16) Other obligatory functions which are mandated by the law. <p><u>Complementary task:</u> The complementary task is including the other sectors that potentially improve people welfare based on the local condition, characteristic, and the feature product of the district/municipality itself.</p>

However, even though it is stated that the central government only has their authority in those six functions, apparently they are not powerless. Central government is still taking part in other functions, principally to provide guidance to local governments. The tasks division in detail is set on Government Regulation (GR) No. 38/2007 on Functional Assignment between Central and Local Government. The tasks division of infrastructure between central and local government can be seen as follow:

Table 5. Tasks Division on Railways between Central and Local Governments

Central Government	Provincial Government	District/Municipality Government
a. Determination of the national railway master plan.	a. Determination of the provincial railway master plan.	a. Determination of the district/municipality railway master plan.

<ul style="list-style-type: none"> b. The issuance of business licenses, construction permits and operating licenses of railway infrastructure network which the tracks exceeds provincial boundaries. c. Determination of railway networks only if the network exceeds more than 1 provincial territory. d. Testing of railway infrastructure. e. Determination of the class of stations which are located on the national railway network. f. The issuance of business licenses and operation permits only if the track exceeds provincial boundaries. g. Testing of railway mode. h. Determination network of railway services on the national railway network. i. Determination of tariff guidelines on people and freight transport. j. Accreditation of legal entities or testing agencies railway infrastructure and facilities. k. Certification of the workmen who maintain the railway infrastructure and facilities. l. Issuance of procurement or special railway development, operation permit, and establishment of special railway line whose network exceeds 1 (one) province and state borders. 	<ul style="list-style-type: none"> b. The issuance of business licenses, construction permits and operating licenses of railway infrastructure network which the track exceeds district/municipality boundaries. c. Determination of railway networks only if the network exceeds more than 1 district/ municipality territory within a province. d. Determination of the class of stations which are located on the provincial railway network. e. The issuance of operation permits only if the track exceeds districts/ municipalities boundaries within a province. f. Determination network of railway services on the provincial railway network. g. Issuance of procurement or special railway development, operation permit, and establishment of special railway line whose network exceeds more than 1 district/municipality territory within a province. 	<ul style="list-style-type: none"> b. The issuance of business licenses, construction permits and operating licenses of railway infrastructure network which is within only 1 (one) district/ municipality. c. Determination of railway networks within only 1 (one) district/ municipality. d. Determination of the class of stations which are located on the district/municipality railway network. e. The issuance of operation permits within only 1 (one) district/ municipality. h. Determination network of railway services on the district/ municipality railway network. f. Issuance of procurement or special railway development, operation permit, and establishment of special railway line within only 1 (one) district/ municipality.
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The table shows that in the development of a railway infrastructure, the central government is the one who has the most responsibility because the railway is usually connecting some provinces which is long distance, in this case, externality factor is occurring.

Chapter V

The Development of High Speed Rail in Decentralized Indonesia

5.1. Background

Indonesia is currently one of the highest economic growth countries within Asian. Its economy has been steadily growing for the last decades. For five years, 2007-2012 (exclude 2009 due to the global economic crisis), the economic growth achieved the average 6.14%. However, the growth has been decreasing for the last 4 years and the current growth is only approximately 4,8%. Therefore, increasing the national economic growth has been one of main targets of the government of Indonesia under the new elected President, Joko Widodo. The government has set the target of national economic growth which is 8% in 2019.

Maintaining or even increasing a high economic growth is not an easy task for a country, particularly for an archipelagic country like Indonesia, where the economic growth between the main islands is unequal. Java as the most developed main island has achieved the highest economic growth for years compared to other main islands. As it is the most populated island, Java has been the focus of Indonesian development which was considered as unequal development by the centralized governance system (Suwondo, 2002), that is almost all major development project are located in this island.

As a developing country, infrastructure must be an essential factor in the development agenda. Transportation infrastructure further is the prime factor in stimulating economic activities as it enables the movement of people and goods. Therefore, transportation infrastructure planning in Indonesia remains crucial in order to maintain the development which is measured by economic growth. The transportation infrastructure in Java Island which has population more than 100 million is considered insufficient to fulfill the huge demand. Since the other public transportation mode is not well-developed yet, people rely on car transportation as it is being considered as the most effective means in terms of required time (Ministry of Economy, Trade, and Industry, 2012). Consequently, traffic congestion has been a serious problem in many big cities in the Java Islands, hence the necessity of inter-city connection by railway has been identified as the solution to resolve it.

Therefore, in order to achieve mandated national economic growth in 2019, the development in Java Island must be encouraged massively. It is estimated that making double investment in the infrastructure sector will make the target achievable (Bappenas, 2016). One of important means to achieve it is the development of High Speed Rail within Java Island. Furthermore, it is expected that the High Speed Rail development might bring benefits to the regions which the stations will be located through agglomeration.

The development of High Speed Rail in Indonesia has actually been planned since 2008. Initially, it was planned to be developed for Jakarta-Surabaya route (approximately 700 km) and estimated will cost about IDR 280 trillion. However, due to the limited funding reason it is now being developed for only Jakarta-Bandung with the length 144,6 km as the first phase with the expectation to be extended to Surabaya. The High Speed Rail development has just started in the beginning of 2016 through a formal event, a ground-breaking by the President Joko Widodo in Cikalong Wetan, Bandung District.



Figure 5.1. The initial High Speed Rail route Jakarta-Surabaya
(Source: Bappenas, 2016)

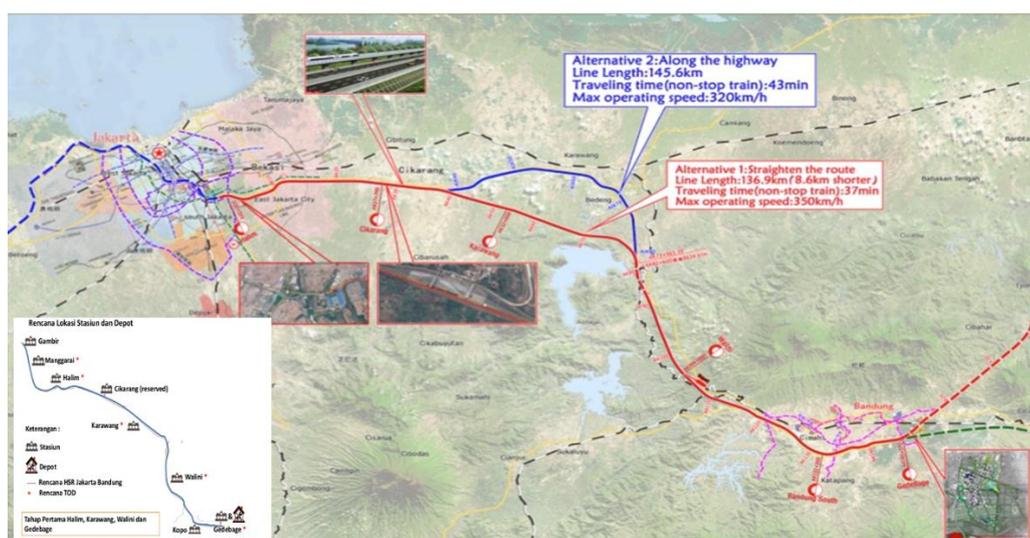


Figure 5.2. The current High Speed Rail route Jakarta-Bandung
(Source: Bappenas, 2016)

5.2. The key stakeholders of High Speed Rail Development

As the High Speed Rail development is one of the major infrastructure projects in Indonesia, it clearly involves a wide range of stakeholders, including the government, private sectors, and community. However, the key stakeholders who are responsible and fully in charge in the development of High Speed Rail are as follows:

1. Ministry of National Development Planning/Bappenas

Ministry of National Development Planning is responsible to develop all the Indonesian development plans. The ministry handles the plan for all development sectors, transportation as well, it is coordinated by the Directorate of Transportation.

2. Ministry of Transportation

Ministry of Transportation is an important stakeholder in the HSR development as they are the one who has the authority to issue permits and licenses, including business licenses, construction permits, and operating licenses of railway infrastructure network. All those permits and licenses are handled by the Directorate General of Railway. In detail, their responsibilities are as follows:

- Establish a consortium of state-owned enterprises or joint ventures as a business entity organizer of infrastructure and facilities for fast trains;
- Setting a trace route Jakarta-Walini-Bandung;
- Signed agreements on the implementation of the high speed rail;
- Granting licenses for the provision of rail infrastructure quickly, such as business licenses, construction permits, and operating licenses;
- Granting licenses for the provision of a means of fast trains, such as business licenses and operating permits;
- Conduct surveillance and technical guidance to the development of railway infrastructure and facilities; and
- Determination, the signing of the agreement, granting permissions conducted in accordance with the provisions of the legislation in the field of railways.

3. Ministry of State-Owned Enterprises

As all the state-owned companies are coordinated by the Ministry of State-Owned Enterprises, it has a crucial rule in the the development of HSR since it is being implemented by the consortium of several state-owned enterprises.

4. PT *Pilar Sinergi BUMN* Indonesia (PSBI)

PT PSBI is the consortium of state-owned enterprises which consists of PT Wijaya Karya, PT Jasa Marga, PT Kereta Api Indonesia, and PT Perkebunan Nusantara VIII. The main responsibility of PT PSBI is to gather the fund from all the members and transfer it to PT KCIC.

5. PT *Kereta Cepat* Indonesia-China (KCIC)

The project of HSR development is executed by the PT Kereta Cepat Indonesia-China (KCIC) which is the corporation between the state-owned enterprises of the Government of Indonesia and the Government of China. So far, the main responsibility of PT KCIC is to handle all the permits and licenses, and further tender the contractors who will develop the railway and to be the operator.

5.3. Empirical results

The High Speed Rail in Indonesia has actually been planned since 2008. However, it cannot be denied the fact that the realization has been postponed for almost eight years. Thus, by interviewing key stakeholders of this project from central government level, private sector, and local governments, the empirical results generated through transcript coding is in the table below:

Table 6. Coding results

Aspects of Decentralization	Keywords mentioned by interviewee	Main idea concluded
Political	President; central government; Ministry of Transportation; Ministry of National Development Planning; Ministry of Economic Affairs; Ministry of Land and Spatial Planning; Ministry of Environment; Ministry of Public Works; Ministry of State-Owned Enterprises; Presidential decree; Government Regulation; Instruction from President; National Strategic Project;	Central government

Fiscal	Company; consortium; PT KCIC; PT PSBI	Private sector
Administrative	Permit; spatial plan; spatial plan revision; spatial adjustment; spatial matching; land acquisition; regulations; environmental impact assessment	Regulatory framework on permit

Each aspect of decentralization according to the empirical results is explained below:

Political Decentralization

The table shows that for the political decentralization which related to the decision making process indicates that the central government has a major role and is a prime actor in the initiation of this project. It is concluded from the answers of interviewees who mentioned about the President's initiation and some Ministries involvement.

First of all, as the background of the High Speed Rail project initiative, the respondent from PT KCIC explained:

"The background of this project initiation is due to the severe traffic congestion between Jakarta and Bandung. So the central government started to think about providing new mass transportation mode which can carry a lot of people at one time with higher speed. Actually, it can be fulfilled by using air transportation, but the (central) government didn't want that, because the character of air transportation is point to point, therefore the economic growth which will be triggered is also point to point. And the area which located outside the point won't get added value. Thus, they choose the train development. Actually the train has been already existed, but it doesn't match the speed requirement. Then finally the choice goes to high speed train. In the beginning, there was study from Japan regarding the HSR project but the result is too costly, while the Jokowi's government wants the undertaken development is Indonesia-centric, not Java-centric, even there was Nawacita Program (vision and mission of the President) which wants to encourage the development of region outside of Java Island. The government didn't want use the state budget in the Jakarta-Bandung HSR development because it will disrupt Nawacita program. So the government uses the concept of business to business and calls for proposal if there is another third party who is competent to build the HSR which requires considerable amount of budget without burden the State Budget. Then, the third party who meets the requirement is China."

Thus, it is explicitly stated that this project is actually initiated by the central government, with special endorsement by the President. This is mentioned by other respondent from Bappenas (Directorate of Transportation) as follows:

"It is possible to realize the HSR project in Jokowi's era because the main mission of current government is to develop infrastructure equitably in all region of Indonesia. Moreover, the President Jokowi wants to gain more growth by infrastructure investment."

To show the serious willingness of the President, he erected some regulations in order to accelerate the realization of High Speed Rail Project. It is further mentioned by other respondents as follows:

*“Actually the HSR development planning was created by PT KAI to be realized in year of 2020 or 2025, but because there is **instruction from President** to accelerate the development therefore the development of HSR being accelerated. In 2016, the construction should start and expected to finish in 2018.”*

.....

*“The groundbreaking of this project was start at October or November 2nd, 2015 after the release of **Government Regulation** No. 107/2015 about the development of Jakarta-Bandung HSR (High Speed Railway). But actually, the main topic is not the development of HSR but the regional development in Jakarta-Bandung Corridor.” (PT PSBI)*

This statements means that without the regulations, the groundbreaking of the project would not be held. Furthermore, respondents from Bappenas (Directorate of Land & Spatial Planning) also argue that this project is actually not included in the mid-term development plan of Indonesia, but as a discretion of President, it is mandated in Presidential Decree.

*“This project was explained in **Presidential Decree** No. 3/2016 about the National Strategic Project and not included in the national mid-term development plan (RPJMN) 2015-2019. In term of drafting process, we know all the process of mid-term development plan composition, i.e. multilateral, bilateral and trilateral meeting between regional government and stakeholder involved. But for this **presidential decree**, we do not know the process. It turns out that there were a lot of projects which are classified as national strategic project which will be done in Java. But, after discussed with some stakeholders, we conclude that any program in RPJMN. Nawacita and national strategic project must be done as instructed by **President**.”*

The endorsement from current President is considered as the green light, since the former president of Indonesia did not fully support this project as participant from PT KCIC exaggerated,

*“(the project has just been begun) Because the previous government (**former President**) did not dare enough to take the decision to approve the project, probably due to the high cost.”*

It is confirmed by the local governments that the planning was conducted by the central government, as interviewee from Bappeda Karawang District answered:

*“Because the project is national strategic project, the planning was conducted by **Central Government**, the local government has been involved since the release of **Presidential Decree** No. 107/2015 on acceleration of HSR development in Jakarta-Bandung corridor.”*

...

*“As long as the project is for **Central Government’s** interest and have an impact on public welfare, we have to support it, because our governance system is a unity.”*

As this project is fully initiated by the central government, thus local governments have no role in the planning process of this project. However, since the project is conducted in the local area, thus it is inevitably that the local governments still have important role in

this project, even though it is only minor. Some respondents from local governments explained their small role in this project as follows:

*"The main decision maker is the **National Government**, local governments have only a small portion, in example in the **spatial agreement**." (Bappeda Karawang District)*

*"Because it is a **national project**, the problem is not related to us, we as the local authorities just support for acceleration of this national project." (Bappeda Bandung City)*

*"Our role is only limited to support the project for example in **coordination**." ... "We do not involve so much in the decision making, we just help in fastening the bureaucracy to get **permit** in regional level instead." (Bappeda Bandung District)*

*"Our role in this project is not significant because the supervisor and coordinator of this project is **National Government**, especially Ministry of State Enterprises. The government has released **presidential decree** for accelerating the project. Main problem in the region is regarding with **spatial planning** because HSR trace is not planned before. So we have to match our spatial plan in accordance with the decree." (Bappeda Kota Cimahi)*

*"Local government has only been involved in assessment for **environmental impact analysis**. Next, the local government will also involve in socialization regarding with land acquisition for trace and TOD." (Bappeda Bandung Barat District)*

"Actually, Bappeda DKI is not much involved in this project. This is due to because HSR network in DKI just pass through Halim area. We, together with Department of City Planning, have been involved in discussion about HSR trace determination. We are not involved in the planning. We often get a copy of report about HSR assessment, but our involvement is just limited to those." (Bappeda DKI Jakarta)

Since this project is considered as a major public infrastructure project, thus it is expected to be delivered successfully as expressed by a respondent:

*"Because this project is classified as big project, therefore if there was idea or problem, it should be discussed in cabinet meeting (**central government**). This is done in order to prevent project stop on the way like monorail project in Jakarta." (Bappenas, Directorate of Transportation)*

Fiscal Decentralization

From the exercise of the transcript, it is pointed out that the High Speed Rail project is fully funded by private sectors, no local or central government budget involved.

*"Those 4 **state-owned enterprises** will distribute the funds to PSBI as capital, then PSBI will forward the funds to PT KCIC." (PT PSBI)*

*"The **Indonesian consortium** which consists of WIKA as leader, Jasa Marga, PTPN VIII, and PT KAI forms PT PSBI (Pilar Sinergi BUMN Indonesia). KCIC formation is a combination between PSBI who hold 60% of the stake and **China consortium**. Why was PSBI formed? Because it is to avoid a big loss to each Indonesian state enterprises who participate if this*

project fails. If the project fails, each of the company will loss according to their capital contributed to PSBI, they won't bear the losses due to debts from China Development Bank (CDB). The one who will bear this loss is PSBI." "So far, we wait for the funding agreement from CDB and also the constructor doing the preparation related with the land." "So far the challenge regarding with CDB funding. So the scheme of funding is 75% is loan from CDB and the rest 25% is divided equally between Indonesian consortium and China consortium." (PT KCIC)

It is confirmed by the local governments who admitted that they do not involved in funding as the interviewees answered when the researcher asked whether they contribute to the project funding:

"We only support in preparation of the area which is close to the station." (Bappeda Bandung City)

"We only support in licensing, all the infrastructure from station, rail network and TOD will be funded by the company. The profit of this project come from TOD not from operational of HSR." (Bappeda Bandung District)

"The local government support in creating the spatial structure which match with the project, i.e. develop road which connect the station area with existing road." (Bappeda Karawang District)

"No, we don't, but the PT KCIC. We just supporting in legal aspect i.e. release of development permit, spatial plan revision, etc." (Bappeda Bandung Barat District)

As this project requires a considerable amount of budget, thus some respondents expressed their expectation as below:

"To accelerate it, the government must oversee this project strictly. Because the fund comes from private sector, the government should support the private sector to do the acceleration of the project." (Bappenas, Directorate of Transportation)

"There must be innovation from the company to overcome the problem regarding with land acquisition, trace determination in each region. And also regarding with the funding, due to the fund mostly come from private sector, there must be guarantee that the funding will be smooth. And also, there should be good coordination among all stakeholder involved in this project." (Bappeda DKI Jakarta)

Administrative Decentralization

In order to realize this project, there are some permits required, namely development permit, implementation permit, and operational permit. Each of them has prerequisites that have to be fulfilled, for example, environmental impact assessment which has to be done by the executor themselves and licenses that related to local governments which has to be explained in all the spatial plan documents of traversed regions and land acquisition. However, since this project is still at the first phase, thus the process still focuses on the development permit as

prerequisite to develop both the railway and station, as mentioned by the participants from PT PSBI and Bappenas:

*“The development of HSR is expected to be realized soon, but it still has to be maintained to run in accordance with the **government regulation**. Therefore, in the development of HSR, there are plenty of bureaucratic **permits** which have to be passed such as **development permit, implementation permit, and HSR operational permit**.” (PT PSBI)*

*“The requirements for the project to run have been fulfilled like the **environmental impact analysis** and also the state-owned enterprises who are responsible to manage this project has been formed. The enterprise has prepared all the things needed in order to run the project. The main challenge in this preparation stage is related with **land acquisition** especially in Jakarta region.” (Bappenas, Directorate of Transportation)*

Regarding the permit from local governments, they can issue such license as long as the project has been mentioned in their spatial plan documents. It is an obligatory as mandated by the Law No. 26/2007 on spatial planning. It is stated by the interviewees from Bappenas:

*“I think none of those regions have revised their **spatial plan**. As far as I know development of HSR is not explained yet in their spatial plan. So the development cannot be started yet, because it has to be in line with spatial plan. Even, environmental impact analysis which is a requirement of the project also have to be matched with **spatial plan**.” (Bappenas, Directorate of Land and Spatial Planning 2)*

“All development and sectors' plans need to be plotted in national and sub-national's spatial plans to ensure no conflict among stakeholders on future space and land utilization. Spatial plans are the foundation for all space/land utilization's permit in Indonesia. It also serves as the base to conduct environmental impact assessment of a project. In regard to the HSR project, currently, it has not been mentioned in all level of the spatial plans. There have been some discussions on the basis of the nation-wide publication of the groundbreaking phase, since there was no legal base for the action. However, in the revised national spatial plan's draft, the project has become one of new projects to be included in the annex. The revision process itself should only be done once in five years to guarantee investment certainty.” (Bappenas, Directorate of Land and Spatial Planning)

However, with regards to the revision of spatial plan documents there is an issue with the timeframe. The revision is actually only allowed to do after 5 years implementation as Bappenas (Directorate of Land and Spatial Planning) expressed:

*“It (the revision) should be implemented based on Law No. 26/2007, the **spatial plan** can only be revised once in 5 years. A sudden change to spatial plan document is not permitted, because the **spatial plan** has to guarantee the investment certainty.”*

.....

*“About the spatial plan, the traces of High Speed Rail pass through some district and city and it was not explained in **spatial plan** of each city. According to the law, the **spatial plan** can be revised once in five years, but it can be revised more than one if there are special*

conditions like national scale disaster or changing in national territory boundary. In attachment of spatial law document, it is explained that if there was national policy which affect space utilization in province, the spatial plan revision can be done more than once in five years.”

It is further emphasized by the respondent from Bappenas (Directorate of Land and Spatial Planning) that disobey the law might have harm consequences.

*“The change in spatial plan is just embodied amendment. If the development is not in line with spatial there will be sanctions. To avoid, this sanction, all the spatial plan which affected by national development policy must be revised before the development is done.” ... “They are not allowed to realize the project in their region (without mentioning the project in the **spatial plan**). If it still forced to be built, the licensor and licensee will get sanction. That’s why we hope that the development will be done after the **spatial plan revision**.”*

Those statements are further confirmed by the local governments that some of them already started to revise their spatial plan documents, while the other regions still have to wait confirmation from central government due to the unclear instruction, as follows:

*“Bappeda Bandung was involved in the **spatial matching (adjustment)**. The new detailed **spatial plan** already contains explanation about part of Bandung region which passed by HSR network.” (Bappeda Bandung City)*

*“Yes, even for Bandung District, the **spatial plan** has just finished and not accommodate the development of HSR network because the development of station and transit oriented area were not explained in the **spatial plan**. According to the plan, it will be accommodated in presidential decree about Bandung basin development. This decree will accommodate the development of HSR network in Bandung Raya which consists of Bandung City, Bandung District, West Bandung District, Cimahi District, and Sumedang District, which is coordinated by the government of West Java Province.” (Bappeda Bandung City)*

*“According to the **regulation**, revision can be held once in five years and the process is very long. There was a problem in another district, that is Karawang District. The local government has been trace the line through Northern Coastal Area in their spatial plan as HSR planned network, due to old plan of HSR which will be developed in Jakarta-Surabaya corridor. But, it turns out that the HSR will be developed in Jakarta -Bandung corridor and Karawang is not part of the planned area.” (Bappeda Bandung City)*

*“No, I think they are reluctant to revise it (the **spatial plan**) and also the time is not coincided with the requirement of **spatial plan revision** (once in 5 years). There is no financial problem to revise the spatial plan. If the **(spatial plan) revision** does not need the long procedure, the revision will be easier. To include the trace of HSR in spatial plan is easier because it does not affect the spatial activity in surrounding area, but involving station development in **spatial plan** can be a problem because it will affect the spatial*

activity in surrounding area, i.e. the land use change from plantation area to physical station building in Walini and Tegalluar.” (Bappeda Bandung City)

“Some of the district and city which passed by HSR network has not accommodate HSR development in their spatial plan. But for Bandung district, the process of **spatial plan revision** is expected to be finished in this year.” (Bappeda Bandung District)

“Yes (HSR has been mentioned in the local spatial plan), but the trace is different, because for HSR development in Jakarta-Surabaya corridor, the trace uses old rail network, but the Jakarta-Bandung corridor, the trace is new and not yet accommodated in our **spatial plan**. But, according to Coordinating Agency of National Spatial Planning (Badan Koordinasi Penataan Ruang Nasional/BKPRN), it has been accommodated in presidential decree about national **spatial plan revision** so each region can adopt and use it as a guideline to revise their spatial plan.” (Bappeda Karawang District)

In the process of revision, the local governments are facing an issue with the regulations on spatial planning. It seems the lack of coordination among ministries at the central government level has made them confused. It is admitted by some respondents both from central and local level:

“There is contradictory between **Ministry of Land and Spatial Planning** with Ministry of **National Development Planning**/Bappenas and **Coordinating Ministry of Economic Affairs** where Ministry of Land and Spatial Planning is referring to paragraph which mention that spatial plan only can be revised once in five years, meanwhile Bappenas and Coordinating Ministry of Economic Affairs have opinion that the rule can be broken by that paragraph about national policy affect which mentioned in document attachment part. One of this national policy could be presidential decree about strategic national project. Although we don't know its composition process, it's still a discretion of president which can be a national policy. Therefore, the spatial plan can be revised before it's 5 years to only accommodate the national policy and to accommodate another purpose i.e. personal/private interest regarding with politics, investment, etc.” (Bappenas, Land and Spatial Planning)

“The biggest challenge found in the **Central Government**. The coordination among stakeholder in central government is not good. For example, Ministry of State Enterprises has released regulation which enable the acceleration of spatial plan revision, but the Ministry of Land and Spatial Planning didn't support that regulation. Another example is the meeting decision when we did a meeting in a ministry often contradictory when we discuss the same thing in another ministry.” (Bappeda Cimahi Municipality)

“We haven't explained the HSR project in our **spatial plan**, but this year we will make judicial review our spatial plan to match with this project. If we talk about spatial, there is no problem with spatial pattern for the trace. If it's needed, any spatial pattern can be adjusted to fulfill the requirement of project of public infrastructure development i.e. road, rail network. But, in this context, spatial structure and regional infrastructure networks plan is not yet mentioned in our spatial plan, therefore we make a judicial review to

evaluate whether the spatial must be totally revised or just partially.” (Bappeda Bandung Barat District)

*“Actually, it is not explained yet in the **spatial plan**, but we have coordinated with Ministry of Land and Spatial Planning, and got information that **spatial adjustment** can be done to accommodate HSR project. Its process must be done in accordance with regulation that have been released by government.” (Bappeda DKI Jakarta)*

*“Actually, we have accommodated HSR development (stated in article 19, paragraph 5 in spatial plan), but the trace is not mentioned yet. Although there was instruction of **spatial plan revision**, at that time there was conflict between Ministry of State Enterprises and Ministry of Land and Spatial Planning. The Ministry of Land and Spatial Planning doesn't want the acceleration of spatial plan revision, it has to be done in accordance with procedure and time frame.” (Bappeda Cimahi Municipality)*

Even though the local governments are involuntarily revise their spatial plan document and even more facing unclear instruction from central government, the willingness of local governments to revise it, is a sign that they fully support the project. However, without all those mentioned issue, it is realized that the process of spatial plan revision is not an easy and fast task. It is in line with the comments from some participants that all the permits affair requires a lot of time that might affect the project realization and put it into some delays due to the long process require to revise and legitimate the spatial plan documents.

*“The local government have to **revise spatial plan**, although previously we don't have plan to do spatial plan revision. Although it's decentralization era, we still have to support the national project, moreover after the presidential decree has released, we have to obey it.” (Bappeda Cimahi Municipality)*

*“Maybe the challenge is technical requirement to run the project i.e. **business permit, development permit**, etc. Because the project involves some regions, I think that it requires much more time to get all the **permit** from the traversed regions.”*

....

*“Because **spatial plan** is part of local regulations, therefore it has to be done according the procedure. The process need long time because there is also discussion about it in the parliament. The first document which will be revised is **detailed spatial plan** because it related with the trace.” (Bappeda DKI Jakarta)*

*“The revision must be preceded by a review about the importance of revision, then it must be submitted to get approval from **provincial governments** and **Ministry of Land and Spatial Planning**. After that, it must be legalized by the regional **House of Representative**.” (Bappeda Bandung City)*

*“Procedure of **spatial plan revision** consist of some step, and now the Government of Cimahi has done judicial review as the beginning step of revision. We have insert the article about HSR development in the spatial plan and we won't revise it in this year, maybe in the next year.” (Bappeda Cimahi Municipality)*

“This (problem in revision) is because *there was some procedure to do the revision for example legislation process by house of representative and also the revision must be supported by a profound study about the urgency of revision.*” (Bappeda Bandung District)

Beside the spatial plan, there is another issue with regards to development permit, which is land acquisition. It is also not an easy task to carry out as respondents expressed:

“The *land acquisition in Jakarta only occurs in Halim Perdana Kusuma area. Because there was a little bit conflict of interest with the owner (Indonesian Air Force).*” (Bappenas, Directorate of Transportation)

Even respondent from PT PSBI explained in more detail:

“*Besides the licensing, the other problem is land acquisition because it was the main requirement in order to make the project become real. As we know in many infrastructure development projects in Indonesia, land acquisition become a big problem. But, the latest regulation is quite helpful in accelerating the acquisition process. Beside the Law No 2, there is also President’s Regulation No. 30/ 2015 about Land Procurement for Public Development.*”

....

“*To get this permit, there are so many requirements, for example, to get the development permit, the requirement is that the land must be owned by PT. Kereta Cepat Indonesia China (KCIC). And now, the land acquisition process is still ongoing. The land acquisition process itself is not easy. Legally, PT. KCIC is private entity not state-owned enterprises because PT. KCIC is formed from foreign investment. But, due to the company capital’s resources also come from some state-owned enterprises, the company is bounded by the regulations that also apply to state-owned enterprises. For example, to organize consultation of auction assessment, it should also use the tender process. And the land acquisition should refer to laws No. 2/ 2015 about Land Acquisition for Public Interest. Actually, if the PT. KCIC is purely private-owned enterprise, the project management model will be direct business to business model, the land price could be pressed and then, the company just pay the agreed price. Due to the land acquisition must be in accordance with the Law, the process become a bit difficult. There are so many stakeholders who are involved like Ministry of Land and Spatial Planning, Waskita (the contractor), etc.*”

Interviewees from local governments are also confirmed this situation as follows:

“*As far as I know, the main problem is land acquisition. This is due to the status of PT KCIC and PT PSBI as private sectors, therefore the procedure of land acquisition cannot be done like the land acquisition for public interest done by government. After the acquisition is done, then they can apply for development permit to Ministry of Transportation. Due to this land acquisition difficulty, the HSR is just developed for 5 km in Walini (which some part of the land owned by PTPN). The development permit has just been released for the first 5 km because the land acquisition of the others has not finished yet.*” (Bappeda Bandung City)

*“So far, no problem with the station development, but there are some issues with the **land acquisition** because so many unauthorized parties who participate in the process, for example land brokers. But it depends on the company how to solve it. The most important thing to prevent it is by doing socialization to community in order to not tempted by land brokers.”* (Bappeda Karawang District)

*“Another problem is **land acquisition** in rural area. Because in the process, there will be some land brokers who try to take advantage from the process. Besides that, the multiplier effect from the land acquisition will be higher than area which have much more empty land.”* (Bappeda Cimahi Municipality)

The issue on land acquisition seems not as complex as spatial plan because it is the responsible of PT KCIC without involving the local governments as they can do it directly to the land owner. However, PT KCIC expressed their suggestion to accelerate the realization of High Speed Rail project:

“The coordination between stakeholders especially stakeholder from Indonesian government must be good and harmonic. PT KCIC can control many things as long as it’s still on their boundary but they can’t control important thing outside the boundary, for example, the permit.” (PT KCIC)

5.4. Analysis

In order to answer the research questions, it needs to elaborate more from the empirical results above. Deeper analysis on how the decentralization governance system influence the realization is important to achieve the objective of this research. Thus, this analysis section is structured in a narrative way from the planning process into realization of the High Speed Rail development thus the actual process could be understood thoroughly and the research question would be answered precisely.

First, in infrastructure provision, planning is the first crucial step to undertake since it is the moment where all the components of the project are set, including how the design is, how to get the funding, who the executor is, and the strategy how to realize the project. Within decentralized governance system, the ideal state of planning is the involvement of beneficiaries. Moreover, some concepts, such as interactive planning, stakeholder dialogue, and participatory planning, are perceived as the best means to achieve the principle of decentralization as the decision making is closer to the people. In this process, central government is no longer the only decision maker. However, even though Indonesia is using decentralization approach in its government system, it can be seen from the empirical results above that in the case of High Speed Rail development, the ideal situation of decentralization does not work in the way it should be.

From political aspects of decentralization, the involvement of stakeholders in the decision making process is essential as the lesser degree of central government role. However, according to the empirical result, all interviewees revealed that the role of central government remains dominant in this project (interview, 2016). As it was initiated by the central government in 2008 through technocratic approach, thus approval from President was required. Unluckily, the former President did not dare enough to execute this project. However, the new President elected in 2014 saw it as a good opportunity to boost economic growth (interview, 2016). His approval was

like a turn-on button that all the preparation had to be set up soon afterwards. It has to be noticed that the plan took 6 years to be eventually implemented because of the dependency to the President's approval. Furthermore, as this project gets special attention from the President, it is being stated in the National Strategic Project. Thus, in order to accelerate the project realization, President erected some exclusive endorsement namely Presidential Decree No. 3/2016. In this sense, political commitment of the leader is definitely a matter in the decision making of planning process. It can be concluded that it is a so top-down planning approach and in this sense, decentralization does not occur in the planning process of High Speed Rail project.

After getting the green light to realize this project, there came another challenges with regards to fiscal aspect. It was absolutely realized that when it comes to infrastructure project, funding does really matter. Nevertheless, central government did not want to use state-budget as the project is not in line with the *Nawacita* priority agenda of President, in other words, in spite of the high cost, he did not want to harm his own vision and mission (interview, 2016). Hence, they initiated to use private sectors to carry out this project even if all the private sectors involved are state-owned enterprises which in the end established as a consortium, PT PSBI. It indicates that the government could still intervene the project even it is already taken over by the companies. However, despite the remaining intervention of central government that might occurs, it still can be called privatization. This circumstance where the central government is no longer the single actor of the project is the turning point to the decentralized governance system, central government is willing to share the authority. In this fiscal decentralization, the project does not face any significant constraint.

When the plan has been approved to implement and the funding has been settled, thus it is the time to realize the project. In order to carry out the High Speed Rail project, there are some administrative stuffs that has to obtain from the Ministry of Transportation, namely development permit, implementation permit, and operational permit. As the first step, the executor has to fulfil the requirement to get the development permit. The role of Ministry of Transportation in this case is limited only to issue the permit. However, it turns out that this step has become a major obstacle that have made the project realization become more complex.

Looking apart from the permit issue, in administrative aspect, Indonesia has implemented de-concentration, delegation, and devolution which are forms of decentralization. As devolution has been occurred in Indonesia, as can be seen in the table 4 and 5, it implies that some responsibilities, as well as authority, has been transferred to the local governments. They even more have local autonomy right to undertake everything they prefer or, in other words, they have power to manage their own region as well as its affairs. One of the them is spatial planning, it is being delivered to the local government, thus they have to develop their own spatial plan as they prefer. However, the development of spatial plan is regulated in Law No. 26/2007 which set the period, the process, and even sanction.

Spatial plan is the prime guidance in the entire implementation of spatial development, as well as infrastructure. Thus, it is obligatory that the development plan is in accordance with the formal spatial plan. Therefore, with regards the permit, it could be obtained when this project is explicitly mentioned in the spatial plan document of national and the traversed regions which consists of nine districts/municipalities. As the spatial plan is regulated in a law, therefore all the spatial development which does not align with the spatial plan means violating the law and it will be subject to criminal sanctions. Thus, revising the national and local spatial plan are prerequisite and is obligatory prior to the development of High Speed Rail. The revision of national spatial

plan does not really matter as the government is currently undertaking it, but the local governments does matter.

This requirement has disrupted the project realization as none of the traversed regions did it (interview, 2016). Moreover, they stated that the project realization cannot be completely implemented until all the regions revise their spatial plan, otherwise the executor and the licensor will be a subject to a criminal sanction. In order to avoid it, the executor tried to engage the local government in this project. As interviewees mentioned, some efforts have been made, such as dialogue to the local governments to revise their spatial plan. In this sense, it can be said that such an effort was quite late as decentralized approach demands to involve the relevant stakeholders since the planning process. This is the risk of doing a so-called top-down planning approach. With regards to the principle of decentralization and local autonomy, local governments have an absolute right to refuse the project realization in their region by disagree to revise spatial plan document.

Nonetheless, it seems that the executor has a great fortune. Despite the power they have, surprisingly all the local governments are willing to revise the spatial plan (interview, 2016). Some regions even encourage the project as they will have a station which will stimulate economic growth for them. Even, the regions who will not have a station which will not get the benefits, are also quite supportive.

Although the willingness of local governments has been obtained, but the revision of spatial plan has to be done according to the Law No. 26/2007. They are not allowed to revise it as they prefer. The law mandates that the review of spatial plan may only be done after 5 year implementation. Even worse, the period of their spatial plans are different hence they cannot revise it altogether at the same time. This is a systemic error that to realize a project they have to wait for too much time. The executor has been tried to disentangle this obstacle, but it turns that there is a different perception between Ministry of National Development Planning/Bappenas and Ministry of Spatial Planning and Land, the responsible ministries on spatial planning, about the timing of spatial plan revision. First, the Ministry of National Development Planning/Bappenas interprets the clause as the spatial plan may be reviewed and revised within five years, whether it is in the second year, third year, or fifth year. Meanwhile, the interpretation of Ministry of Spatial Planning and Land is that the spatial plan only may be reviewed and revised after 5 year implementation. This issue has been an internal discussion between them and definitely affect the realization of High Speed Rail whether the local governments are allowed to revised their spatial plan or not. It obviously has put this project into confusion and another delays, thus all they can do is to wait the agreement between ministries and probably it requires further intervention from the President. This complex circumstance has put the project into uncertainty and consequently it has to face another delays.

Another challenge on administrative decentralization is land acquisition (interview, 2016). It should be noted that private ownership of the land is in fact a decentralized situation. It is widely known that land acquisition has been a major challenge in infrastructure project as the realization needs a land to develop it on. Inevitably, the development of High Speed Rail needs the land to build the 140km length railway (Jakarta-Bandung) and four stations. In order to minimize the conflict in land acquisition, the route will utilize the areas of existing toll roads and conventional railway which is owned by central government. Furthermore, the railway will also traverse production forest which is owned by the Ministry of Environment, and some part (Walini) is owned by one of consortium member, PT Perkebunan Nusantara VIII. Thus, it is no

longer a matter for the executor. However, there are some areas which are not owned by them yet, but owned by the local people and private companies.

On the other side, even they already have engaged some owners of the land to make the process less complex, land acquisition remains a complicated task as it faces the law on land acquisition for public purposes. Since it is carried out by the company, it is bounded by the regulation as it mandates that the one who is allowed to do land acquisition for public purpose is only the government. Furthermore, to start the realization of the project, Ministry of Transportation gives mandate that the land has to be owned by the company in order to get the business licenses, construction permits, and operating licenses of railway infrastructure network.

Apart from the regulation, it has to be keenly recognized that the owner of the land, the local people and private companies, have an absolute right to not sell their land. When the deal is not achieved between the executor and them, hence the project has to find another way. It can be seen that the realization of High Speed Rail is very dependent on people and private companies' decision on that issue. It definitely requires a lot of time and bring delays to the project realization. It is another kind of uncertainty that the project has to deal with. However, since this issue relates to the decision making process by the land owners, thus it can be categorized as a part under political decentralization.

Based on the circumstances faced by the High Speed Rail project, it can be seen that this project is not purely decentralized. Yet, it is inevitable that in providing such a major infrastructure which requires an advance technology, the role of central government still remain important. It is so naïve to expect this kind of project would be executed by the local governments of developing country as they might face the issue of economies of scale and externality. It has to be acknowledged that central government is able to overcome those mentioned issues as they have the capability to attract investment and high-skilled experts and they have the authority to carry out the task which involve more than one province (see table 4 and 5). It has been proved that the initiative from central government to establish the consortium of state-owned enterprises could attract foreign investment from China to fund this project.

Back to the concept of decentralization, it is expected to result in a more effective and efficient of public service delivery. However, this is not the case. From the analysis, it can be concluded that the biggest challenge that impedes the realization of the High Speed Rail project is the administrative aspect of decentralization. It is ironic that in the decentralization has put this project in the reverse side of the supposed objective.

Furthermore, from the explanation above, although it is acceptable that this project was carried out under the intervention of central government, but it was a mistake to not involving the local governments in the first place since the planning process. As an illustration, this project has been initiated since 2008, thus if they have been involved since the beginning, they might already have mentioned the project in their spatial plan nowadays and the project could be realized soon. However, the fact is all the intertwined issues have put this project into long delays. It is pathetic that to provide such a major public infrastructure which definitely will bring benefits has to be hampered by a strict regulation. Some efforts really need to be taken to disentangle this confusion hence the project can be realized and bring the expected advantages to the country and people in particular.

It has to be noted that as a project implemented in a decentralized governance system, the role of civil society is missing here. As one of pillars of governance and a substantial element of decentralization, it is essential to engage the people to actively participate in the project

realization, because after all, the one who will utilize the train is the people themselves. It is widely acknowledged that their voice is important to ensure the sustainability of the High Speed Rail in the future.

Chapter VI

Closing

6.1. Conclusion

Nowadays, as democracy has been a new way of modern life, thus all the development paradigms have to evolve to fulfill the new desire. Scholars and decision makers realized that people's opinion is important in the development process, as well as in planning, hence the planning paradigm has been shifted from technical rationale to communicative rationale. Furthermore, people asked for a more accountable governance, they want to be heard and involved in every single aspect of development. Thus, government have to accommodate it through evolving from the government to governance terms which means the government is no longer a single actor in the development, but also market and society.

In line with the shift in the governance and planning paradigm, decentralization governance system has been seen as the best way to run the government since it sounds promising in ensuring an effective and efficient public service delivery as it brings decision making closer to the beneficiaries. Many countries have been reformed from centralized to a decentralized system with expectation to achieve its substantial benefits. Despite all the advantages, it has to be acknowledged that decentralization is not a panacea for all poor government circumstances as it also obviously has flaws.

This research tries to understand how the decentralization influence the realization of a major infrastructure project, thus it needs to see from the three aspects of decentralization, namely administrative, fiscal, and political. In order to answer the questions, this research is taking the development of high speed rail in Indonesia as a case study. By interviewing some selected stakeholders, there are some findings which answer the research questions.

First, looking from three aspects of decentralization, Indonesia as a decentralized country is not implementing the ideal situation of decentralization, particularly in the realization of High Speed Rail project. It is clearly shown that the role of central government is still dominant, especially in administrative and political affairs. Local governments' role is limited only to support the realization by providing permit, even though their role is small, actually it is very crucial since the local spatial plan is the most challenging matter that put the project into delays. However, it is an interesting finding that the local governments are very supportive in the realization of this high speed rail project even though they definitely have an absolute power to refuse the project of implementation, especially for the region who will not have a station which is where the benefits come from. Furthermore, from fiscal side, the role of private sector has been increasing or it could be said as privatization. In this side, decentralization seems occurring quite well as the funding purely come from private sector and none of government budget is involved.

Meanwhile, even though it is pointed out that the ideal situation of decentralization is not happening in the realization of this project, the role of central governments which remains important is acceptable. Expecting the ideal situation is so naïve in implementing a big project which is highly complex. As it requires advance technology, high qualified expertise, and face externality issue, thus the consequence of deficiency on local willingness and capacity have to be prevented. Therefore, dealing with these circumstances has made the dominant intervention of central government in this project become acceptable as they are the one who is competent.

Second, it is interesting that the Government of Indonesia has a good idea through privatization in order to overcome the lack of budget, even though it is not purely private sectors as the government still intervenes the privatization as the companies are owned by the government. However, it is still one form of fiscal decentralization.

Third, the deadlock of the High Speed Rail realization is that the requirement of development permit. Some prerequisites are basic to obtain the permit, namely local permit and land acquisition. The permit from local governments have to be reflected in the spatial plan documents, which currently have not mentioned the railway and station development. Thus, revising the plans are the most essential requirement of the project realization. However, it is facing an issue due to the different timeframe of the documents which is only allowed to be revised after 5 years implementation. Consequently, the project has to wait all the traversed local governments revise the spatial plan, otherwise, the project might be subject to criminal sanctions. On the other hand, land acquisition is another important prerequisite to obtain the permit. The rights of land owner have to be noticed that it might impede the realization as they may disagree to give up their land. It can be said that this issue is a kind of political decentralization as the non-state actors have power in the decision making process. These two things are definitely put the project into a complex circumstance. Thus, it definitely contributes another delays to this project.

From those three points above, decentralization, particularly administrative and political aspects, has made the project realization become more complex. The increasing number of stakeholders involved brings uncertainty into this project and as consequence, it has to face some delays. However, the biggest challenge that affect the project the most is the administrative aspects of decentralization. Issue on the prerequisite of development permit is the main problem in the realization of high speed rail project. Even though externality and economic of scale has been solved through the intervention of central government, but lack of coordination between ministries has put the local governments into confusion. Pressure from central government, particularly President, through the regulations and decree, actually does not match with the existing regulation, hence these administrative affairs needs to be tackled to make the project realization become more effective and efficient which is the one of the main goals of decentralization.

6.2. Answering Research Question

The main point of the closing section of this research is that the research question has to be comprehensively answered. Before answering the central questions, it needs to answer the sub-questions at first.

1. How does the administrative decentralization affect the realization of a major infrastructure project?

The realization of High Speed Rail project has been delay due to administrative factor, which is development permit. It has been the bottleneck of the realization because it requires local permit as prerequisite. The local permit insists that the project has to be mentioned in the local spatial plan documents, be it literally or spatially. In fact, not all of the traversed regions has mentioned it in their spatial plan documents, and even worse the period of their spatial plan documents is different. As a consequence, it cannot be revised at the same time since it is only allowed to revised it after 5 years implementation. It further faces a dead end when the ministries have different idea on spatial planning issue. Thus, in a normal circumstance –

without intervention from President or good collaboration within central government (ministries) themselves, the revision itself requires a lot of times since the process has a long procedure to be taken. Another challenge is land acquisition. The regulation on land acquisition for public purpose has brought a complex situation to the project as they are not allowed to do so. It left the project in confusion.

Both of those above-mentioned above definitely affect the realization of High Speed Rail project into a complex circumstance and consequently bring some delays.

2. *How does fiscal decentralization affect the realization of a major infrastructure project?*

Looking from fiscal decentralization, this project has no significant issue. Funded by private sectors, even though the government intervention does exist, this project can be called fiscally decentralized as the remarkable role of private sector is hollowing out the central government's or the so-called privatization.

3. *How does political decentralization affect the realization of a major infrastructure project?*

Political decentralization which is measured by the process of decision making implies the stakeholders who has the big power in this project. However, contrast to the ideal situation of decentralization, the role of central government or particularly President is exceptional. This project was initiated by the President through a decree and some regulations. Furthermore, in the implementation of this project, the role of ministries is noteworthy. Thus, although the project eventually has involved wider range stakeholders, namely private sectors and local governments, the expected complexity of broader stakeholders of ideal decentralization has not occurred. The local governments are quite supportive in the project realization, in spite of their power to refuse the project or to not revise their spatial plan. Instead, political willingness of President has been the most essential in the realization of this project. At this point, it can be said that political decentralization has not occurred in the project realization. However, the power of non-state actors can be seen in the land acquisition issue. As the project has to owned the land, thus they have to deal with the land owners. Since the land is not only owned by the government and the member of consortium, but also the local people and private companies, thus the uncertainty has become higher since they have right to not giving theirs. which includes local people and private companies. It has made the project realization facing a high degree of uncertainty and obviously it contributes to the delays.

And the answer of central question is as follows:

How does a decentralized governance system influence the realization of a major infrastructure project?

In the High Speed Rail development project, the decentralized governance system has contributed to the delay of the project realization. The first biggest challenge is the administrative aspect, with regards to the spatial plan document and land acquisition as prerequisite to obtain the development permit. First, the devolution of spatial planning affairs through tasks division between central and local governments. It has been a dead end of the realization. To realize the project in a good manner, without being subject to criminal sanctions, this project has to be mentioned in all level of governments' spatial plan. Therefore, the local governments as well as national government have to revise their spatial plan. Even though the local governments are

very supportive and willing to do so, the misalignment of instruction from ministries has made them confused and contributes to the delays.

The second challenge is political decentralization with regards to land acquisition as it encounters the unclear regulation on land acquisition for public purpose and the uncertainty of dealing with land owners. According to the regulation, private sector is not allowed to do so, even if the project is initiated by the central government. Furthermore, although they have tried to make the land acquisition become less complex through utilizing government and the consortium member's land, they still have to deal with local people and private companies who owned the land. Thus, as they have an absolute right to refuse the proposal, they have the power to decide it themselves. It definitely has brought uncertainty to the project as the complexity increasing.

In summary, decentralization does influence the realization of infrastructure project through a more complex circumstance, where the increasing number of stakeholders has brought some uncertainty which the project has to deal with. As a consequence, the project has to face some quite long delays.

6.3. Policy Recommendation

Indonesia is a big country with regards to its size, population, and diversity. Therefore, decentralization might be the best approach to achieve the development of the whole entire levels. The major benefit of decentralization, tailor-made policies, could be the most appropriate means in order to provide public service as the greater knowledge that the local officials have. It is expected that they will provide what local people needs the most.

However, the diversity obviously comes with the different capacity and capability of local government. Moreover, decentralization is not flawless. As the mass public transportation, especially High Speed Rail, economies of scale and externalities might be the biggest constraint that prohibit the local willingness and ability to perform the decentralized tasks and responsibilities. Therefore, the role of central government in this sector is still needed.

In facing economies of scale and externalities, as this project is a top priority of national strategic development, thus the only way that central government can help is through providing guidance (see also Zuidema, 2011), with regards to the revision of spatial plan. In addition, as some stakeholders complained about the confusion made by the ministries, thus the coordination among ministries needs to be improved.

Furthermore, with regards to the limited involvement of local governments and community, thus it is important to involve the local governments and community since the beginning as this project is being implemented in the local region. It might prevent the resistance of the local community regarding to land acquisition and thus the local governments could be better-prepared, especially on the spatial plan document. However, since this project is purely initiated by the central government, it has to be noted about the risk of the utilization effectiveness whether the high speed rail is what people really demand.

6.4. Reflection

Developing public infrastructure in a decentralized governance system is definitely a complex task. Considering many level of governance (governments – both central and local, private sectors, and society), the realization of infrastructure plan is hardly to be on schedule. Delay on the project realization process is like water under the bridge, it has become ordinary.

To discover how the decentralized governance system affects the realization of infrastructure project, this research uses three type of decentralization, namely administrative, fiscal, and political. Each type has a specific condition as in ideal decentralization where the answer can be dig deeper on what type influence the most to the realization. Thus, by identifying the barrier, the infrastructure project is expected to be realized in a more effective and efficient way as the aim of decentralization itself.

This research is conducted based on the conceptual framework developed from the literature review. This research uses the concept of communicative planning and governance that gives insight on decentralization, particularly infrastructure planning. The theoretical framework used to improve the realization of public infrastructure project that used to analyze the current practice of decentralization on infrastructure planning in Indonesia as the case study.

The data used in this research was generated from policy documents and empirical study. Policy documents review which consists of regulations and planning documents was used to obtain insight about the nuance of the planning practice and system in Indonesia. on the other hand, primary data generated by interviewing the relevant stakeholders was used to find out and answer the research questions. The difficulties faced by researcher was mostly in gathering primary data since the High Speed Rail is considered as a hot issue in Indonesia and a little bit have a political impact between ministries. Thus, a prospective respondent from Ministry of Transportation, one of key stakeholders in this project was reluctant to be interviewed due to the instruction from the (former) Minister (currently he has been replaced).

Thus, to fill the information gap from the Ministry of Transportation, the researcher reviewed some documents issued by the institutions, such as licensing guideline for railway operation and railway road map. Further, the information obtained from other stakeholders matched each other and intertwined to complete the whole story. Finally, this research results a policy recommendation for the policy makers to improving the efficiency and effectiveness in realizing the infrastructure project in the decentralized governance system, particularly in Indonesia.

6.5. Contribution to the study for planning theory and practice

It is inevitably that when hearing the word 'decentralization', we perceive an ideal situation of decentralized governance system where the role of government is limited, meanwhile the role of society or private sector become increasing be it in the administrative, fiscal, or political aspect. It is quite naïve to envisage such an ideal situation in this complex world. Implementing the ideal situation of decentralization in all kind of public (from minor to major scale) infrastructure provision is definitely impossible.

Local willingness and capacity might prohibit the realization of infrastructure project. Externalities factor where the infrastructure trespasses more than one jurisdiction, might end up at facing social dilemma as a consequence. Furthermore, developing a relatively new technology in a developing country like Indonesia, the issue of economic of scale is inevitable since the various capacity of local governments to build such a High Speed Rail. The project obviously needs a considerable amount of budget, high skill technology, and experts which can only be provided by the central government. In these circumstances, the role of central government inevitably remains essential in the realization of public infrastructure.

Based on the result of this research, decentralization does influence the realization of infrastructure project through a more complex circumstance, where the increasing number of

stakeholders has brought some uncertainty which the project has to deal with. As a consequence, the project has to face some quite long delays. In this sense, the decentralization governance system does not bring its supposed objective of a more effective and efficient of public service delivery. It is expected to contribute to be an empirical research to the literature on planning theory and practice, as well as decentralization.

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APPENDICES

Appendix 1. Interview guide

Interview Guide

Introduction

This research is being conducted to get to know the process of the planning and realization of the High Speed Rail Jakarta-Bandung. I am conducting this research for my thesis to obtain master degree at the University of Groningen in the Netherlands. This research wants to see how the decentralized governance system influences the planning and realization of a major infrastructure project. Everything you tell me will only be used for this research project, and will not be shared with anyone outside the research team. Also your name will not be used, to make sure that no one can identify you with any answers. This interview will be recorded with the permission from you.

Background information

Name of interviewee :

Institution/position :

1. What is the role of the institution in the planning/realization of the High Speed Rail Jakarta-Bandung? (Administrative)
.....
2. Who are the stakeholders involved in the planning of the High Speed Rail Jakarta-Bandung? (Administrative, Political)
.....
3. How is the division of tasks of each stakeholder of the High Speed Rail Jakarta-Bandung? (Administrative, Fiscal, Political)
.....
4. How was the process of the planning of the High Speed Rail Jakarta-Bandung? (Administrative, Political)
.....
5. How was the realization of the High Speed Rail Jakarta-Bandung? (Administrative, Fiscal, Political)
.....
6. What are the constraints of the realization of the High Speed Rail Jakarta-Bandung? (Administrative)
.....
7. How is the funding of the project? (Fiscal)
.....
8. How to improve the realization of the High Speed Rail Jakarta-Bandung? (Administrative, fiscal, political)
.....
9. What is your hope of the realization of the High Speed Rail Jakarta-Bandung? (Administrative, fiscal, political)
.....

Appendix 2. Transcript Interview

Index number	Interviewee	Institution
2.1.	Bambang Prihartono	Directorate of Transportation, Ministry of National Development Planning
2.2.	Adityo Hutomo Sitepu	PT Pilar Sinergi BUMN Indonesia
2.3	Prianto Arif Wibowo	PT Kereta Cepat Indonesia-China
2.4.	Mia Amalia & Aswicaksana	Directorate of Spatial Planning and Land, Ministry of National Development Planning/Bappenas
2.5.	Galuh Resa Mahardika	Bappeda Bandung City
2.6.	Deni Irman Kertabudi	Bappeda Bandung District
2.7.	Eka Sanatha	Bappeda Karawang District
2.8.	Ami Pringgo Mardani	Bappeda Cimahi Municipality
2.9.	M. Nur Rahman Hakim	Bappeda Bandung Barat District
2.10.	Wisnu Surya Nugraha	Bappeda DKI Jakarta

2.1. Interview Transcript

Name : Bambang Prihartono
Organization/Position : Ministry of National Development Planning/Director of Transportation

How about the planning process of HSR development project? Because I heard that it was planned in 2008 and just be realized when Jokowi elected as the President.

Indeed, lately the economic growth in Indonesia has been better. As we can see, the infrastructure fund is increasing significantly. I think that many countries do the same thing, they prioritize the infrastructure development in order to improve the economic growth. Economic growth must be related with infrastructure development, it's another case when we discuss about equalization, because it's a different problem. Therefore, similar to another developing country, in order to gain economic growth, most of the countries give priorities to infrastructure development.

Every island in Indonesia has a different characteristic so the regional economic growth between islands is different. Western Indonesia Region have a better regional economic growth so the need of rapid infrastructure development is very crucial, it's different compared to Eastern Indonesia. Therefore, the treatment between western and eastern Indonesia is different. For western Indonesia, the more important thing is demand. For example, to build the road, the most important is traffic, does the traffic exist or not. It's different with eastern Indonesia, the development of the road is done for fastening regional economic development. If we treat the eastern Indonesia same with western Indonesia, the road will never be developed over there. That's all the background of government strategy in infrastructure investment.

Actually, infrastructure system in western Indonesia has been formed by Soeharto (former president), so the infrastructure system is good. It's different with eastern Indonesia. That's why based on theory, the infrastructure development in western Indonesia is based on *fishbone approach*, while the development in eastern Indonesia is based on *in spot approach*. It means that based on fishbone approach, the transportation system which developed in western Indonesia is land transportation, while the transportation system which should be developed in eastern Indonesia is air transportation. Therefore, to gain the rapid economic growth in western Indonesia, the most important thing is effectiveness and efficiency in land transportation development including road development, and also other transportation mode like the development of railway network.

Then we evaluate based on the existing infrastructure condition, do we need to develop a bigger and more advance infrastructure. Like the development Cipularang highway, in the beginning it was deserted, not much people using the highway so the travelling time between Bandung and Jakarta is shorter. But now, the utilization of Cipularang highway is extraordinary even it can be said that the highway is no longer sufficient. It depicts that the carrying capacity of Java has been inadequate. Therefore, it can be said that Java is the past, and the future is Sumatera.

With those all condition, we (**Central Government**) start to think how to develop infrastructure more efficiently and rapidly. We can no longer develop and empower the existing infrastructure

to anticipate the fast growing regional economic. So, if we talk about GDP per capita reached 10.000, we should think how to provide a rapid and efficient means of transport. Therefore, **BAPPENAS** (National Development Planning Agency) began thinking how to build a faster transportation between two important regions like between Jakarta and Surabaya. At that time, the emerged idea is development of HSR. At that time the idea just followed up by study and has not come to implementation. This is due to the focus of government project at that time is equalization for example project of BLT. But **BAPPENAS** still conduct continuous study on how to realize the HSR even we evaluate the possibility to create a cooperation with private sector to realize this project. Finally, from the study, it can be concluded that the development can't be done directory for Jakarta-Surabaya corridor, but must be done gradually, So, **BAPPENAS** looking for nearest corridor that allows economic growth reached 10000. So, after did an assessment, we know that corridor with match the criteria is Jakarta-Bandung corridor. Why Jakarta-Bandung? Because it is expected with rapid development of regional economic, therefore the purchasing power of the community will also increase.

It is possible to realize the HSR project in Jokowi's era because the main mission of current government is to develop infrastructure equitably in all region of Indonesia. Moreover, the **president Jokowi** want to gain more growth by infrastructure investment. This is in accordance with the theory that infrastructure development will trigger the economic growth therefore investment fund in another sector will also can be gained.

So, the initiator of the project is Bappenas?

Yes, **Bappenas** as a part of Indonesian government.

Who else stakeholder that involve in the project?

The first and the main stakeholder is **Ministry of Transportation**. The project also involves another ministry like **Ministry of Land and Spatial Planning**, **Ministry of Public Work**, because the HSR can't be independent but it has to has linkage and synergy like the synergy between HSR transportation modes= with the road. Moreover, the development of HSR network is done above the highway network in order to minimize the cost of land acquisition. The other important stakeholder is local government.

How about the role of local government?

We have asked the local government to utilize the chance created by this project. The regional government must get benefit from the project. For example, when we build the Cipularang highway, Bandung cities late to give a good response, therefore now there are a lot of traffic jam. Regional government has to catch the chance from HSR project especially in the development of Walini new city.

Did the local government also get involved in the planning?

Yes, the local government, which in this case are DKI Jakarta government and West Java government also involved in the planning together with national government.

How about the planning process and decision making process was done?

Because this project is classified as big project, therefore if there was idea or problem, it should be discussed in cabinet meeting (**central government**). This is done in order to prevent project stop on the way like monorail project in Jakarta.

So far, how is the progress of HSR development project?

The requirements for the project to run have been fulfilled like the **environmental impact analysis** and also the state-owned enterprises who are responsible to manage this project has been formed. The enterprise has prepared all the things needed in order to run the project. The main challenge in this preparation stage is related with **land acquisition** especially in Jakarta region. The preparation regarding with soil test has also been started.

Could you give detail about the land acquisition problem?

The **land acquisition** in Jakarta only occurs in Halim Perdana Kusuma area. Because there was a little bit conflict of interest with the owner (Indonesian Air Force).

Is there another challenge?

Actually, there are many challenges, but the most crucial challenge is **land acquisition**.

How about the consortium of state-owned enterprise, do you know the role?

I know that there is a **consortium** but I don't know exactly what their role.

What's different between planning process between centralization era and decentralization era especially in transportation sector?

Both centralization and decentralization have positive and negative side in the centralization era, the government is easier in controlling the strategic programs which become priority. But now, due to decentralization, it can't be done anymore. The fund has been allocated to regional government (province and regency government). If the coordination between national government, province government and regency government is not good, there will be inefficiency which results in wasteful spending. While, in this Jokowi's era, the regional authority in budget management is bigger. So I always said to the regional government to not blame the national government if the infrastructure development in their area is not good. Therefore, the role of BAPPENAS is to synergize the program which managed by national government which supported by the regional government. We who manage the infrastructure sector, have a document of medium-term investment plan. We prioritize some project including the portion of budgeting by each actor (national government, regional government, state-owned enterprises and regional owned enterprises). For example, when develop a special economic zone, there were three levels of road, that is national, province and regency road. These three roads were managed by different actor and they should give a budget in this project for managing the road.

According to you, how to accelerate the HSR project?

To accelerate it, the government must oversee this project strictly. Because the fund comes from **private sector**, the government should support the private sector to do the acceleration of the project. The regional government has to give facilitation in accordance with their agreement

before. This was under the coordination of **Ministry of Economic Affairs** because it has reached the implementation stage, they responsible to monitoring and evaluation process.

What is your expectation with HSR project?

This project is a good start so it should be well realized in order to give good impact. And also the HSR development in Jakarta-Bandung corridor is just a part of HSR development between Jakarta-Surabaya. And this project is very urgent to facing the rapid regional economic growth which as evidenced by traffic congestion which getting worse year by year.

2.2. Interview Transcript

Name : Adityo Hutomo Sitepu

Organization/Position : PT Pilar Sinergi BUMN Indonesia/ System and Business Developer of PT Wijaya Karya

Can you tell me about the High Development Rail project?

In general, the groundbreaking of this project was start at October or November 2nd, 2015 after the release of **Government Regulation** No. 107/2015 about the development of Jakarta-Bandung HSR (High Speed Railway). But actually, the main topic is not the development of HSR but the regional development in Jakarta Bandung Corridor. So, there will be development of new cities in the region traversed by high speed rail (HSR), one of the most commonly heard is Walini City which will be developed in unproductive plantation of PTPN.

The development of HSR is expected to be fast, but it still has to be maintained to run in accordance with the **government regulation**. Therefore, in the development of HSR, there are plenty of bureaucratic **permits** which have to be passed such as **development permit**, **implementation permit**, and HSR **operational permit**. To get this permit, there are so many requirements, for example, to get the development permit, the requirement is that the land must be owned by PT. Kereta Cepat Indonesia China (KCIC). And now, the **land acquisition** process is still ongoing. The land acquisition process itself is not easy. Legally, PT. KCIC is private entity not state-owned enterprises because PT. KCIC is formed from foreign investment. But, due to the company capital's resources also come from some state-owned enterprises, the company is bound by the regulations that also apply to state-owned enterprises. For example, to organize consultation of auction assessment, it should also use the tender process. And the **land acquisition** should refer to laws No. 2/ 2015 about Land Acquisition for Public Interest. Actually, if the PT. KCIC is purely private-owned enterprise, the project management model will be direct business to business model, the land price could be pressed and then, the company just pay the agreed price. Due to the land acquisition must be in accordance with the Law, the process become a bit difficult. There are so many stakeholders who are involved like Ministry of Land and Spatial Planning, Waskita (the contractor), etc. That's all the progress of development until now.

Who are involved in the HSR development?

PT PSBI coordinates with the government, especially **Ministry of Transportation**, **Ministry of Land and Spatial Planning**, **Ministry of Environment**, and **Ministry of State Enterprises**. PSBI also coordinate with **The Secretary of States**, **National Development Planning Agency** and **Ministry of Law** for coordinating everything related with regulations. But for now, PT PSBI mostly coordinate with **Ministry of Transportation**, **Ministry of Land and Spatial Planning** and also **Ministry of Environment**. Coordination with Ministry of Environment becomes important because the HSR network development of HSR network passing through productive forest.

Regarding the land acquisition, mostly who own the land?

From Jakarta to Karawang, the HSR network still through the toll road, which the land is owned by Ministry of Housing and Pabic Work. In Karawang, the land also owned by individual (people) and industrial sector, and one part of the land is productive forest which owned by PTPN (PT.

Perkebunan Nusantara). In Purwakarta, the land which will be developed including Walini City is mostly owned by PTPN. From Walini to Tegalluar mostly owned by individual and also industrial sector.

Do the land acquisitions in those areas already finish?

Not yet, it is still in the negotiation and assessment process. Some **land acquisition** is still being negotiated and the down payment of some other is already paid, but no full payment until now.

How about the role of PT. KCIC in this project?

The role of PT KCIC is as joint venture which formed by Indonesian and **China State Enterprises consortium**. Now, their operational activity is responsible to get the **permit** like **operational permit** and **development permit**. PT KCIC is also responsible to hold the tender to get the contractor who will develop the HSR and operator who will operate the HSR. Despite the fact that PT KCIC has power to do all of those on their own.

How about the role of PSBI?

PT PSBI have a role as a supervisor. PT PSBI is a consortium which formed by WIKA, Jasa Marga, PTPN VIII and KAI. Actually, the business of PT PSBI is as big as with PT KCIC include contractor, developing property-reealty and operator. Until now it just only functioned as supervisor, but maybe in the future PSBI can manage the property which developed alongside with the HSR project.

So how about the scheme of capital flow from the 4 state-owned enterprises?

Those 4 **state-owned enterprises** will distribute the funds to PSBI as capital, then PSBI will forward the funds to PT KCIC.

Besides the licensing constrain, are there another constrains that hamper the realization of HSR?

The constrains mainly regarding the **licensing**, because the construction is not started yet so we don't know technical problem which can occur. Besides the licensing, the other problem is **land acquisition** because it was the main requirement in order to make the project become real. As we know in many infrastructure development projects in Indonesia, land acquisition become a big problem. But, the latest regulation is quite helpful in accelerating the acquisition process. Beside the Law No 2, there is also President's Regulation No. 30/ 2015 about Land Procurement for Public Development.

When is PT KCIC involved in this project?

(**PT KCIC** has involved in this project) From the beginning, before the groundbreaking. It means that **PT KCIC** involved in the project since last year. Actually the HSR development planning was created by PT KAI to be realized in year of 2020 or 2025, but because there is **instruction from president** to accelerate the development, therefore the development of HSR being accelerated. In 2016, the construction should start and expected to finish in 2018.

How the decision making process is done?

There is always coordination for decision making. PT KCIC and PT PSBI always regularly hold meeting of commissioners and board of directors. It is held once a month. So, if there are strategic issues that have to be solved, it was discussed in the meeting. The result is collegial decision.

What if there is decision that should involve some other ministry?

For that case, usually we coordinate with Ministry of State Enterprise. Then they will do the coordination with other ministries.

According to you, how to fastening the realization process of HSR?

There should be assistance for PT KCIC especially in land acquisition to make the mechanism become faster. Because the advance technology to build the HSR from China already available. And also regarding the funding, hope in the mid of this year the financial closing can be signed by CDB (China Development Bank).

What is your hope with this project?

The most visible benefit is the travelling time between Jakarta and Bandung become shorter. There is potential of population distribution so it won't be concentrated only in Jakarta.

Do you know the goals of HSR development?

The main goal is for economic development in the corridor of Jakarta-Bandung.

2.3. Interview Transcript

Name : Prianto Arif Wibowo

Organization/Position : PT Kereta Cepat Indonesia-China/Corporate Secretary

Could you tell me the background of KCIC?

The background of this project initiation is due to the severe congestion between Jakarta and Bandung. So the **central government** started to think about providing new mass transportation mode which can carry a lot of people at one time with higher speed. Actually, it can be filled by using air transportation (read: plane). But the **(central) government** didn't want that, because the character of air transportation is point to point, therefore the economic growth which will be triggered is also point to point. And the area which located outside the point won't get added value. Then, they choose the train development. Actually the train is already existed, but it doesn't match with the speed requirement. Then finally the choice goes to high speed train. In the beginning, there was study from Japan regarding the HSR project but the result is too costly, while the **Jokowi's government** wants the undertaken development is Indonesia-centric, not Java-centric, even there was Nawacita Program which wants to encourage the development of region outside of Java Island. The government didn't want use the state budget in the Jakarta-Bandung HSR development because it will disrupt Nawacita program. So the government uses the concept of business to business and calls for proposal if there another third party who is competent to build the HSR which requires considerable amount of budget without burden the State Budget. Then, the third party who meet this requirement is China.

What is actually PT KCIC?

PT KCIC is a consortium between Indonesia and **China** consortium. From China side, the consortium consists of CRIC (China Railway International Corporation) as leader, CREC (China Railway Engineering Corporation), CRSC (China Railway Signaling Corporation), CRRC (China Railway Rolling Stock Corporation), Sino Hydro, and TSTI.

Who formed the Indonesian Consortium? Is it formed by Ministry of State Enterprise?

No. The **Indonesian consortium** which consists of WIKA as leader, Jasa Marga, PTPN VIII, and PT KAI forms PT PSBI (Pilar Sinergi BUMN Indonesia). KCIC formation is a combination between PSBI who hold 60% of the stake and **China consortium**. Why was PSBI formed? Because it is to avoid a big loss to each Indonesian state enterprises who participate if this project fails. If the project fail, each of the company will loss according to their capital contributed to PSBI, they won't bear the losses due to debts from **China Development Bank** (CDB). The one who will bear this loss is **PSBI**.

What is the role and responsibilities of PT KCIC?

PT KCIC is investment company who invest, build and also operate the HSR. PT KCIC get 50 years of concession to manage the profit growth. After the 50 years, the whole HSR system (from the rail to the train) will fully owned by Indonesian government.

So far, how is the progress of HSR project realization?

So far, we wait for the funding agreement from **CDB** and also the constructor doing the preparation related with the land.

So far, what is the challenge to realize the project?

So far the challenge regarding with CDB funding. So the scheme of funding is 75% is **loan** from CDB and the rest 25% is divided equally between **Indonesian consortium** and **China consortium**.

Who are stakeholders involved in this project?

Government such as Ministry of Transportation, Ministry of Environment and Forestry, Regional Government of Jakarta and West Java. Their role as licensor, regional government responsible to **permit** which regarding with their **spatial plan**, Ministry of Transportation release the development permit, business permit and also concession. The other stakeholder which has a big role is **CDB**. Other stakeholders from government are **Ministry of Land and Spatial Planning** which related with spatial plan, **Ministry of Environment and Forestry** regarding with **environmental impact analysis**. In the realization phase, BAPPENAS doesn't take part anymore.

According to you, what should be done to accelerate this project?

The coordination between stakeholders especially stakeholder from Indonesian government must be good and harmonic. PT KCIC can control many things as long as it's still on their boundary but they can't control important thing outside the boundary for example the permit. There are no obstacles with China consortium.

If there is problem in the project, how is the problem solving?

It will be communicated because the success key of the project is communication. The stakeholder who involved in this communication depends on who responsible to the problem, for example if there was problem with Ministry of Environment and Forestry, the communication will be done with them, no need to communicate with consortium. KCIC communicate directly with government, not through the Ministry of State Enterprise.

According to you, why the realization of the project need long time because actually it has planned since 2008 by Bappenas?

Because the previous government **(former President)** did not dare enough to take the decision to approve the project, probably due to the high cost.

How about the construction will be conducted?

PT KCIC will have division of construction, it won't be tendered.

What is your expectation of this project?

The most important is the project will be success and may operate immediately in 2019.

2.4. Interview Transcript

Name : Mia Amalia

Organization/Position : Head of Sub-directorate of Spatial Planning, Ministry of National Development Planning/Bappenas

After interviewed some stakeholder, I know that spatial become a problem in realization of HSR project. So far, what is the role of Directorate Land and Spatial Plan in the HSR project?

In the beginning, we were invited in the initial discussions of HSR development in 2014.

Does the meeting discuss about trace and station?

As long as I remember, the topic of the meeting always changed. We were invited in the meeting since the beginning, when the project was still coordinated by the **Coordinating Ministry of Economic** and the **project partner** was Japan, not China.

So far, how about the realization of HSR development?

As far as I know, it is already in groundbreaking phase. Could you more specify the question?

I mean, what is problem with HSR development? because it experienced some delays and now just in groundbreaking phase.

In Indonesian National Medium Term Development Plan (RPJMN), it mentions about the traces which is prioritized to be developed, but if we look at the document in details, this project is not a priority. Because, the main goal of the national development is to create spatial equality, therefore the priority project was in Eastern Part of Indonesia or in Borneo area (*the development is supposed to be in the least developed region, not in Java Island*).

I got info that although it was not included in RPJMN, but this project was listed in the national strategic project (NSP), what do you think?

Yes, but there are a lot of questions about the **NSP** (which is developed according to **President** discretion), because compared to RPJMN, RPJMN was developed by Bappenas through a development planning meeting in five regions in Indonesia. But for the preparation of **NSP**, our directorate was not involved in the discussion of the draft. We even never saw the draft, even though previously, our directorate was always involved in the discussion of strategic infrastructure development.

What is the problem with realization of this project?

This project is contradicted with Nawacita program, because Nawacita program always prioritize development in less developed area.

How about the spatial, is there problem with that?

All development and sectors' plans need to be plotted in national and sub-national's spatial plans to ensure no conflict among stakeholders on future space and **land utilization**. Spatial plans are the foundation for all space/land utilization's **permit** in Indonesia. It also serves as the base to conduct **environmental impact assessment** of a project. In regard to the HSR project,

currently, it has not been mentioned in all level of the **spatial plans**. There have been some discussions on the basis of the nation-wide publication of the groundbreaking phase, since there was no legal base for the action. However, in the revised national spatial plan's draft, the project has become one of new projects to be included in the annex. The revision process itself should only be done once in five years to guarantee investment certainty.

So, trace and station of HST must be explained in any spatial plan document from national to district as the prerequisite to realize the project?

Yes, it should be. Many people questioning about trace which pass forest area, while the forest area in Jakarta and West Java cannot be decreased anymore. Actually, it is not actually not a problem because if the land will be used as trace, the process can use the lease mechanism, so it does not need to do **land acquisition**. The problem is actually regarding with TOD, because it requires a wide area and the location of TOD always changes.

To do the spatial plan revision, does the regional government must use their own budget?

Yes.

Is there time frame requirement for spatial plan revision?

It should be implemented based on Law No. 26/2007, the **spatial plan** can be revised once in 5 years. A sudden change to spatial plan document is not permitted, because the **spatial plan** has to guarantee the investment certainty.

The time period of spatial plan revision for each region is different, but is It still possible for each region doing the revision in a same time?

I do not think so.

Is there any solution for national government to overcome this spatial plan problem?

I think no. But there was a circular from Coordinating Ministry of Economic that if there is national policy, spatial plan revision can be done in earlier time than it should be. But, it needs a profound study.

Is there another problem regarding with HSR development?

In my capacity, I can only answer those regarding with spatial. If the spatial requirement already fulfilled, they can do the **environmental impact analysis**, after that the **permit** can be obtained, and after that, the **land acquisition** can be done. But it's still confusing because the status of organization in charge of this project is **private**. While, *based on law No. 2/2012, the one who can do land acquisition for public purposes is the ministries, state enterprises, or regional government.*

For spatial plan composition and also revision, is there difference between centralization and decentralization era?

Actually, it is same between centralization and decentralization era. The spatial plan is hierarchical and is not fully decentralized, especially for some space which is categorized as national or provincial strategic. And for the space which is not categorized in both national or

provincial strategic, the regional government is free to develop spatial plan for those space according to their need. The big difference is before law No. 26/2007, the spatial plan is discretionary and now it is become regulatory. Therefore, the instrument must be developed to detailed spatial plan and other detailed regulation. Previously, it stopped in general plan, and for the enforcement was done by each sector i.e. by land use planning. Based on previous system, state institution (i.e. state land agency, ministry of forestry, etc) can provide special right of land utilization although it is contradictory with spatial plan. But now, it cannot be done anymore.

For the new law, there was sanctions, while for the old one there is no sanctions. So if, this project continues without any revision to current spatial plan document, would the organizer and licensor get sanction?

Yes, of course.

Is the involvement of community in spatial plan composition already exist in centralization era?

Yes, it is. Since centralization era, there was government regulation regarding it.

According to you, how to fastening realization of HSR project?

This project has been set in national spatial plan, therefore the legalization of groundbreaking can be done and be mapped but limited in small scale map. And after that, the area which need **spatial plan revision** can be defined so the trace can be compose quickly. But, still it should be done based on **Government Regulation** No. 105/2015 about the leasing of forest area. The TOD area must be clear defined. Fastening the project also need certainty in government capital participation.

What is your hope with the HSR development?

According to me, the HSR project is not crucial, maybe the project that can be prioritized is pioneer aviation development in Papua.

.... added information by her staff (4b)

Name : Aswicaksana

Organization/Position: Functional staff of Sub-directorate of Spatial Planning, Ministry of National Development Planning/Bappenas

So, does the project involve the Ministry of Land and Spatial Planning?

This project was explained in **Presidential Decree** No. 3/2016 about national strategic project and not included in the national mid-term development plan (RPJMN) 2015-2019. In term of drafting process, we know all the process of mid-term development plan composition, i.e. multilateral, bilateral and trilateral meeting between regional government and stakeholder involved. But for this **presidential decree**, we do not know the process. It turns out that there were a lot of of projects which are classified as national strategic project which will be done in Java. But, after discussed with some stakeholders, we conclude that any program in RPJMN. Nawacita and national strategic project must be done as instructed by **President**.

Could it be concluded that this project is top down project?

Yes, it is. Next, about the spatial plan, the traces of HSR pass through some district and city and it was not explained in **spatial plan** of each city. According to the law, the **spatial plan** can be revised once in five years, but it can be revised more than one if there were special conditions like national scale disaster and also change in area boundary. In attachment of spatial law document, it is explained that if there was national policy which affect space utilization in province, the spatial plan revision can be done more than once on five years. There is contradictory between **Ministry of Land and Spatial Planning** with Ministry of **National Development Planning**/Bappenas and **Coordinating Ministry of Economic Affairs** where Ministry of Land and Spatial Planning is referring to paragraph which mention that spatial plan only can be revised once in five years, meanwhile Bappenas and Coordinating Ministry of Economic Affairs have opinion that the rule can be broken by that paragraph about national policy affect which mentioned in document attachment part. One of this national policy could be presidential decree about strategic national project. Although we don't know its composition process, it's still a discretion of president which can be a national policy. Therefore, the spatial plan can be revised before it's 5 years to only accommodate the national policy and to accommodate another purpose i.e. personal/private interest regarding with politics, investment, etc. The change in spatial plan is just embodied amendment. If the development is not in line with spatial there will be sanctions. To avoid, this sanction, all the spatial plan which affected by national development policy must be revised before the development is done.

The spatial plan revision must be done by each region on their own, so in case if a region is not willing to revise its spatial plan, will it exacerbate the project realization?

Yes, because they are not allowed to realize the project in their region (without mentioning the project in the **spatial plan**). If it still forced to be built, the licensor and licensee will get sanction. That's why we hope that the development will be done after the **spatial plan revision**.

Does all the region which passed by HSR network trace have revised their spatial plan?

No, I think none of those regions have revised their **spatial plan**. As far as I know development of HSR is not explained yet in their spatial plan. So the development cannot be started yet, because it has to be in line with spatial plan. Even, environmental impact analysis which is a requirement of the project also have to be matched with **spatial plan**.

Does all level of spatial plan from district to national level must be revised?

Yes, for national level, the **(spatial plan) revision** process is still ongoing to accommodate no only national strategic project, but also mid-term national development plan and Nawacita.

Does the validity period of national spatial plan in line with the period of regional's?

No. But for now the validity period of national **spatial plan** a little bit match with period of RPJMN.

2.5. Interview Transcript

Name : Galuh Resa Mahardika
Organization/Position : Bappeda of Bandung City/Functional Staff of Infrastructure Sub-division, Division of Spatial Planning

Are Bappeda Bandung involved in the planning of HSR development?

Yes, Bappeda Bandung was involved in the **spatial matching (adjustment)**. The new detailed **spatial plan** already contains explanation about part of Bandung region which passed by HSR network.

So, the development of HSR has been explained in detailed spatial plan of Bandung?

Yes, because the process of detailed **spatial plan** making coincided with commencement of HSR development in 2015. But, there is a problem for other districts and cities which also passed by HSR network, they have not accommodated the HSR development in their **spatial plan** yet, so there is no **legal basis** of it (the HSR development).

So far, the regional government just involved in spatial adjustment?

Yes, and also in the meeting about **environmental impact analysis** of the implemented area since the beginning of 2016.

Are there others stakeholder who involved in this project?

Mostly, they involve the mayor, vice mayor, regional planning agency and also regional department of transportation, but it is only when we are invited by the **central government** or **the project management**.

According to you, how about the progress of project realization?

It was just built the first 5 km of HSR network, and in Bandung there is no progress in form of physical building. The last progress was the measurement of GPS coordinate for the development and also the land acquisition is not started.

Beside spatial problem, are there another problem which exacerbate the process of HSR development?

Because it is a **national project**, the problem is not related to us, we as the local authorities just support for acceleration of this national project. But, there is one problem, if the HSR network development just reach Tegalluar area, the government of Bandung have to think about the transportation mode which carry the passenger from Tegalluar to Bandung city. The local authorities of Bandung and Jawa Barat province have proposed a project of LRT development in Bandung Raya area to the national government. But the problem is no legal protection of it, the national government plan to make presidential decree but not release yet. The national government must support both HSR development and also transportation mode which integrated with it, considering that Tegalluar as the last stop for HSR is located outside Bandung city and most passenger destination is Bandung.

Is there budget allocation from Bandung government in order to support the HSR development?

No, we only support in preparation of the area which is close to the station (the budget is from private sector). In Bandung city, there was a plan to develop Gedebage area which close to Tegalluar and connected to LRT network planned. This development plan was started by the opening of exit toll km 149. The first phase will reach Soekarno-Hatta junction. The infrastructure development which has done in Gedebage include the road widening.

So, some regions which passed by HSR network still facing problem in detailed spatial plan?

Yes, even for Bandung District, the spatial plan has just finished and not accommodate the development of HSR network because the development of station and transit oriented area were not explained in the spatial plan. According to the plan, it will be accommodated in presidential decree about Bandung basin development. This decree will accommodate the development of HSR network in Bandung Raya which consist of Bandung City, Bandung District, West Bandung District, Cimahi District and Sumedang District, which is coordinated by the government of West Java Province.

Is program of road, exit toll and Gedebage area development become the responsibility of Bandung City government?

Not only Bandung government, but many stakeholders involved in it. Like the exit toll development program was managed by Ministry of Public Work, road development was managed by Bandung government. In Gedebage, there was artificial lake development which managed by River Basin Management Agency. These program supports the development of Gedebage as a new city.

According to you, how to accelerate this project?

As far as I know, the main problem is land acquisition. This is due to the status of PT KCIC and PT PSBI as private sectors, therefore the procedure of land acquisition cannot be done like the land acquisition for public interest done by government. After the acquisition is done, then they can apply for development permit to Ministry of Transportation. Due to this land acquisition difficulty, the HSR is just developed for 5 km in Walini (which some part of the land owned by PTPN). The development permit has just been released for the first 5 km because the land acquisition of the others has not finished yet.

Beside land acquisition problem, are there another problem?

The synergy of spatial plan is not complete yet. This year, the Ministry of Land and Spatial Planning composes the Spatial Plan of Java Island. But it is not finish yet. The trace of HSR network will be raised in this document. Therefore, it will become a clear guideline for composition of regional spatial plan which also explain about HSR development in their region.

How about the revision process of regional spatial plan in each region?

According to the regulation, revision can be held once in five years and the process is very long. There was a problem in another district, that is Karawang District. The local government has been trace the line through Northern Coastal Area in their spatial plan as HSR planned network,

due to old plan of HSR which will be developed in Jakarta-Surabaya corridor. But, it turns out that the HSR will be developed in Jakarta -Bandung corridor and Karawang is not part of the planned area.

Does the process of spatial plan revision only involve regional government or also involve the community?

According to the **regulation**, the revision must be preceded by a review about the importance of revision, then it must be submitted to get approval from provincial government and Ministry of Land and Spatial Planning . After that, it must be legalized by the local House of Representative.

How about the spatial plan revision process of the region which do not accommodate the HSR development yet?

There is no clear solution for that problem until now. But, as far as I know, the Ministry of Land and Spatial Planning has been trying to overcome this problem by include the HSR development in the Java island spatial plan. it is expected become clear guideline for local government to adopt and accommodate HSR project.

According to you, are the other district willing to revise their spatial plan based on the regular way? And is there financial consideration regarding with it?

*No, I think they are reluctant to revise it (the **spatial plan**) and also the time is not coincided with the requirement of **spatial plan revision** (once in 5 years). There is no financial problem to revise the spatial plan.*

For this revision, whose budget will be used?

*It will use regional budget. If the **(spatial plan) revision** does not need the long procedure, the revision will be easier. To include the trace of HSR in spatial plan is easier because it does not affect the spatial activity in surrounding area, but involving station development in **spatial plan** can be a problem because it will affect the spatial activity in surrounding area, i.e. the land use change from plantation area to physical station building in Walini and Tegalluar.*

What is your hope with this project?

The regional authorities of Bandung will support the development of HSR. Hopefully the HSR can make the transportation between Bandung and Jakarta become easier. After the HSR has been developed, the national government can support the development of LRT in Bandung Raya which can be integrated with HSR.

2.6. Interview Transcript

Name : Deni Irman Kertabudi
Organization/Position : Bappeda Bandung District/Head of Sub-division of Transportation Infrastructure

What do you know about the realization process of HSR development?

Some of the district and city which passed by HSR network has not accommodate HSR development in their spatial plan. But for Bandung district, the process of **spatial plan revision** is expected to be finished in this year.

How about the role of regional government especially regional planning agency in HSR development?

Our role is just support the project for example in **coordination**.

So, the regional government is not involved in decision making?

Yes, we do not involve so much in the decision making, we just help in fastening the bureaucracy to get **permit** in regional level instead.

Could you explain more detail about the spatial problem which exacerbate the development?

For Bandung district, the **spatial plan revision** already done, but for other regencies, the spatial plan has not revised yet. For those whose spatial plan already revised, the step continues to field study and **land acquisition** have also been started.

In Bandung District, will be built station, right?

Yes, that is right. Furthermore, a factory of the train will be established and be based in Purwakarta, but the TOD is being planned in Bandung District.

So, what part which already accommodated by revised spatial plan of Bandung District?

Almost all, including traces, station and TOD area.

Is it difficult to do the revision process? Does the momentum of HSR project coincide with the time for Bandung District to revise its spatial plan?

Yes. It coincides with the time to do the revision so we include the HSR development in the revision.

According to you, what problem with other district regarding with spatial plan revision?

This is because *there was some procedure to do the revision for example **legislation process** by house of representative and also the revision must be supported by a profound **study** about the urgency of revision.*

According to you, what other problem which can exacerbate development process?

The main problem of HSR network is regarding with **land acquisition** because I think some community even didn't know that their land will be passed by HSR network. The trace also passed some strategic building like factory, warehouse, and also road network.

How about the funding of this project? Does the regional government also contribute some money to support the development?

No, we are not. We only support in licensing, all the infrastructure from station, rail network and TOD will be funded by **the company**. The profit of this project comes from TOD not from operational of HSR.

How to accelerate the realization of this project?

The **national government (president)** have to directly handle the project because some of the regulations are contradictory.

Does the regional government welcome this project?

We definitely support this project but the national government should also consider the impact of HSR.

What kind of impact?

It's like the impact in jobs, conflict between community, environment (geology condition), and so forth.

What is your hope with the realization of HSR development?

The implementation should be focused. The process should be accelerated because if it delays, the project can be backfire not only for national government but also regional government, because it might affect the people's trust to the government.

2.7. Interview Transcript

Name : Eka Sanatha

Organization/Position : Bappeda Karawang District/Head of Bappeda

So far, is Local Planning Agency of Karawang involved in the planning of HSR development?

Because the project is national strategic project, the planning was conducted by **Central Government**, the local government has been involved since the release of **Presidential Decree No. 107/2015** on acceleration of HSR development in Jakarta-Bandung corridor.

What the regional government think about this project?

As long as the project is for **Central Government's** interest and have an impact on public welfare, we have to support it, because our governance system is a unity.

How about the role of regional government in this project?

Actually, the study of HSR is not the first time, previously JICA from Japan has been doing study and socialization about HSR, but finally the main investor in this project is China. We have a role in mediating meeting between investor with local enterprises and industries which will be passed by HSR trace. We also actively being involved in spatial plan revision. The existing spatial plan explain about HSR development for Jakarta-Surabaya corridor, and we got the explanation from the Central Government that the development of HSR in Jakarta-Bandung corridor is a part (first phase) from a whole HSR development of Jakarta-Surabaya.

So, does the project already explained in Karawang District spatial plan?

*Yes, but the trace is different, because for HSR development in Jakarta-Surabaya corridor, the trace uses old rail network, but the Jakarta-Bandung corridor, the trace is new and not yet accommodated in our **spatial plan**. But, according to Coordinating Agency of National Spatial Planning (Badan Koordinasi Penataan Ruang Nasional/BKPRN), it has been accommodated in presidential decree about national **spatial plan revision** so each region can adopt and use it as a guideline to revise their spatial plan.*

So, the spatial plan must be revised?

Yes.

How about the time period problem, I mean the spatial plan can be revised once in 5 years, does the period already match?

Yes, we plan to revise it in 2018, so currently it's still on the process of judicial review.

So, there is no problem with that?

No.

Could you explain more about mediation between local enterprises and the project manager?

The mediation regarding with land acquisition including the allocation of the land, especially how the form of land intersection (between HSR network and the land utilization by the enterprises).

Does it take long time?

We just mediating, the technical realization of this **land allocation** use business to business system. We just provide the place for meeting, etc.

There will be train station in Karawang, right?

Yes.

Is there any problem with station development, maybe come from the community, etc?

So far, no problem with the station development, but there are some issues with the **land acquisition** because so many unauthorized parties who participate in the process, for example land brokers. But it depends on the company how to solve it. The most important thing to prevent it is by doing socialization to community in order to not tempted by land brokers.

Does the local government involved in decision making process?

The main decision maker is the **National Government**, local governments have only a small portion, in example in the **spatial agreement**.

Does the local government provide some fund?

No. The local government support in creating the spatial structure which match with the project, i.e. develop road which connect the station area with existing road (it means **private sector**).

So, the local government support in companion project which still related with HSR development?

Yes, because it will be so difficult if the station already exists while the connecting road has not build yet.

Is there another problem in the project realization?

As far as I know the phase of project is still in socialization phase. The construction is not started yet. According to schedule which showed by PT KCIC, the project will be finished in 2019. The construction is still conducted in Walini, West Bandung Regency and not yet reach our area.

How to fastening the realization of this project?

The acceleration of the project depends on the company. Our suggestion is the company (PT KCIC) have to commit with their schedule and keep good communication with us.

Is there another stakeholder involved in this project?

So far, just Bappeda. We involved in composition of **environmental impact analysis**. The main stakeholder who responsible in doing environmental impact analysis is the Ministry of Environment and Forestry.

What do you expect with the existence of this project?

We hope that this national strategic project will affect the Karawang community welfare. For example, with the existence of HSR station in Karawang, there will be economic revival, such as local employment.

2.8. Interview Transcript

Name : Ami Pringgo Mardani
Organization/Position : Bappeda Cimahi Municipality/Head of Sub-division on Spatial Planning and Environment

How is the role of Bappeda Cimahi in realization of HSR development?

Our role in this project is not significant because the supervisor and coordinator of this project is **National Government**, especially Ministry of State Enterprises. The government has released **presidential decree** for accelerating the project. Main problem in the region is regarding with **spatial planning** because HSR trace is not planned before. So we have to match our spatial plan in accordance with the decree.

So far, is the trace already explained in Cimahi's spatial plan?

Yes, it is.

How about the status of spatial plan? is it already revises?

The trace of HSR have been defined by Ministry of Transportation and we have been informed about it. The position of the trace is parallel with trace of toll which passed through Cimahi.

Will the regional government of Cimahi revise the spatial plan?

*Actually, we have accommodated HSR development (stated in article 19, paragraph 5 in spatial plan), but the trace is not mentioned yet. Although there was instruction of **spatial plan revision**, at that time there was conflict between Ministry of State Enterprises and Ministry of Land and Spatial Planning. The Ministry of Land and Spatial Planning doesn't want the acceleration of spatial plan revision, it has to be done in accordance with procedure and time frame. Procedure of **spatial plan revision** consist of some step, and now the Government of Cimahi has done judicial review as the beginning step of revision. We have insert the article about HSR development in the spatial plan and we won't revise it in this year, maybe in the next year.*

When was the spatial plan of Cimahi legalized?

In 2013.

Besides bappeda, is there another stakeholder from local government of Cimahi who also being involved in this project?

So far, besides Bappeda, there was regional ministry of transportation.

So far, the involvement of local government still limited to spatial adjustment, right?

Yes. Previously we thought that we would be involved in **land acquisition** process, but apparently we are not. We just informed about that by PT KCIC. The land acquisition was managed directly by PT KCIC.

Is there another challenge in the HSR development realization?

For us, the most important thing is the utilization of HSR. There is no TOD in Cimahi, so I think maybe Cimahi just get negative impact, because the HSR just pass through Cimahi city and there is no train stop over here. According to the issue, area within 10-20 metre from the rail will get negative effect due to noise pollution and strong vibration.

Regarding with land acquisition, does PT KCIC goes directly to land owner? Does it run smoothly or is there another challenge regarding with it?

Yes, they go directly to land owner. So far, there is no challenge regarding with **land acquisition** and no complain from the community because I think the value offered by them in line with community expectation.

The wide of land that has to be acquired is not too big, right? It's due to the land which have to be acquired only along the trace?

Yes, it's right. The trace which have been chosen mostly pass through land owned by state enterprises like Jasa Marga, PTPN, and the one which pass through community land is limited. Therefore, it gives an advantage in the budget savings.

Is there another challenge which exacerbated the HSR development?

The biggest challenge found in the **Central Government**. *The coordination among stakeholder in central government is not too good. For example, Ministry of State Enterprises has released regulation which enable the acceleration of spatial plan revision, but the Ministry of Land and Spatial Planning didn't support that regulation. Another example is the meeting decision when we did a meeting in a ministry often contradictory when we discuss the same thing in another ministry.*

Is there financial contribution from regional government?

No, it is funded by the **private sector**.

According to you, how to fastening the progress of this project?

For fastening the project, the capital support from PT KCIC and the consortium must be accelerated. And also the coordination among ministries have to be improved.

What do you expect with realization of this project?

We expect the expediency from this project. We ask the government to build LRT in Bandung Raya Area. Actually, the HSR project is not something which our community needed. What community needed is public transport improvement in Bandung raya area. Therefore, the development of LRT is very crucial to reduce congestion. We support the central government in HSR development due to commitment from them to support us in LRT development.

2.9. Interview Transcript

Name : M. Nur Rahman Hakim
Organization/Position : Bappeda Bandung Barat District/Head of Sub-division on Spatial Planning and Environment

In the HSR development, how about the role of local government?

Local government has only been involved in assessment for **environmental impact analysis** (so, it is mostly **Central Government**). Next, the local government will also involve in socialization regarding with land acquisition for trace and TOD.

So far, does the land acquisition process for TOD and trace already start?

No.

Could you tell me more about the involvement of local government in composition of environmental impact analysis?

We have invited by Ministry of Forestry and Environmental Affairs to discuss about **environmental impact analysis** by bring our spatial plan document.

Is there another role of local government in HSR development?

No, just that.

Regarding with spatial plan, does the local government has explained about HSR project in the spatial plan?

*We haven't explained the HSR project in our **spatial plan**, but this year we will make judicial review our spatial plan to match with this project. If we talk about spatial, there is no problem with **spatial pattern** for the trace. If it's needed, any spatial pattern can be adjusted to fulfill the requirement of project of public infrastructure development i.e. road, rail network. But, in this context, spatial structure and regional infrastructure networks plan is not yet mentioned in our spatial plan, therefore we make a judicial review to evaluate whether the spatial must be totally revised or just partially.*

When is the spatial plan of Bandung Barat being legalized?

In 2012, therefore the official (spatial planning) **revision** according to the law should be conducted in 2017.

What do you think about the realization of HSR project?

As far as I know, there was action from PT KCIC regarding with **land acquisition**, but Bappeda is not involved in the process.

Will Bandung Barat have station?

Yes, the land to build station is the biggest among other facilities. In Bandung Barat, PTPN VIII as a member of PT KCIC and the consortium, use 1,270 hectares of their own land to build the station and TOD. From my comparison, the area which will be built is the largest if compared to station in Jakarta or Bandung.

Regarding with land acquisition, how the response of local government?

I think that it's internal business of PT KCIC. As long as the **land acquisition** doesn't cause problems and it involves community, we have to support the process.

So far, what is the problem in the project realization?

Another problem is **land acquisition** in rural area. Because in the process, there will be some land brokers who try to take advantage from the process. Besides that, the multiplier effect from the land acquisition will be higher than area which have much more empty land.

Is there another problem besides that?

*The local government have to **revise spatial plan**, although previously we don't have plan to do spatial plan revision. Although it's decentralization era, we still have to support the national project, moreover after the presidential decree has released, we have to obey it.*

Does the local government also contribute some money to the project?

No, we don't, but the **PT KCIC**. We just supporting in legal aspect i.e. release of **development permit**, **spatial plan revision**, etc.

According to you, how to accelerate the progress of this project?

I think, to accelerate this project, **PT KCIC** and **National Government** must be more active and work together with local government. For example, before local government revise the spatial plan, the National Government can release a **regulation** or **discretion** which support the process.

What do you expect from the project realization?

We hope the realization will be faster because the multiplier effect of the project to our region is very high especially in the economic sector. It can be finished in time in accordance with the schedule.

2.10. Interview Transcript

Name : Wisnu Surya Nugraha
Organization/Position : Bappeda DKI Jakarta/ Functional Staff of Transportation
Development Sector, Division of Economic Affairs

How about the involvement of Bappeda DKI in this project?

Actually, Bappeda DKI is not much involved in this project. This is due to because HSR network in DKI just pass through Halim area. We, together with Department of City Planning, have been involved in discussion about HSR trace determination. We are not involved in the planning (it is mostly **Central Government**). We often get a copy of report about HSR assessment, but our involvement is just limited to those.

Besides Bappeda, are there others stakeholder involved in this project?

Especially Department of City Planning because all of the transportation network trace is below their coordination.

So, the local government of DKI is not involved in the planning, right?

No, we are not involved in the planning.

So far, how about the project realization?

Based on the information from Department of City Planning, the trace is still in Halim. The station will be built in Halim, Karawang, Walini and Tegalluar. In the future, it will be integrated LRT which build by Adhi Karya in Jabodebek area. I guess this was initiated by Adhi Karya and PT KCIC.

According to you, what is the challenge of this project?

The problem with this project regarding with **land acquisition**, it takes a long time. In Halim, there is dense settlement and military complex, so it was rather difficult to do land acquisition.

How about the involvement of regional government in this project?

The one who involve in **land acquisition** maybe Department of Transportation and Department of City Planning who responsible in technical concern.

Is the HSR project already explained in DKI spatial plan?

*Actually, it is not explained yet in the **spatial plan**, but we have coordinated with Ministry of Land and Spatial Planning, and got information that **spatial adjustment** can be done to accommodate HSR project. Its process must be done in accordance with regulation that have been released by government.*

Is there judicial review about DKI spatial plan?

If I am not mistaken, Department of City Planning has initiate and accommodate the rail network plan including this HSR project. But it's still limited to coordination meeting and there is no follow up yet.

How about the validity period of DKI spatial plan?

It valid till 2030 and was legalized in 2012. So in 2017, the judicial review can be composed.

Is the spatial adjustment process difficult to do?

*Because **spatial plan** is part of local regulations, therefore it has to be done according the procedure. The process need long time because there is also discussion about it in the parliament. The first document which will be revised is **detailed spatial plan** because it related with the trace.*

So far, do the local government and community welcomes the project?

I think yes because it was one of transportation mode which can reduce congestion between Jakarta and Bandung.

Is regional government also involved in the project funding?

No, we didn't contribute in sharing cost (so it is the **private sector**).

What is the challenge to the project?

*Maybe the challenge is technical requirement to run the project i.e. **business permit**, **development permit**, etc. Because the project involves some regions, I think that it requires much more time to get all the **permit** from the traversed regions.*

Is the requirement to get permit also include spatial plan revision?

Spatial plan revision is our responsibility, what I mean with the **permit** is permit to build the HSR network. The company is required to provide **environmental impact analysis**, **operating license** and **construction permit**. It need quite long time. The process of trace determination in each region also need long time.

According to you, how to accelerate this project?

There must be innovation from the company to overcome the problem regarding with **land acquisition**, trace determination in each region. And also regarding with the funding, due to the fund mostly come from **private sector**, there must be guarantee that the funding will be smooth. And also, there should be good coordination among all stakeholder involved in this project.

What do you expect with this project?

It can be alternative mass transportation mode which maybe can reduce the use of private vehicle, it also expected to improve the regional economic growth. The mobility between Jakarta and Bandung will be assisted by this project, and it can reduce the congestion in Jakarta-Bandung toll network.