

**COLLABORATIVE FOR EMPOWERMENT IN INTERREGIONAL  
INFRASTRUCTURE DEVELOPMENT IN INDONESIA**

**THESIS**

A thesis submitted in partial fulfillment of the requirements for  
The Master Degree from University of Groningen and  
The Master Degree from Institut Teknologi Bandung

By:

**WIGUNA SINYA BHERTA**

**RUG: S1823523**

**ITB: 25407017**

Supervisor:

**dr. JUSTIN BEAUMONT (RUG)**

**TUBAGUS FURQON SOFHANI, Ir., MA., Ph.D (ITB)**



**DOUBLE MASTER DEGREE PROGRAMME  
ENVIRONMENTAL AND INFRASTRUCTURE PLANNING  
FACULTY OF SPATIAL SCIENCE  
UNIVERSITY OF GRONINGEN  
AND  
DEVELOPMENT PLANNING AND  
INFRASTRUCTURE MANAGEMENT  
SCHOOL OF ARCHITECTURE, PLANNING AND  
POLICY DEVELOPMENT  
INSTITUT TEKNOLOGI BANDUNG  
2009**



**Abstract**

**COLLABORATIVE FOR EMPOWERMENT IN INTERREGIONAL  
INFRASTRUCTURE DEVELOPMENT IN INDONESIA**

Major changes that occurred in Indonesia are an alteration in the political reforms that followed with a new paradigm of decentralization. With the essences in attaining effectiveness and efficiency, decentralization is delineated on the basic transformations in policy domains both in administration and finance. Nevertheless, Decentralization still leaves a lot of work to be completed within its implications, particularly from related policies.

The presence of decentralization through the transfer of authority toward an initiative for the region, in eventually led to implications. This condition revealed the emergence of regional egocentric and fragmentation as the consequences. Moreover, driving the disintegrated strategic policy issue, were made as excessive, detested, un-obedience and unrelated to the interregional and national framework.

In the mix-up, the direction of development strategy needs to be an involvement in the form of interregional collaboration. This thesis in collaborative for empowerment embraces common attributes that can be an engage based upon on the situations and conditions that faced in the era of decentralization. Accordingly, common attributes can be realized in interregional development, particularly in infrastructure development in this circumstance to the aims of the strategic policy, integrated and sustainable in order achieving good governance.

This thesis will analyze the decentralization policy implications and seek common attributes in order to bond the interregional relationship. Accordantly, the common attributes in this research can be implemented and expected to contribute theoretically as element in collaborative for empowerment in interregional infrastructure development based upon major influence in the decentralized Indonesia.

In consequence, major changes in decentralization are a challenge that required innovation, which is expected to rise with the collaboration that applied as empowerment in interregional infrastructure development, expected lead to an innovation in solving problems, especially for interregional scale. Therefore, it can be synchronized and integrated in the development framework both in the interregional and national scale.

**Keywords:** *Interregional development, collaborative, common attributes, empowerment, decentralization, Infrastructure development, Indonesia*

## **Guideline for Using Thesis**

The unpublished master theses are registered and available in the library of Bandung Institute of Technology and University of Groningen, and open for public with the regulation and copyright is on the author following copyright regulation prevailing at the Bandung Institute of Technology and University of Groningen. References are allowed to be recorded but the quotations and summarizations can only be made with the permission from the author and with the academic research regulation for the process of writing to mention the source.

Reproducing and publishing some parts or the whole thesis can be done with the permission from The Director of the Master's Program in the Bandung Institute of Technology and University of Groningen.

## Acknowledgements

Decentralization has been major influence in the development in Indonesia. This reflection obviously is my point of withdrawal to the idea for this thesis. Furthermore, in working on this thesis, i face difficulties in the limited of time and data related. For all of these condition i encountered, I would like to acknowledge to all those who have supported me in writing this thesis.

Firstly, my grateful for Allah SWT, to be able finished this thesis in time. I would like to address my great thanks to my supervisor DR. Justin Beaumont (RUG) for giving me guidance, feedback, comments, suggestion and tips, from sketch ideas that eventually became this thesis .Moreover, many thanks to my supervisor Tubagus Furqon Sofhani, Ir., MA., Ph.D (ITB) for giving me comments, feedback and suggestion to improve my thesis. Furthermore, I would like thanks to DR. Johan Woltjer as my tutor and Stiny Tigelaar for her assistance during my study in Groningen. Moreover, many thanks to Netherland Education Support Office (NESO) and the StuNed, and Bappenas for the institutional and financial support.

Special thanks to my parents Mr. and Mrs. Muktie Miman, my wife Eka Rullyanti, my daughter Addelya , my brothers and sisters, all my families and friends in Belitung for their encouragement and support during my study in Bandung and Groningen.

Finally, I would like thanks to all my friends DD ITB RUG 2007-2008, for all togetherness and unforgettable time for the last 2 years.

*Groningen, August 2009*

*Wiguna Sinya Bherta*

# Table of Contents

|   |            |
|---|------------|
| <b>ABSTRACT .....</b>   | <b>I</b>   |
| <b>GUIDELINE FOR USING THESIS .....</b>   | <b>II</b>  |
| <b>ACKNOWLEDGEMENTS .....</b>   | <b>III</b> |
| <b>TABLE OF CONTENTS.....</b>   | <b>IV</b>  |
| <b>LIST TABLES AND FIGURES .....</b>  | <b>VI</b>  |
| <b>ABBREVIATIONS .....</b>  | <b>VII</b> |
| <b>CHAPTER 1 .....</b>  | <b>1</b>   |
| INTRODUCTION .....  | 1          |
| 1.1 <i>Background</i> .....   | 1          |
| 1.2 <i>Aims</i> .....   | 4          |
| 1.3 <i>Problem statement</i> .....  | 5          |
| 1.4 <i>Objectives and significant</i> .....   | 5          |
| 1.5 <i>Research questions</i> .....   | 6          |
| 1.6 <i>Structure of the Thesis</i> .....  | 6          |
| <b>CHAPTER 2 .....</b>  | <b>8</b>   |
| INTERREGIONAL INFRASTRUCTURE DEVELOPMENT, THEORETICAL ISSUES IN COLLABORATIVE, EMPOWERMENT AND DECENTRALIZATION.. | 8          |
| 2.1 <i>Collaborative empowerment and Interregional infrastructure development</i> .....                           | 8          |
| 2.2 <i>Collaborative</i> .....  | 10         |
| 2.2.1 <i>Collaborative in planning</i> .....  | 10         |
| 2.2.2 <i>Collaborative and Empowerment</i> .....  | 11         |
| 2.3 <i>Decentralization</i> .....   | 12         |
| 2.3.1 <i>Decentralization and development issues</i> .....  | 12         |
| 2.3.2 <i>Decentralization, collaborative a coalition to commitment, cooperation and coordination</i> .....        | 13         |
| 2.3.3 <i>Regional and Interregional development in decentralization</i> .....                                     | 15         |
| 2.4 <i>Collaborative empowerment for interregional development in the era decentralization</i> .....              | 16         |
| <b>CHAPTER 3 .....</b>  | <b>19</b>  |
| METHODOLOGY.....  | 19         |
| 3.1 <i>Scope in writing this thesis</i> .....   | 19         |
| 3.2 <i>Data collection and literature review</i> .....  | 19         |
| 3.3 <i>Research procedure and analysis</i> .....  | 20         |
| <b>CHAPTER 4 .....</b>  | <b>24</b>  |
| DECENTRALIZATION POLICIES AND INTERREGIONAL DEVELOPMENT .....   | 24         |
| 4.1 <i>Decentralization in Indonesia</i> .....  | 24         |
| 4.1.1 <i>Administration decentralization</i> .....  | 25         |
| 4.1.2 <i>Fiscal decentralization</i> .....  | 28         |
| 4.1.3 <i>Indonesia road infrastructure development in the decentralization</i> .....                              | 29         |

|  |   |           |
|--|---|-----------|
| 4.2  | <i>Indonesia Formal Planning System</i> .....   | 34        |
| 4.3  | <i>Indonesia Spatial Planning</i> .....   | 37        |
| 4.4  | <i>Interregional Development in Indonesia</i> .....   | 39        |
| <b>CHAPTER 5</b> .....   |   | <b>42</b> |
| POLICIES IMPLICATIONS AND COMMON ATTRIBUTES FOR COLLABORATIVE EMPOWERMENT IN INTERREGIONAL INFRASTRUCTURE DEVELOPMENT..... |   |           |
|  |   | 42        |
| 5.1  | <i>Decentralization, administration and fiscal deconcentration; implications to road infrastructure development</i> ..... | 42        |
| 5.1.1  | Administration decentralization .....   | 43        |
| 5.1.2  | Fiscal Decentralization .....   | 46        |
| 5.2  | <i>Formal Planning System in Indonesia</i> .....  | 49        |
| 5.2.1  | National, Provincial, and Local Planning System.....  | 49        |
| 5.2.2  | Spatial Planning .....  | 50        |
| 5.3  | <i>Decentralization, Formal planning and spatial planning for interregional development</i> .....                         | 51        |
| 5.4  | <i>Collaborative for empowerment in Interregional development</i> .....   | 54        |
| 5.5  | <i>Common attributes in collaborative for empowerment in interregional development</i> .....                              | 55        |
| <b>CHAPTER 6</b> .....   |   | <b>63</b> |
| CONCLUSION AND RECOMMENDATION .....  |   |           |
|  |   | 63        |
| 6.1  | <i>Conclusions</i> .....  | 65        |
| 6.2  | <i>Recommendation</i> .....   | 66        |
| <b>REFERENCES</b> .....  |   | <b>67</b> |
| <b>APPENDIX</b> .....  |   | <b>71</b> |

## List Tables and Figures

### Figures

|  |    |
|--|----|
| FIGURE 3. 1 METHODOLOGY .....  | 21 |
| FIGURE 3. 2 DETAIL ANALYSIS .....  | 22 |
| FIGURE 4. 1 THE ORDER OF ADMINISTRATION IN DECENTRALIZATION.....   | 27 |
| FIGURE 4. 2 NEW REGIONAL DISTRICTS DURING DECENTRALIZATION.....  | 30 |
| FIGURE 4. 3 INDONESIA PROBLEMATIC FACTORS, WORLD ECONOMIC FORUM ANALYSIS.....  | 31 |
| FIGURE 4. 4 REGIONAL DISTRICT AND PROVINCE ROADS CONDITION DURING DECENTRALIZATION (1999-2003) .....                 | 32 |
| FIGURE 4. 5 PROGRESS OF ROAD INFRASTRUCTURE FINANCE UNTIL 2004 .....   | 33 |
| FIGURE 4. 6 LOCAL STAGE MUSRENBANG: VILLAGE, DISTRICT, AND UNIT WORK AND REGENCY/CITY/CITY LEVEL FORUM.....          | 35 |
| FIGURE 4. 7 REGIONAL STAGE MUSRENBANG: PROVINCIAL LEVEL WITH STAKEHOLDERS FROM REGENCY/CITY/CITY STAGE. ....         | 36 |
| FIGURE 4. 8 NATIONAL MUSRENBANG: NATIONAL LEVEL WITH STAKEHOLDERS FROM PROVINCE.....                                 | 37 |
| FIGURE 5. 1 ADMINISTRATION DECENTRALIZATION AND IMPLICATIONS TO REGIONAL DEVELOPMENT .....                           | 46 |
| FIGURE 5. 2 FISCAL DECENTRALIZATION AND IMPLICATIONS TO REGIONAL DEVELOPMENT.....                                    | 48 |
| FIGURE 5. 3 FORMAL PLANNING SYSTEM AND IMPLICATIONS .....  | 50 |
| FIGURE 5. 4 DECENTRALIZATION- FORMAL PLANNING SYSTEM -SPATIAL PLAN WITH IMPLICATION TO STAND ALONE DEVELOPMENT ..... | 54 |
| FIGURE 5. 5 COLLABORATIVE FOR INTERREGIONAL DEVELOPMENT PLATFORM .....   | 55 |

### Tables

|  |    |
|--|----|
| TABLE 4. 1 NATIONAL ROAD DAMAGE (2002-2004) .....  | 32 |
| TABLE 4. 2 ROAD USER COST FOR ROAD NETWORK IN INDONESIA, (NATIONAL, PROVINCE, AND NON STATUS) PER DAY .....                              | 33 |
| TABLE 4. 3 SOME OF INTER-REGIONAL DEVELOPMENT IN INDONESIA .....   | 40 |
| TABLE 5. 1 IMPLICATIONS OF DECENTRALIZATION-FORMAL PLANNING SYSTEM-SPATIAL PLAN .....  | 53 |
| TABLE 5. 2 COMMON ATTRIBUTES FOR COLLABORATIVE FOR EMPOWERMENT IN INTERREGIONAL DEVELOPMENT WITHIN DECENTRALIZATION<br>IN INDONESIA..... | 61 |
| APPENDIX 1. NUMBER OF NEW REGIONAL DISTRICT DURING DECENTRALIZATION (1999-2008).....   | 71 |

## Abbreviations

### A

**APBD:** *Anggaran Pembangunan dan Belanja Daerah:* **Regional Expense and Development Budget**

**APBN:** *Anggaran Pembangunan dan Belanja Negara:* **National Expense and Development Budget**

---

### B

**BAPPEDA:** *Badan Perencanaan dan Pembangunan Daerah:* **Regional Development and Planning Agency**

**BAPPENAS:** *Badan Perencanaan dan Pembangunan Nasional:* **National Development and Planning Agency**

---

### D

**DAK:** *Dana Alokasi Khusus:* **Specific Allocation Fund**

**DAU:** *Dana Alokasi Umum:* **General allocation Fund**

**DBH:** *Dana Bagi Hasil :* **Sharing Fund**

**DPR:** *Dewan Perwakilan Rakyat:* **Representative Council**

**DPRD:** *Dewan Perwakilan Rakyat Daerah:* **Local Representative Council**

---

### K

**Kimpraswil:** *Permukiman dan Prasarana Wilayah:* **Regional Infrastructure and Settlement**

---

### M

**MPR:** *Majelis Permusyawaratan Rakyat:* **House of People Representative**

**Musrenbang:** *Musyawah Perencanaan dan Pembangunan:* **Development and Planning Forum**

**Musrenbangnas:** *Musyawah Perencanaan dan Pembangunan Nasional:* **National Development and Planning Forum**

---

### P

**PAD:** *Pendapatan Asli Daerah :* **Original Local Revenue**

---

### R

**RAPBD:** *Rencana Anggaran Pembangunan dan Belanja Daerah:* **Draft for Regional Expense and Development Budget**

**RAPBN:** *Rencan Anggaran Pembangunan dan Belanja Negara:* **Draft for National Expense and Development Budget**

**RKP:** *Rencana Kerja Pemerintah:* **Government Work Planning**

**RKPD:** *Rencana Kerja Pemerintah Daerah:* **Regional Government Work Planning**

**RPJM:** *Rencana Pembangunan Jangka Menengah:* **Medium Term Development Planning**

**RPJP:** *Rencana Pembangunan Jangka Panjang:* **Long Term Development Planning**

**RTRW:** *Rencana Tata Ruang Wilayah:* **Regional Spatial Plan**

# Chapter 1

## Introduction

This introduction chapter gives a concise explanation about the research; consist of a background, aim, objective, research question and the structures of the thesis. This chapter describes the need of collaborative for empowerment in the era of decentralization in Indonesia.

### 1.1 Background

Interregional development is not a brand new issue; nevertheless, the characteristic that distinguish is in the mechanism of development between regions. In general, it is different from one to another place, and this also illustrates how the entities between the regions need to be concerned. Therefore, interregional development in all sectors, especially as well as the infrastructure based on the situations and conditions in policies and mechanisms of cooperation.

Consequently, interregional development, especially in this case infrastructure, needs to be done in Indonesia will be based on the needs of the situations and conditions that occur. In other words, the needs of development of infrastructure in the region in Indonesia must be adjusted to the conditions, situations and problems that are faced. Of course many things that can be reached can be conducted in the form of cooperation between regions; one of those is with the policy transfer from other places or other countries. However, this could be efficient and effective when viewed in the terms of the uniqueness and the ability of a region in the country, in fact it varied from other countries in solving a problem.

For that reason, it needs an approach to be done based on the situation in the country. This thesis will be approaching the relationship of cooperation between regions in the fields of infrastructure, notably in this case in road with the situation based on the main context that affects the development in Indonesia, both in the level of regional, interregional and coverage in a larger scale, namely the national. Therefore, from this way it can be expected a bond of attributes that can be implemented for the interregional relationship.

The foremost Conditions and situations in this circumstance that influence in the last few year periods in Indonesia are the major change of reforms, which initiated in the field of politics with a new paradigm that carries this nation turned out to be the most decentralized country.

The sudden and shift change since Indonesia political reformation in 1998, lead to the unprepared conditions which are influencing the changing in political, economic and social cultural condition in

Indonesia. In politics, people drowned in the euphoria of democracy and reformation. These conditions getting worse because of the social and cultural are not in maturity facing the shift change and countering the impact and weakened by the unstable economic situation. Nevertheless, to deal with the shift change, decentralization rise as the result and the way of this nation to deal with democracy and reformation force and the impact in economic, social and politics.

Furthermore, decentralization with its local autonomy stated in administration and fiscal policy resulting on discretionary and devolution in regional government, local egocentric, unbalanced growth between impoverished and affluent regions. The impact from decentralization affected the development conditions, particularly in planning, budgeting and maintaining especially for road infrastructure development and planning.

Since the political reformation era toward the decentralization, Indonesia has 33 provinces, five of which have special status, 91 cities and 349 regencies (Depdagri, 2005). Separated jurisdiction from a provincial level to city and regency have its own policy in planning budgeting and maintaining the infrastructure, especially for road. Each region with their authority and responsibility both in geographical and substantively only focusing the development regardless their function as an interconnection form between regions within regional and economic growth. Road infrastructure development in regions primarily as the responsibility for its government which in its implication means the rich region will easily provide its infrastructure than poor region. This condition will lead to limitations and problem, hampered and unbalanced the development in the regional and interregional growth.

Budgeting the infrastructure, especially for a public road has been constraint for small regions to provide if comparing with the investment for major road infrastructure in predominant economic regions. Whether regions are as the peripheral growth area or not, those areas with poor resources cannot provide the infrastructure and still leave behind as their dependency from local budget with local revenue, and not yet for the cost in infrastructure maintenance, which needed a major budget in order to keep in the functions.

Planning, budgeting and maintaining for road infrastructure often lead to conflict especially between provincial, city and regency, and also become a problem for interregional development. The conflict always triggered by the responsibility where each region tends to throw it to others while the problem should be shared responsibility and as cooperation for the regional development, many regions only as a free rider and only enjoyed the beneficiary from other regions. Not yet each region has

its own policy to develop their own needs with excessive policies and tend to lead conflicts to other regions, not yet caused environmental problems where others get the externality from the policies.

From conditions above, a regional and interregional level has its impact from decentralization in planning, budgeting and maintaining the road infrastructure and lead to impulse problems in interrelationship in coordination, cooperation, formal and informal relations among regions. These problems in development need to integrate with an involvement with collaboration as communicative approach and toward governance within decentralization.

Collaborative as communicative approach to governance involves development, enriching the social learning (Innes and Boher 2003, in Healey 2006), creativity and effectiveness where the context, content and process are contingent upon social relations and opportunity structures of specific location, that means concern to the institutional design and government system where in the situated practices deal to the specific issues in the development planning and process. Collaborative is important in order to improve knowledgeable and coordination and make policy more effective and lead to a governance process in practice (Healey, 2006). Thus, Collaborative with its effectiveness to governance process is prominent in balance the system in contemporary society with its uncertainty where there are polarizations of social, economic and political in the development and planning practice, and positively shift the balancing the power (Healey 2003, Gay 1989 in Warner, 1999) among competing groups (Warner, 1999)

In the sense of uncertainty within contemporary society, development institution; public agencies, community alongside a political party and interest group or people in Trans boundary or interregional should share responsibility and problems in the context of shared power with collaboration in many complex problems and controversial policy that create high interaction, communication, trust and accountability, deliberation and lead to understanding to avoid current position of positional bargaining (Booher, 2004).

Derived from conditions above, there are some assumptions for this thesis, which are related to changing condition in institutional development, existing condition to a development system and theory with its structure to context-content-process, and the involvement to the existing pattern of power in the development and planning process, particularly in road infrastructure development.

First, Development and planning process particularly in the road infrastructure development in Indonesia has been changing due to decentralization and more significant to the local autonomy implementation, which is from a closed authoritarian system to more fragmented action within transfer authority in discretionary, a subsidiary and devolution that in overall shift gaining an institutional change

in the development and planning process and not yet affected to regional policies that should follow the mandate of decentralization, which leads to disintegrated policy framework.

Second, decentralization for development and planning process with its policies in Indonesia is an opportunity to empowering the collaboration. This means the conditions of existing process and policies is an open line to face off the problems in infrastructure with more collaborative and communicative approach for the interrelationship in development institution. This leads to determination of a gap and space of in existing condition and the liable environment for collaborative action to take an account in the development and planning process with emphasize in interregional development.

Third assumption, collaborative involvement is to empower the interregional development in the policy making with its tailor mode to decentralization in Indonesia, particularly in the road infrastructure development rather than to enforce the existing patterns and power. Examining this assumption means to what common attributes in order to implement, empowered and promote collaboration in regions for the development and planning process, particularly in infrastructure provision.

From those assumptions, the collaboration in development and planning system is needed as an aim to encouraging and empowering in order to create strategic and integrated policy, accountability, shared responsibility and good governance, particularly in road infrastructure, especially for interregional development in the era of decentralization in Indonesia.

The preceding descriptions are general overview of how conditions and situations of a country influence its development especially related between regions. Consequently, interregional infrastructure development faces the challenges in its implementation and practice with immense influences from decentralization and lead to main problems lies in the direction of policy development in regions. Accordingly, this thesis is needed based on the current discourse in interregional development for further contribution in the development in order to achieve strategic policy in the framework of national development, especially for the interregional framework with a collaborative as its empowerment.

## **1.2 Aims**

This Thesis aims to the interregional relationship for the infrastructure development in the era of decentralization in Indonesia, particularly to promote collaborative as a form of cooperation to encourage the infrastructure development, particularly in the road, encourage the planning and development with a strategic and integrated policy both in interregional framework and national scale.

In promoting a collaborative involvement in the form of the interregional relationship, this thesis aims to achieve in the future direction of policy development, especially interregional infrastructure

development to become more integrated and strategic in policy to face the challenges in the era of decentralization.

### **1.3 Problem statement**

From the background above, the problem is located to the policy direction related to infrastructure from an autonomic region. It follows by the lack of integration in a policy issue, which in this case is not accordance to interregional and national framework. This condition occurs because of lack of the communication and relationship between regions. Although, there has been cooperation between the regions, the relationship is still insufficient, and as the results it being hibernated and not run at all. Generally, the form of interregional collaboration in Indonesia is only in coordination or it just as a symbol of formality.

Consequently, collaborative form between regions is insufficient if viewed from the main influence of the decentralization system. Thus, the problem is due to the absence of a bond element in the interregional relationship, which is tailored to the existing condition in decentralization. Therefore, this thesis is enhancing to overcome this problem in order to find the element or collaborative attributes.

### **1.4 Objectives and significant**

The aims to promote a collaborative as a form of interregional relationship for the infrastructure development, and to achieve a strategic and integrated policy direction, the objective of this thesis is to elaborate common attributes of collaborative, which are lined with the development conditions. Furthermore, this objective is having its connection from the main influence in the policy conditions that affects the form of cooperation. Therefore, it is necessary to see how far the decentralization and its related policies to the development in both of regional and interregional in Indonesia.

Furthermore, the significance of this thesis is in exploring the element of collaboration based on the condition in development that occurs under the main influence of decentralization. Accordantly, the application of the result will be a policy learns for planning actors in the era of decentralization in Indonesia, especially for local government as the formal leader in development.

## 1.5 Research questions

Based on the aims and objectives in promote collaborative as empowerment in the infrastructure development, there are some key questions:

1. To what extent decentralization has its implications to the interregional development?

This question is related to existing condition in policy decentralization, the implications to interregional development with sub questions in:

- a. What policies are in decentralization that has prominent implications to interregional development?
  - b. What is the correlation in collaborative empowerment to interregional development?
2. What are the common attributes for the collaborative as empowerment in interregional development and relationship for road infrastructure development?

This question means to common attributes in collaborative for empowerment in the era decentralization in Indonesia with sub question to what are the suitable attributes in collaborative based upon theoretical framework?

## 1.6 Structure of the Thesis

This thesis divided into six chapters in order to meet the design of theoretical framework and synchronize with the methodological. First, this thesis consists of background, aims, problem statement, objectives and significant, research questions and structure of this thesis. This chapter elaborates the general conditions in the development Indonesia. Namely, this chapter stipulated as *introduction*.

From the introduction, the main body of this research is formulated as theoretical issues in *collaborative, decentralization and interregional infrastructure development*. This second chapter is basic knowledge for the research. It explains about the collaborative approach in planning, empowerment to be collaborative within decentralization and bridging the theory in decentralization to promote interregional development. Derived from theoretical framework, third chapter of this thesis is the *methodology* as a basis in doing the analysis.

Next chapter will discuss *Decentralization, policies and interregional development*. This chapter describes the Decentralization and related policies with its implications to development planning and spatial planning and the road infrastructure condition in Indonesia.

Moreover, from the decentralization and related policies, this research will *analyze* the existing and liable environment in collaboration for empowerment within decentralization and the common attributes to be implemented as its aim to create strategic policy and integrated framework in

infrastructure, particularly in road infrastructure with elaborate the indicators to the theoretical framework for further analysis.

Finally, last chapter consists of a *conclusion and recommendation*. This chapter contains results of the research. This chapter answers the research questions with the conclusion and re-deploy the previous chapters related to the theoretical framework with the existing situation in terms of decentralization in the policy implications, namely in the field of administrative decentralization, financial, formal planning system and spatial planning. Conclusions that can be drawn prominently reflected from the implications of policies in decentralization and the form of involvement to chopping up the problems in interregional development with the common attributes for collaborative empowerment.

Furthermore, to conduct the aim of this thesis, next chapter will construct the theoretical framework in order to bridge the gap between the conditions, particularly for the interregional infrastructure development and the theoretical study in collaborative as communicative approach in planning.

## **Chapter 2**

### **Interregional infrastructure development, theoretical issues in collaborative, empowerment and decentralization**

To promote collaboration in interregional infrastructure development, particularly for road infrastructure in the era of decentralization in Indonesia, the concept of collaboration and empowerment has to determine with its linkage to the development in decentralization. This chapter will elaborate the concept of collaboration on decentralization in Indonesia and bridging the gap within theory and practice in the development and planning process.

This chapter enhances the collaborative empowerment in condition of decentralization, which is determined by the prominent theoretical concept in collaborative within institution and interrelationship in order to deal with the development issues and its implications with an outcome in strategic policy. Moreover, from these theoretical issues, it will be embracing the collaboration in development and planning practice with understanding and shared responsibility and creating trust with innovation in policy for a road infrastructure within regional and interregional in the era of decentralization in Indonesia.

#### **2.1 Collaborative empowerment and Interregional infrastructure development**

As mentioned in previous chapter, interregional development especially related to the infrastructure is not something new. The form of relationship between regions will be different, which all depend on the ability of the region related situation and conditions. However, when regions working together with particular engagement, it means those are collaborated in a particular form of association. The different is in the determination of the meaning of collaboration.

The intention of collaboration in development between regions may be associated with the partnership, cooperation or peer to peer sharing mechanism by means of the system either to resources, information, or the benefit of development, as well as coordination in the policy system and others. Collaboration in terms of interregional relationship is not a pseudo meaning, but it builds by elements on its construction. Moreover, the elements in collaborative will be explained further in the next section in the theoretical issue.

Cooperation in collaboration within regions with predominant cases is in Europe within EU, which is integration demanded all sectors including infrastructure between the limits of territory. Nevertheless, the course of collaborative relationship in infrastructure is very different characteristics with other areas since the influence of the dominant planning culture of each region.

However, there are reasons that need to be underlined from European integration with its collaboration in development, as Keating (2004):

*“This reduces the need for the traditional state apparatus and encourages a move towards new forms of public policy instruments and of territorial autonomy”* (Keating, 2004)

From condition above, collaborative in development, between states and within the nation, can be analogized with a condition in Indonesia in particular circumstance of local autonomy within local area. Moreover, in the objective, such as the Keating (2004) mentioned above will reduces the need of a region with a local “ego” to encourage public policy instrument. This is necessary in such a condition that occurs in a decentralized Indonesia.

Interregional development in case of Indonesia has been implemented in various forms, whether in the field of infrastructure, economic or social. However, cooperation in relation to infrastructure development has a various form in its element. Setiawan (2002) points out the importance of interregional development cooperation as a communication with the concept in the management of infrastructure with its necessary attributes that can bond the form of relationship. Furthermore, these forms of cooperation that occurred in Indonesia will be discussed in chapter 4.

As stated before, collaboration has non pseudo meaning as it fastened by the elements in its relationship. Thus, when connect to the interregional development; it will have a different form in its application. Forms of cooperation that has occurred between regions practically led to the form of collaboration. Barely, how this collaboration will be able suits as the main core and can be tied, or in what manner this collaboration can be empowered and solidify with the actual elements when it implemented into a relationship.

Correspondently, this thesis has its own definition in determining the collaboration as Empowerment for interregional development, particularly in the field of infrastructure. In this thesis, collaborative Empowerment is involved as the main core or applied to promote or provide strength, encourage interregional relationship and cooperation within the elements of collaboration as a form of bond or engagement, necessarily regarding of the situation and existing conditions especially in the era of decentralization.

Accordantly, interregional development in the form of cooperation and relationship required elements that can be applied in accordance with the existing situations and conditions. Plainly, elements or attributes of collaboration in this case highly depend on the theories that have and will be linked to the actual circumstances in which development occurs, especially in the decentralized Indonesia. The next section of this chapter will review the basic theories that are necessary in determining the

attributes for of collaborative as empowerment that can be trimmed to the particular conditions and situations in the Indonesian for the interregional infrastructure development.

## **2.2 Collaborative**

### **2.2.1 Collaborative in planning**

Collaborative planning as a communicative and interactive involves an interaction throughout consensus building based on the partnership in the development and its implementation (Lowry, Kem, Peter Adler, and Neal Milner, 1997). In its implantation, Collaborative planning with this consensus building is using the public involvement and representative of all social groups or stakeholders (Agger, A and Löfgren, K, 2008); from government, interest groups and major sectors of community (Margerum, 2002) and public within their interest (Born, Stephen M., and W. Sonzogni, 1995) and approach to process (Healey, 2003), network and partnership (Agger, A and Löfgren, K, 2008) in governance.

Collaborative approach to governance that involves development enriching the social learning (Innes and Boher 2003, in Healey 2006), creativity and effectiveness where the context, content and process are contingent upon social relations and opportunity structures of specific location, that means concern to the institutional design and government system where in the situated practices deal to the specific issues in the development planning and process. Collaborative is important in order to improve knowledgeable and coordination and make policy more effective and lead to a governance process in practice (Healey, 2006).

Enriching social learning and improving knowledge and coordination will enhance effectiveness toward a strategic decision making in development and planning policy. People as various stakeholders with disciplines, experiences, knowledge and creativity without structuring forces can be creating opportunities to innovation even can challenge the driving force from traditional concept of blueprint planning (Healey, 2003). Cockerill et all (2009) mentioned about the importance of collaborative with it involvement of stakeholders in policy making because it nature of a complex system.

“Because most policy issues involve complex systems, collaborative modeling must include people from diverse disciplines/backgrounds to ensure that all relevant ideas are integrated into the process and the model” (K. Cockerill, L. Daniel, L. Malczynski, V. Tidwell, 2009)

Various stakeholders in the realm of planning and development with their intentions lead to conflict, patron-client interrelationship (Healey, 2006) and unbalance of power. This interrelationship creating the unbalance power as negotiate planning and development, occurring between poles; from government with its patron-client political intentions from an interest group, and people with community; within their weaknesses and lack of equity to social and political power. Collaborative

communicative approach with equity in access to social and political sources in interaction will balance the power among competing groups by giving up control in broader planning group (Warner, 1999).

Collaborative with its embracement to social relationship hindering positional bargaining and creating common vision in mediating social actors to be more deliberative and to the democratic governance in various across disciplinary boundary (Agger, A and Löfgren, K, 2008). Collaborative in social relationship perform the development and planning in order to create trust within a high degree of social, intellectual and political capital (Innes, J and Booher, D, 1999). Arose from this conceptual view, high degree social-capital and intellectual with trust is needed in order to deal with a problem in complexity of contemporary society in development and planning and to enhancing governance over democratic interaction among social actors.

In addition, collaborative is enhance the governance with social network of interrelationship, not only in the process but also in an outcome. It provide innovation in strategic policy within understanding, shared responsibility that granted with consensus building and giving control for competing groups, based on opened of access in social and political rights as democratic effort. This means collaborative is inclusion from the cooperation, coalition, coordination and partnership as management of social interrelationship in the realm of uncertainty in a complex system of social life.

### **2.2.2 Collaborative and Empowerment**

Empowerment as an alternative development, centered from a smallest unit of society and their environment within the involvement of social and political action, emphasize direct democracy and social learning (Friedmann, 1992). It giving influences in an outcome and more effective since partnership sharing responsibilities, risks and resources (Himmelman 1992 in Fawcett, et all 1995). This thesis for collaborative empowerment in this circumstance is an involvement in regional and interregional institution in the decentralization system within the national planning framework that transferred the authority in regional policy.

Empowerment through its level from personal as participation, community as collective action in order to access resources has an outcome in organizational networking, growth and policy with critical understanding to social and political (Perkins and Zimmerman, 1995). Empowerment is important to increase control over conditions and decision of the powerlessness in access to resources. Moreover, it giving influences for social actors to act creatively and make a transformation in structure from all locus of power or level from individual, organizational and societal (Kroeker, 1995)

Collaborative empowerment with its cooperation and consensus building is enhancing the effectiveness of pursuing the community goal. Using the empowerment theory, collaborative as an effort to persuade social actors from a cross boundary create partnership and coalition with constituencies to work forward in common vision and mission or purpose (Gray, 1990). Cited from Fawcett among others (Fawcett et al, 1995), partnership through social actors reshapes the stakeholders and giving enforcement to change.

Empowerment from its conceptual theory is related to access, network and socio-political matter. It emphasizing a level from individual to community with suggestion to participation and collective action to achieving goals and create a policy. It enhancing and supporting effort for collaborative that has the same essence as communicative interaction. In Addition, empowerment is to enforce the collaborative in actions to create the networking in social interrelationship in the contemporary society, and create a democratic, strategic policy, governance and sustainable outcomes from development and planning practice.

## **2.3 Decentralization**

### **2.3.1 Decentralization and development issues**

Decentralization is a set of policies that encompasses fiscal, political and administrative changes, virtually and contemporary has its impacts in the development. The structure of intergovernmental relations affects everything from the efficiency, equity of service delivery. Decentralization with its local initiatives and self reliance leads to be multiform of path development (White, 2004). Local authorities with policies in each path way to development creating the ego centric and sense of local interest that lead to conflict between regions. Respective of local growth override the function as unit area of development affected the large scale area, disturbed and obstructed state framework. This condition occurs because of incommensurable development policy trough over euphoria in local initiatives. moreover, local initiatives as local interaction have their own purposes not merely adapting the national and regional policy but affected from their own structural environment as the driving force (Healey, 2003).

Decentralization as transfer of authority is a response to national crises that initiated unprepared condition in responsibility of authorization, inefficient of fiscal resources, lack of ability to human resources as agents in local government units and not yet additional problem in corruption (Clark, 1999). This condition showed that decentralization appears as forced to rehabilitate the downfall after economic crisis. However, it leads to its implications in unprepared condition of authorization to local

government units. These conditions always triggered conflict and problems in development and planning area, which muddling in responsibility to one or another jurisdiction due to the limitation of resources both in financial or human resources. Furthermore, the implications of sudden decentralization affected the lack of coordination and corporation within government institution either in intra regional or interregional area.

In decentralization each level of government has its own authority and jurisdiction through command and control. However, in contemporary society, the hierarchical control is affected by outside a traditional political realm (Booher, 2004). This means the realm of decision making, politically affected by nongovernmental institution. In traditional culture of a political realm, it involved government as agents in planning system either in vertical or horizontal throughout command and control. This augmented space of political force fluently to decentralization, where the discretionary and subsidiary through local autonomy implicated the role non governmental action in the development system. The influence of nongovernmental as well as politician, distorted the policy with creating an incentive lead to negative consequences in development and its implications in economic (Wibbels, 2005).

### **2.3.2 Decentralization, collaborative a coalition to commitment, cooperation and coordination**

Decentralization within local autonomy enacts in administration, politic and finance creating more fragmented society. Local power and force take an account as influence in local initiative in order to make policy, not yet the egocentric creating dissonance in the interregional relationship. Consequently, it bring conflict among authority in a local unit of government, people and community. The purpose of decentralization can be hampered if such of conditions happen and there will be no involvement of the environment consideration from implementation of decentralization.

Collaborative with communicative interaction as the catalyst in balancing positional bargaining and creating governance (Healey, 2006) has its interrelationship among stakeholders from lower to higher level of a social network. In collaborative, some of the typical relationship enhanced in form of; coalition, commitment, cooperation and coordination as an understanding. Moreover, it includes sharing responsibility and risk with its consensus building to create new change and even innovation.

Coalition is a strategy in exchange and sharing the resources for mutual benefit and common purpose. In addition, it elaborates the relationship of networking, coordination, cooperation and collaboration (Himmelman, 2001). Overall to keep the consistency of coordination and corporation, it needs a commitment to synchronize and harmonizes the relationship in form of constituent. Through collaborative, there is empowerment of participants through joint learning process (Innes, J and Booher,

D, 1999) with more flexibility within institution (Healey, 1999). Coalition as strategy in relationship with collaboration is empowered in order to deal with policy development within the regional, interregional and intergovernmental space.

Commitment is prominent in order to keep corporation and coordination in consistency. Commitment need in order to meet the challenge and capacity to learn ideas and the way to do things (Healey, 2003). Moreover, commitment is a constituent for consistency in all activity through interaction and interrelationship over social actors that involved in the realm of contemporary society. Without any consistency in form of commitment, cooperation and coordination will gradually to subside over the complexity and uncertainty and the collaboration will collapse in the saturation of the problems.

Cooperation in exchanging the information, altering activity and sharing resources for mutual benefit and common purposes, and required a complex organization that represented by institution, agencies and organization in a process and agreement with the benefit of mutual action (Himmelman, 2001). Cooperation between stakeholders is importance to enrich the knowledge and powerful tool to make a solution from the uncertainty of environment. Cooperation is needed in the implementation of decentralization where social actors in the development and planning are not enough solving the problems by their own though without any distortion in outcome within their limitation of information in the environment.

Coordination exchanging defined as sharing on information, altering activity and sharing resources for mutual benefit and common purposes, and it required user friendly access to programs, services and system (Himmelman, 2001). In order to make a corporation, stakeholders make coordination to share resources for common benefit, understanding in order to find the solution, and make consistency and synchronization for what activity to take an account in deal with limitation of knowledge in the uncertainty of the environment.

To empower collaborative in the contemporary society with its limitations, constraints and uncertainty, communicative interaction within social actors is created by the interrelationship of coalition that enact in commitment, corporation and coordination. Understanding and sharing resources with deliberative and democratic action in the interrelationship is prominent in typical of fragmented society as well as in the implementation of decentralization. Accordingly, in the implementation of collaborative empowerment in decentralization is importance in order to make an innovation for strategic policy with effectiveness, efficiency and accountability.

### **2.3.3 Regional and Interregional development in decentralization**

Decentralization in form of political, administration, and financial transferred some authority to lower tiers of authority in order to manage the resources for effectiveness and efficiency. In this circumstance, the lower tiers are governmental institutions in regional authority. Primarily, the transfer of authority in administration, politic and finance lead to jurisdiction to make a local policy that should have realized by regulations, distribution and justification of exploitation for resources. Furthermore, local government has an opportunity to manage it region with consideration to local contexts and contents for local excess, and problems based on local initiative and local needs.

From the purpose of decentralization to local government in managing resources is prominently for the development area. Government has more opportunity to create and issue a policy with direction in local development and planning without waiting and colliding with the distorted interest from a central state which not considered to local needs. In this case decentralization is very important for the regional development.

Although the regional development based on the local contents and contexts but in its implementation, it cannot be detached from the national framework of development, because the regional development is part of national development in order to strengthen the growth and equity in national development. As sub national development, regional development should be enhancing accordingly to regional autonomy principle which in its implementation in line with national development policy and framework for people's welfare that aiming to be free of corruption, collusion and nepotism with transparency, accountability and people participation (Sidik, 2007).

Regional development as part of national development it means there are other regional developments with each regional policy in one super system of development that stipulated on national development framework. From this relation, interregional connection cannot detach from the system as national development. The importance of interregional relationship has its influence for the national development; It means that interregional relationship in development should take account in consistency for each other as a sub system for higher level of development.

The consistency of interregional development should be realized in the same direction with synchronization both regional and national policy. Each of local policy in regulations, distribution and justification in resources exploitation should harmonize with another region as integral components of the national development framework. Moreover, the consistency and harmonic of local policy within interregional relationship should be as mutual benefit and supporting among regions for regional, interregional and national development in one solid and integrated framework system.

The importance of regional and interregional relationship with its strategic policy in national development, obviously are the main frame and duties of a local government role as the key player, front liner and leader sector in regional development and planning. It means the prominent institution in the interregional development and relationship is a form of relationship between government in the term of policy making for regional development and planning realm.

From condition above, it can be emphasized several importance components of decentralization implementation in planning and development especially related to the major policy making. The implementation of decentralization is reflected on the prominent role of interrelationship within integrated development. Interregional relationship as conducted and enacted in the form of intergovernmental cooperation, with collaboration and partnership is important in order to bridge the integrated development for national development and economic growth. Furthermore, the component of interregional, intergovernmental is the prominent key to fostering the development in one super system in one solid development framework at national scale.

#### **2.4 Collaborative empowerment for interregional development in the era decentralization**

Collaborative empowerment for interregional development, generally stipulated on the interrelationship between two or more parties in corporation in common vision, mission and purposes with willingness to work together as Davidson:

*“Willingness to work together is the key success, out of others such as good motivation, understanding, personal relations, and trust (Davidson, F and Lindfield, M, 1995)”*

Interregional relationship in this circumstance related to social actors; government as the leading sector, community, society, non governmental organization and public with willingness work together not only in partnership and participation but also with commitment, corporation and coordination sitting together enriching the knowledge in front of uncertainty and complexity.

Enhancing the interregional development, it means how to construct the institutional settings among social actors in order to make a partnership in coalition, cooperation and coordination with a consistency in commitment to work in togetherness. Institutional settings in this relationship emphasized in the form of relationship of organizational. Considering that, this interregional development prominently involving the governmental role due to authority both in issuing and policy making and the formal conjunction and constitutional concept with a state related to public's welfare.

This concept of interregional development emphasized intergovernmental relationship also embracing the level of coalition from other social actors in different of a level. Interregional development stipulated in the form of togetherness and sharing responsibility and resources in the form collaborative empowerment.

To setting the interregional relationship should identify the common attributes. Carmen (1999) in Setiawan (2002) in perspective of cooperation defined with common attribute as non-authoritarian, non hierarchical and non-exploitative relationship based on the idea of interchangeably and equity. Thus, partnership is stipulating on the horizontal relationship so that will be no power over others and perceived other partners.

The importance attributes in institutional settings for joint development in interregional and intergovernmental is based on the essence of collaborative empowerment, putting on the consensus building with mutual behaviour as enriching the social learning with the commitment from different levels of interaction democratically among stakeholders.

Overall, to enact the interregional development with collaborative empowerment, there are main principles that importance to implant in the institutional setting :

1. Sharing resources, risk and responsibility.
2. Commitment for the consistency within coalition for cooperation and coordination.
3. Participation and understanding with willingness to work together in order to achieve the consensus building within the democratic framework.
4. The representatives of social stakeholders are equal with access to resources.
5. Horizontal relationship with interchangeability to avoid positional bargaining and perceived others.
6. Eligibility in effectiveness, competency, accountability, transparency, equity, integration (Setiawan, 2002) and efficiency.

Sharing resource related to allocation in the form of money, personnel, time, effort and information with great deal of cognitive activity (De Cremer, 2003). The consequence from the sharing resources is risk. In this case, all the involved actors should make a responsibility over the risk accordance to memorandum of understanding about sharing resources. Working in togetherness with corporation relied on the commitment that keeps the common vision and mission stayed in consistency as the objective and goals from interrelationship. Participation from stakeholders needed in order to achieve the consensus building where in this process all involved social actors working with understanding and

avoiding conflict with deliberative and democratic way. Representation from stakeholders is the same and equal in order to access resources both in socially and politically with horizontal relationship, which means there will be no command and control or power over other in order to avoid positional bargaining and perceived from others that lead to conflict.

Eligibility in *effectiveness* is capacity of institution to defining operational goals and objectives (Israel 1989 in Setiawan 2002) and related on quality of the outcome based on the achievement (Osborne 1992, in Setiawan 2002). *Competency* is the quality of administration and organization with its responsibility to solving the problems. *Accountability* in this relationship is the measurement of enact and responsive to stakeholders in a process, outcomes, activity (J. Bart, 2007) and services, which divided into Public, Politic, Legal and Administrative ( Oliver, 1991 in Setiawan, 2002). *Transparency* related trust and openness in allocation of resources, activity and service which in this transparency the existence of interrelationship will be valued by public and involved stakeholders. *Equity* is the same position of involved actors in order to work together (Setiawan, 2002) and same rights in order to access the resources. *Integration* prominently in order to make a consensus building and policy in a decision making both in institution and spatial. *Efficiency* is related to servicing delivery (Luis R De melo, 2004) in between stakeholders, allocation of resources in organization operation in order to achieve the goals and objective.

Interregional and intergovernmental interrelationship to the development emphasize the empowerment with collaborative approach. This collaborative empowerment is prominently as involvement to existing condition with liable environment from the implementation of decentralization in order to create innovation in strategic policy with the effectiveness, accountability, transparency and governance.

Arose from this theoretical framework, it will be a base for construction of this thesis to elaborate with a condition of decentralizations as mentioned as the background of this thesis to aim the interregional development in infrastructure in order to achieve strategic, integrated and sustainable policy direction. This relation of theoretical framework will be constructed and elaborated on the methodological framework on next chapter of research method.

## **Chapter 3 Methodology**

This Chapter consists of method in order to enhance the collaboration for empowerment in the interregional infrastructure development, particularly in road infrastructure in the era of decentralization in Indonesia. This thesis will be developed based on three main activities, which are data collection and study literature, research procedure and the research method.

### **3.1 Scope in writing this thesis**

Scope of the writing in this thesis describes as follows:

- Object of the research is Indonesia with regional perspective among the region as interregional matter and road infrastructure as the one of problems from the implications of decentralization.
- This master thesis emphasizes in implications from policy and the attributes of collaboration.
- The method used is literature review with related theoretical framework to decentralization policy in the Indonesia.
- Limit in this thesis in the analysis of the decentralization policy; administration and fiscal policy, and policies related to the formal planning system and spatial planning in Indonesia.
- Analysis is in policy analysis with implications and adjusted attributes based upon decentralization in order to be implemented into collaboration for gaps in the development between regions.

### **3.2 Data collection and literature review**

This thesis is using study literature, document analysis and study literature from international scientific journal articles, research report, theses, reports and books. After the data collection, the resources will be analyzed in particularly related to collaborative planning, empowerment, decentralization, interregional development for infrastructure, and the other resources that related to this research. Due to limitation of time, this research will use data from the previous researches, government official reports and publications and also working paper related to contenting of this research.

In collecting data and literatures, this research mainly using electronic databases provided by RUG database search facilities; e.g. Picarta, Purple search, books and articles from collection of RUG library, and others from external sources; e.g. Google Scholar with specific and primary key i.e. "Collaborative or

collaborating”, “Empowerment and development”, “decentralization”, “Interregional and intergovernmental” with specific location related to “Indonesia”.

### **3.3 Research procedure and analysis**

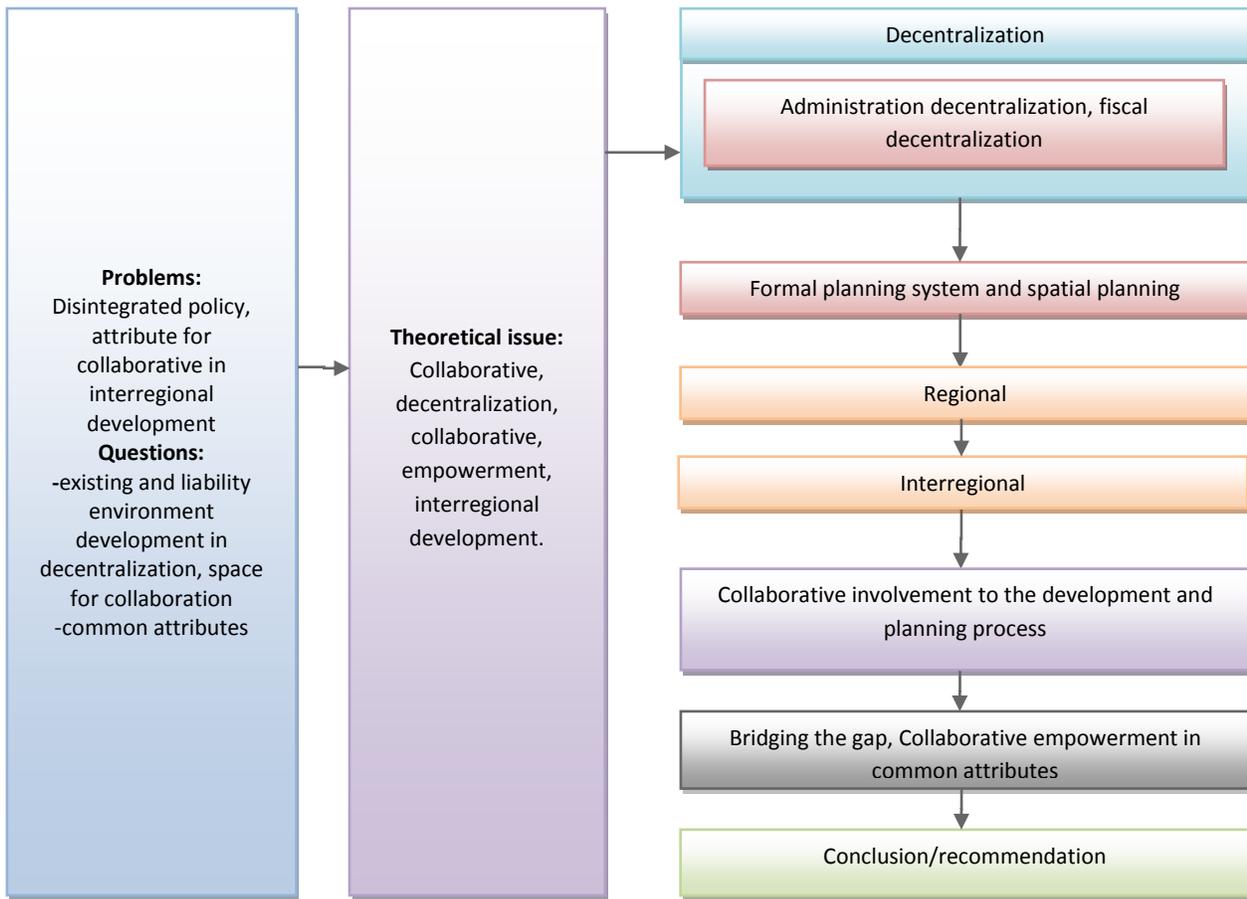
The methods of analysis in this thesis prominently in literature review that using existing literatures and previous research about the topic with descriptive analysis. This literature review needs in order to learn and stimulate the idea for building the theoretical framework and analyzing the existing conditions. Furthermore, from the literature review and descriptive analysis will be conducted to find main issues from the case of interregional development and to find the attributes for collaborative as empowerment in the infrastructure development in the decentralization. This attributes will be elaborated within existing condition and the liable environment interregional level.

The basic in analyzing of this thesis is expanding the decentralization policy with its implications that affects both developments in region and between regions. Therefore, there are *four main elements* that will be used in the analysis in order to get the common attribute in collaborative for empowerment. First, policy in the field of *administrative decentralization*, second is in *the finance sector*, third policies in the *formal planning system* and fourth, in the *spatial planning system* in Indonesia.

Moreover, those elements above will be as the benchmark for the searching of attributes. The four key elements will be analyzed and explored for the related implications in terms of regional and interregional development and confronted with the authority and ability from the framework of Decentralization. Accordantly, the implications will be based on existing condition, literature review and supported by other information related to problems.

From the implications, the next step is bridging the gap between implications and the common attributes. To search for attributes in this collaboration it is necessary to examination the element in the boundary of scope with the scale based on the decentralization policy within its main mandate and essences. Therefore, the attributes that be sought will not out from the existing system, but is in line with the system. The analysis based on the theoretical knowledge and will be synchronized with the conditions and situation in decentralization, so that the common attributes for collaborative are based on the existence of the system which is decentralization.

To provide better visualization the method of analysis stipulated as follows:



**Figure 3. 1 Methodology**

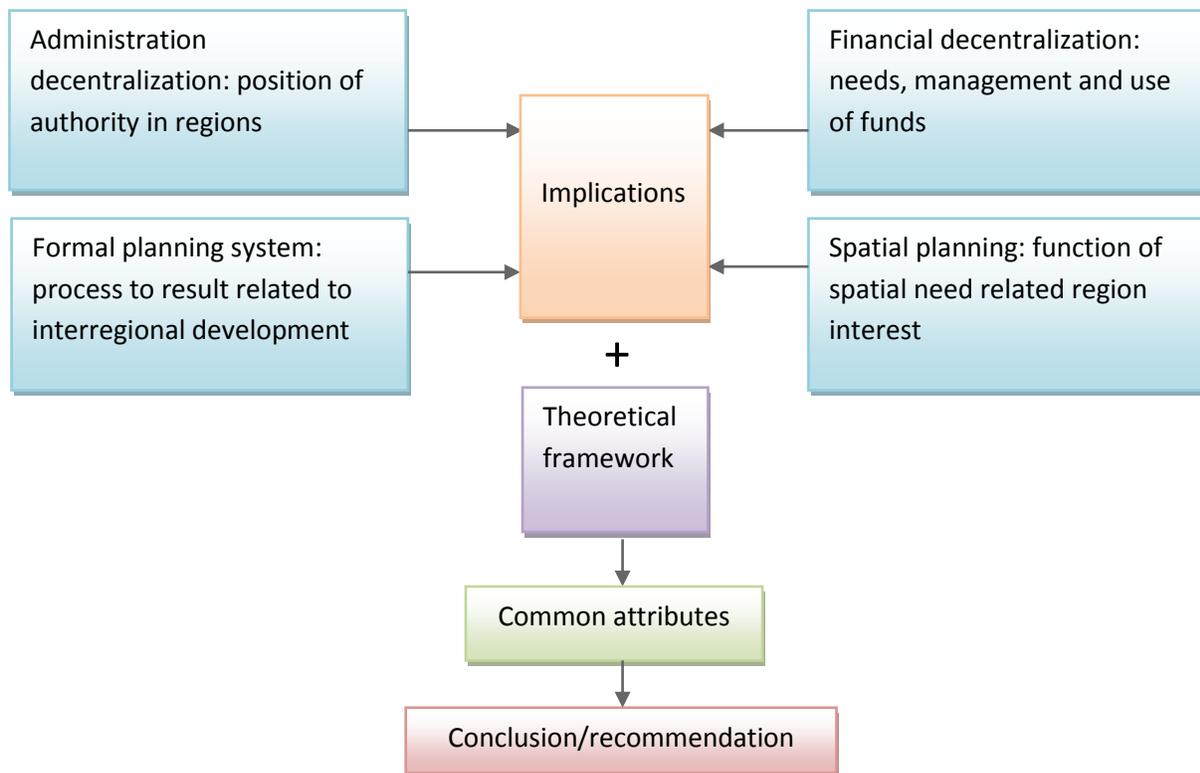
In details, first of all, the step is elaborated by the condition and situation with the liable environment that occur in development in Indonesia, especially on infrastructure. In this thesis, the development especially related to the regional and interregional level represented by one of the types of infrastructure, namely roads. Condition and situation for the liable environment in collaborative for empowerment, are expanded on from the main influence of decentralization policies. Decentralization here is consisting of the administrative and financial policies. The Condition also elaborated with other policies related to decentralization, which are in the formal planning and spatial planning system. All of these will be elaborated in the chapter 4, which will be the basis for analysis in the chapter 5.

Derived from the condition in chapter 4, and then will be analyzed in order to see how far the implications of decentralization with the main indicator from the local policy and authority related to the administrative, financial, formal planning system and spatial planning. To what extent that policies

affect the administrative and financial to local government authority in issued the policy in development either in the regional or interregional level.

In feature, the implication of administration will be measured from the position of authority in a region. In finance, the implications will be indicated from the needs, management and the use of funds related to authority in a region. In the formal planning system will be indicating from the result and the process to take an account to the needs of interregional development. Moreover, from the spatial will be indicated to the how the function of spatial needs to the region interest. In overall, the implications of decentralization and related policies are indicated by the policy direction in the development especially in infrastructure.

From all of these implications, then will be established the liable environment for collaborative as empowerment. Moreover, the implications are delineated as the basis in analyzing the need for common attributes that will be used in collaboration.



**Figure 3. 2 Detail analysis**

In analyzing the common attributes, it is elaborate with descriptive analysis and based theories particularly related to the collaboration and decentralization. Common attributes will be explored based on the implications of decentralization policy that has been done before. The determination of common attributes is based on academic knowledge and theories and adjusted to the existing conditions. In other words, it is bridging the gap between theoretical frameworks and the existing condition which is from the implications of decentralization implementation.

Furthermore, based on this methodology, next chapter will elaborate the existing condition and liable environment from the implementation of decentralization in Indonesia related to the interregional development, particularly in the infrastructure development.

## **Chapter 4**

### **Decentralization policies and Interregional development**

This chapter explores the development and planning in Indonesia within decentralization policies, especially in local autonomy with its implications in infrastructure development related both in the regional and interregional level. Policies will be discussed in this chapter are including administration and finance and related to decentralization in the formal planning system and spatial planning. Moreover, from these policies will be discussed also the development of road infrastructure and interregional development in the decentralization. Furthermore, the implications from the decentralization policies will be base for the analysis in interregional infrastructure development with its common attributes.

#### **4.1 Decentralization in Indonesia**

Economic crisis in 1998 brought Indonesia to the political transformation movement, shifting from the most centralized country to the most decentralized country in the world (Bert Hofman and Kai Kaiser, 2004). Political reformation brought the first independent and openness of an election process in 1999. In this transformation, the elected representations have more change to build up more balanced power in the system. Accordantly, demand of the decentralization came up as the policy to deal with the dissatisfaction of centralized system and inequality in resource allocation (Pohan, 2002) .Nevertheless, since its first appearance in law No. 22 year 1999, decentralization effectively implemented on 2001 (D. Suhardi, A. Haryanto and M. Abduh, 2006).

First decentralization policy in Indonesia is enforced on two major sectors, which delineated on the administration and fiscal. Administration decentralization is stipulated on Law No. 22 Year 1999 about "*Regional government*", and fiscal decentralization stipulated on Law No.25 year 1999 about "*Fiscal Balance between the Central Government and the Regional Governments*". These breakthroughs in laws lead from centralist to decentralize government both in power and development. Namely, it delineated on the authorities in wide range autonomy to district/city in development and planning process. Moreover authorities in control over their finances both in revenues and expenditure, and in the administering civil service and the organizational set (Pohan, 2002).

Decentralization that stipulated on two laws has each goal. Regional autonomy in law No. 22 year 1999 at least had three goals. First, is for the political goals within deliberative democratization of a nation and state at the level of politic infrastructure and superstructure. Second, it purposes both in

governmental effectiveness and efficiency to the community with rapid, accurate, transparent and cheap administration. And the third goal is for the social-economic namely the rising standards for public welfare (Wasistiono, 2001).

Decentralization in finance, namely resource allocation, concerning the fiscal balance between central and regional government based on the principle of money follows function in its distribution, stabilization and allocation based on the proportional, democratic, equitable, transparent and regarding to potential, condition and need of the region (Sidik, 2007). Fiscal decentralization in local government expected to develop their own territory in accordance to the local needs and resources capabilities in the implementation.

Decentralization implementation in Indonesia divided into four stages, which are: first initiation stage *period* implemented in 2001, covering the development of new regulations, guidance, etc. including their dissemination. Second stage is *installation* period implemented on 2002-2003 covering efforts and responses from central government in order to deal with risks and problems from the first period. Stage three, *consolidation* was implemented on 2004-2006 mainly the straightening, elaborating, adjusting in development and continuing the first stage that has not been finished in activities. The fourth stage is *stabilization*, which implemented from 2007 onward (Pohan, 2002).

More regulation follows the preliminary laws in decentralization in line with the time and needs for the development and problems in its implementation. Moreover, this policy will be discussed in the next section, especially in administration and fiscal and related to decentralization in formal planning system and spatial planning.

#### **4.1.1 Administration decentralization**

Decentralization in administration on the Law No.22 Year 1999 about “*regional government*”, regulated the implementation of local government with the principle of democratization and proportionally transformed with the settings to national resources distribution and utilization and within the role of community, equity, justice and considering with potential and regional diversity. Basically, this law empowers and encourages people and community, enhance initiative and creativity and develop the role and function of regional representative council (DPRD).

This administration law is emphasizing a local government in province, city or regency level as the autonomy region with the authorities and freedom to form and implement policy initiative, local people and community aspiration. Regional autonomy in giving the flexibility of authority only covered all of administration both in the local and regional level except authority in the field of foreign policy, security

defense, judiciary, fiscal monetary, religion and other areas of authority that will be assigned from the state government regulation. Overall, local autonomy in administration decentralization covered full authorities in planning and its implementation, supervising, controlling and evaluating in both local and regional development.

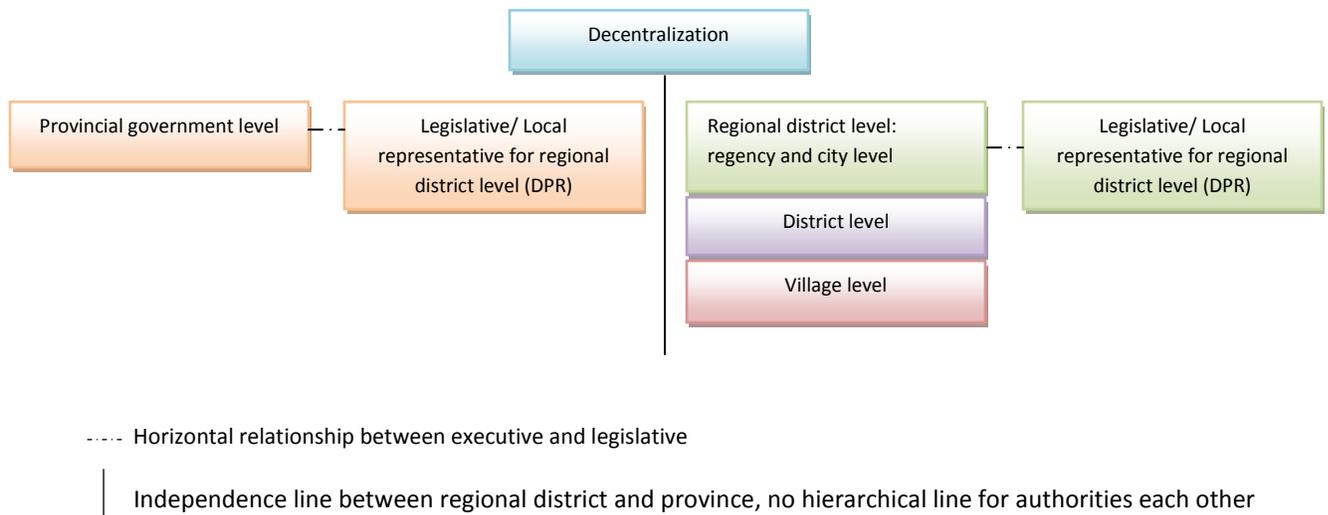
Three principles from regional autonomy in law No. 22 year 1999 are:

1. Using the principles of decentralization, deconcentration and task assistance.
2. Decentralization full implemented in the regional district and city.
3. Task assistance can be implemented in Province, regional district, city and villages.

The essence of administration decentralization in Law No.22 year 1999 is using the philosophy of Unity in diversity, which replacing the philosophy of Uniformity, and in the company of its new paradigm in Sovereignty of the people, Democracy, community empowerment, equity and Justice. Furthermore, the divisions of the area using a scale and content approach instead of levels approach with more recognition of the authority and not giving the settings. The Legislative role is parallel and internship with the head of the region. The head of region is still responsible to legislative or turning out from executive heavy to the legislative heavy. And last, the four important basic rights for local and regional government in suffrage leader themselves, the rights to manage resources, the rights to make legal rule, and the rights for apparatuses.

Furthermore, regional district authorities that stated on decentralization law are divided on sectors in Public work, Health, Education and culture, Agriculture, Communication, Trade and Industry, Investment Environmental, Land, Cooperation, and Labor and man worker.

Generally, administration decentralization in local autonomy is related to the governmental level in the development describes as follows:



**Figure 4. 1 The order of administration in decentralization  
(Source: interpretation from law No.22 year 1999)**

In administration decentralization there is no hierarchical line between province and regional district. In article 9 Law No. 22 year 1999 each regional district has its own authorities. Province government in article 7 have authority in order for the cross boundary and cross sectors between regional districts and other authorities that not and yet implemented by regional district. From this order of administration in article 10 paragraph 1, each region has its own authority to manage their own resources and protect their environment according to the applicable law.

Further development in the decentralization with its limitations and constraints on the implementation, made the law to be revised with new stated law No. 32 year 2004 with the same contents about Regional government with an essence to regional autonomy. In this revised law, a point of regional loan that local or regional district can be enacted from domestic loan or foreign loan besides a narrowed task and authorities for a regional district in autonomy. This revision is an improvement based on problem in the difficulty of coordination, finance and regional intercalation.

Besides law No. 22 year 199 and law no 32 year 2004, these laws followed by another policy in Government Regulation no. 8 year 2003 about the guideline for regional organization. The essence of this law is in order to perform regional organization effectiveness and efficiency structure based upon administration law.

Decentralization in administration is not only given a reformation in regional autonomy contexts but also reformation in politic. Besides in administration and politic, decentralization in Indonesia should enact the context of decentralization in finance. This sector in finance is important in order to make efficiency and effectiveness of whole decentralization for devolution from the state to other tiers of government. Furthermore, this fiscal decentralization will be discussed in the next section as a part of Implementation of Indonesia decentralization.

#### **4.1.2 Fiscal decentralization**

Fiscal decentralization is a package with the administration decentralization in order to perform the reformation. This first law of fiscal decentralization stipulated on Law No. 25 Year 1999 about the fiscal balance between central and local government in development. In order to manage regions and authorities in planning and implementation, supervising, controlling and evaluating in development, fiscal decentralization is important to manage the resources both in local and regional development.

Law No. 25 year 1999 stated the regional development is financed from local budget source, prominently from the original local revenue (PAD) and besides the balance found (from central government), regional loan and other legal funds. Furthermore, detail in local budget in law No.25 year 1999 consists of three sources.

First source from local budget comes from original local revenue (PAD) which covered on local taxes, Local retribution (both local taxes and retribution will be adjusted and depend on authorities from each local government and accordance to related laws (no.18 year 1987 regional tax and retribution) and local income from company owned by region and others local treasury.

Second, source for local revenue is from balance fund, which consists of Local share (DBH) from land and building taxes (ratio 10%:90%/central: regional share), acquisition from land and building (ratio 20%:80%/central: regional share) and income from natural resources (ratio 20%:80%/central: regional share). Another source from a general allocation fund (at least 25% from APBN consist of 10% for province and 90% for regional district). And last source of balance found come from the specific allocation fund. And last source is consisting of Local loan, which covered from domestic loan, foreign loan through central government.

Furthermore, this law determined about responsibility and deconcentration. The entire fund for development, especially from central government through APBN is depending on the autonomic region needs and the economic potential. It means regions given a share based on their ability in produce the outcome, especially both in economic and natural resources.

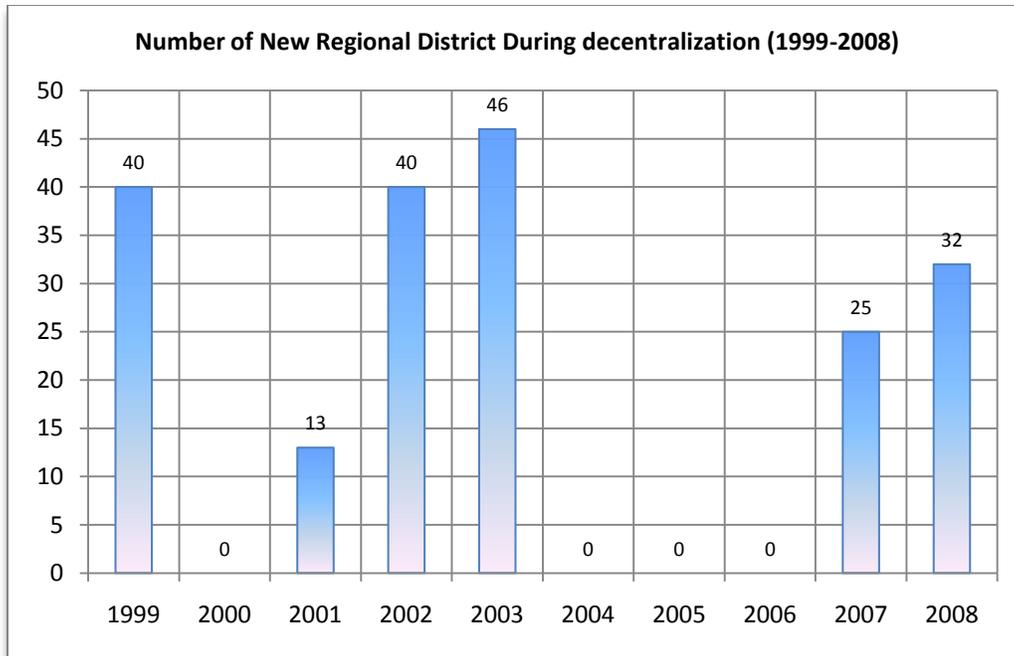
Further development, law No. 25 year 1999 was revised with Law No. 33 Year 2004 with same essence in fiscal balance between central and local government. The revision is more to effectiveness and efficiency in the financial system in order to flow expense and revenue follows the function of the development. Further revision is in new law in order to prevent overlapping or unavailability of funds in the development, set up a grant that came from foreign governments, agencies or foreign institutions, agencies or international organizations, governments, agencies or institutions in the country or individuals, whether in the form of foreign exchange, dollar, or in the form of goods and / or services including experts, and training expense that no need to be paid back.

Financial management would be conducted orderly, obedient to the laws and regulations, efficient, economical, effective, transparent, and accountable for the stakeholders that have become public charges. Basically, the new revision of this law is to emphasize the principal of finance balance between central and regional government accordance with decentralization, deconcentration and task assistance. The revision include an additional local revenue which come from domestic personal tax besides improvement from DAU, DAK, and loan mechanism, responsibility with a sanction and punishment and financial system regulation.

Overall, fiscal decentralization law is performing accountability, transparency with effectiveness and efficiency, which means intended to support funding up to the handover of local government affairs that already stipulated in the law of administration decentralization and based on the principle of “money follows the function”. Accordantly, the function of development funding is the obligation and responsibility of each level of government.

#### **4.1.3 Indonesia road infrastructure development in the decentralization**

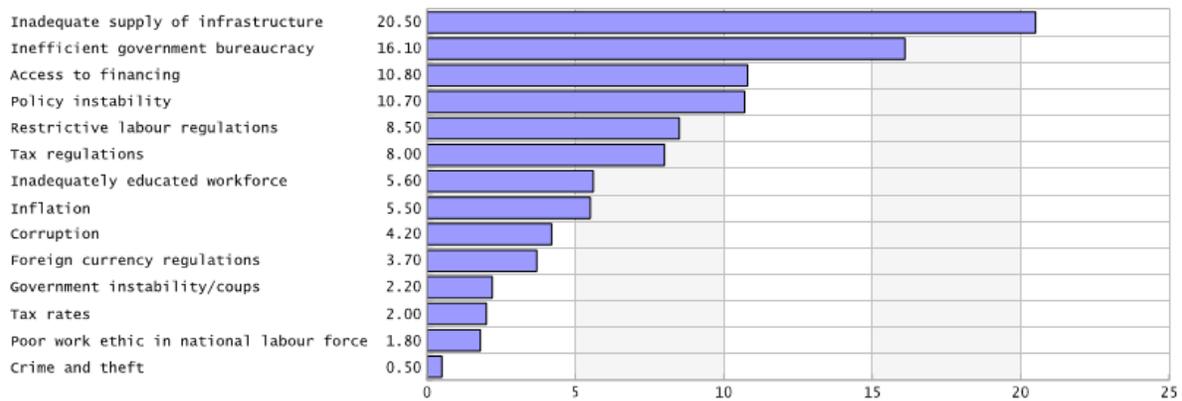
More or less, infrastructure development in Indonesia has been changed by the implementation of decentralization. Administration and fiscal decentralization lead to deconcentration and emphasizing the regional growth. Area of development in Indonesia widely spread since the implementation of administration and finance law. Local or regional autonomy as a form of administration decentralization is created wide area of development in Indonesia. During decentralization, regional intercalation has been increased. Initiated from 27 provinces and 300 regional districts to be 33 provinces with 496 regional districts; included regency and cities (see index 1, regional intercalation in Indonesia).



**Figure 4. 2 New Regional districts during decentralization.**  
(Source: Data compilation)

Although local government expenditure for infrastructure increases, it tends to be a dilemma when the central government increasing the expenditure for infrastructure while local government reluctant to spend on infrastructure development in its region. The lack of expenditure in infrastructure obviously affecting to the quality of infrastructure service, for instance, road infrastructure development with its ratio only can provide 1, 7 Km road for 1.000 of people, otherwise this condition more to implication to the economic growth.

In order to achieve 6 percent of growth from 2005 until 2009, Indonesia needs to maintain, rehabilitate, and develop its infrastructure facilities with an estimated investment cost of about US\$ 72.14 billion (Rp 613,2 trillion) to add to the network 93.700 km of public road, to generate 21.900 MW electricity power, to install 11 million fixed line telephone and 18.7 million subscribers of cellular telephone, to provide drinking water to 30.5 million people, and to serve 46.9 million people with sanitation system. Not yet in other sectors in transportation, housing, energy and irrigation take into account (Dikun, 2003).



**Figure 4. 3 Indonesia Problematic Factors, World Economic Forum Analysis.**  
**Source: (WEF, Global Competitiveness Reports 2007-2008 : Country analysis, 2008)**

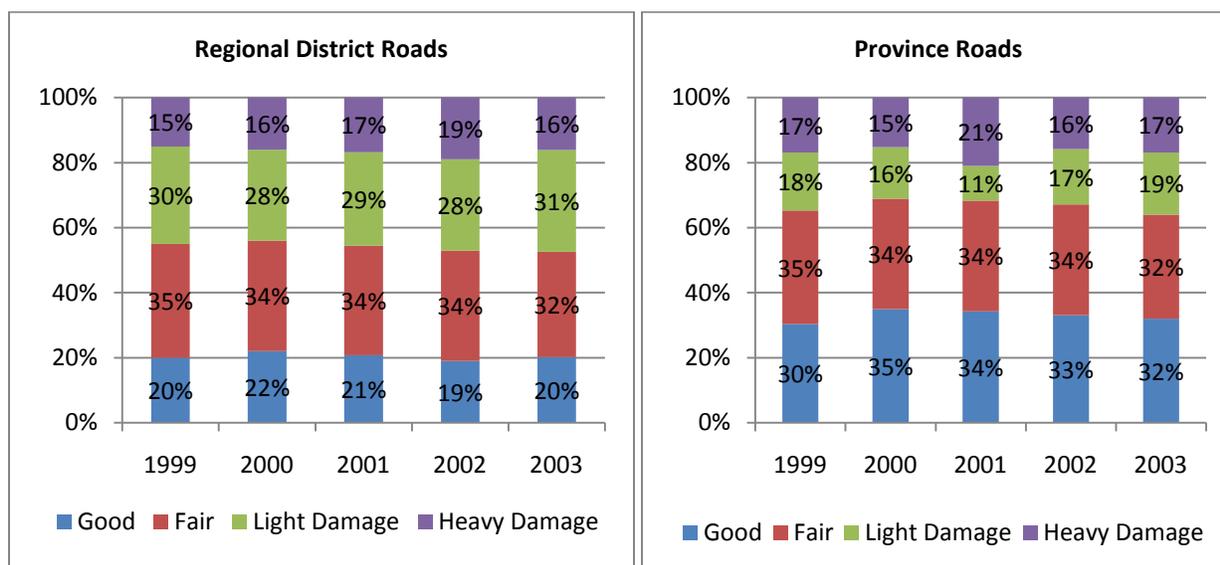
Road infrastructure is one of problems in the era of decentralization. According to World Economic Forum 2008 Indonesia has 91<sup>st</sup> ranks in infrastructure competitiveness in the world (WEF, 2008). From Figure 4.3 can be shown that Indonesia problematic factor is Inadequate Supply of infrastructure. When viewed more carefully in that figure, it tends to be more influenced by the bureaucracy, access to finance and policy instability. These three factors are coherent and need to be improving as the basic relevancy to the supply infrastructure.

In general, the condition for road infrastructure in Indonesia has been decreasing with its main problem in road construction quality and excessive capacity. In 2004, from the total length of 348,148 km road, the condition of damaged roads reached 19 percent of the 34,629 km national roads, 37 percent of the 46,499 km provincial roads, 56 percent of the 240,946 km road districts, and 4 percent of the 25,518 km of roads. In addition there is a toll road along the 606 km with overall in good condition. The condition of the road network system in 2004 includes national roads, provincial, district, city and toll road is in good condition and reaches 54 percent of the entire existing road network (Indonesia, 2005).

| Road Type     | Road Condition (%) |             |             |              |              |
|---------------|--------------------|-------------|-------------|--------------|--------------|
|               | Length (km)        | Good        | Fair        | Light Damage | Heavy Damage |
| National Road | 34.629             | 37,4        | 44,0        | 7,7          | 10,9         |
| Province Road | 46.499             | 27,5        | 35,3        | 14,4         | 22,7         |
| Regency Road  | 240.946            | 17,0        | 26,4        | 21,9         | 34,7         |
| City Road     | 25.518             | 9,0         | 87,0        | 4,0          | 0,0          |
| Tool Road     | 606                | 100,0       | 0,0         | 0,0          | 0,0          |
| <b>Total</b>  | <b>348.148</b>     | <b>20,0</b> | <b>33,7</b> | <b>18,2</b>  | <b>28,1</b>  |

**Table 4. 1 National road damage (2002-2004)**  
Source: Directorate general of Regional infrastructure (2004)

During decentralization from 1999 to 2003, the composition of a national road network in Indonesia comprised of a district and provincial roads that currently are on the current situation and lead to light damaged conditions, with the comparison between regional districts and province showed as bellows:



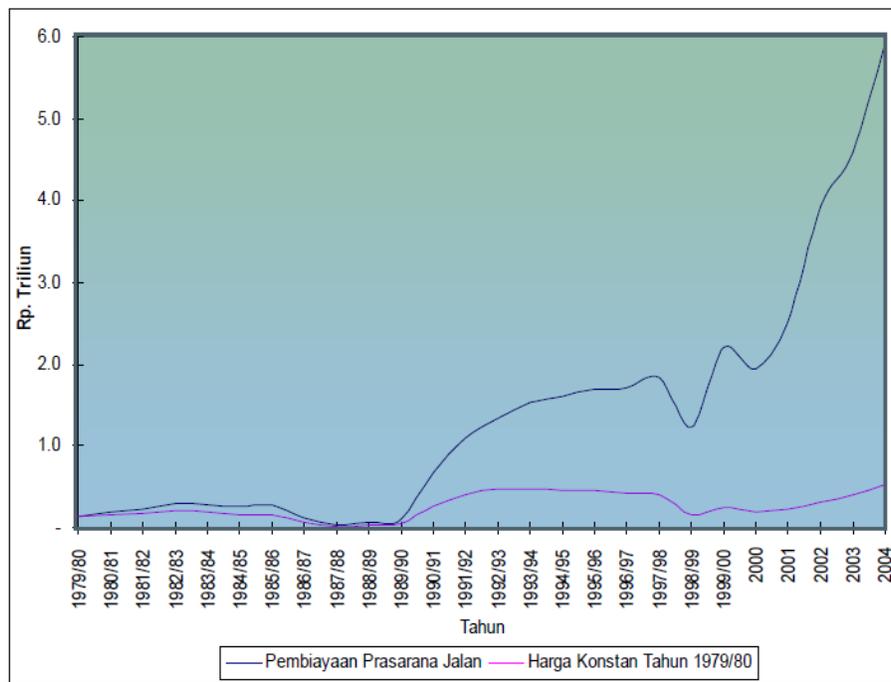
**Figure 4. 4 Regional district and province roads condition during decentralization (1999-2003)**  
Source: Directorate general of Regional infrastructure (2004)

Road infrastructure damage has caused a dramatic increase in economic costs. Prediction from Department of Kimpraswil 2000: road user costs for a year at approximately Rp. 200 trillion (SEPM-IRMS). According to survey data from IRMS 2002, road user costs (RUC) for national and provincial roads is up to Rp. 1.5 trillion per day. The cost incurred to use for roads on the island of Java, namely Rp. 721.9 billion. RUC per island and cross regional roads can be seen in the table bellows (Indonesia, 2005):

| Classification |                        | VOC             | T-Time Cost   | RUC             |
|----------------|------------------------|-----------------|---------------|-----------------|
|                |                        | Rp. Million     | Rp. Million   | Rp. Million     |
| I              | All Networks           |                 |               |                 |
| 1              | Sumatera Island        | 424,72          | 53,82         | 478,54          |
| 2              | Java Island            | 641,09          | 80,84         | 721,93          |
| 3              | Other Islands          | 312,16          | 33,67         | 345,82          |
| 4              | <b>Total Indonesia</b> | <b>1.377,96</b> | <b>168,33</b> | <b>1.546,28</b> |
| II             | Cross Island           |                 |               |                 |
| 1              | Sumatera Island        | 204,33          | 29,32         | 233,65          |
| 2              | Java Island            | 240,36          | 33,86         | 274,21          |
| 3              | Other Islands          | 156,37          | 18,16         | 174,53          |
| 4              | <b>Total Indonesia</b> | <b>601,06</b>   | <b>81,34</b>  | <b>682,39</b>   |

**Table 4. 2 Road User Cost For Road Network in Indonesia, (National, Province, and Non Status) per day**  
**Source: Directorate general of Regional infrastructure (2004)**

In 2008, the budget allocation for the Department of PU reaches Rp. 36, 1 trillion. Even with a fiscal stimulus package, the government has set a budget Rp. 10, 2 trillion to increase the budget allocation for infrastructure projects that have been set in the 2009 state budget which worth Rp. 102 trillion.



**Figure 4. 5 Progress of Road Infrastructure Finance until 2004**  
**Source: Directorate general of Regional infrastructure (2004)**

Road condition both in province and regional district depend on the ability from each government in managing the infrastructure either in the provision or the maintenance. Financing the roads is the prominent problems for Indonesia government. The increasing infrastructure needs, especially in the

regional district is following by the demand of the road infrastructure itself, whereas together with the increasing number of development concentration within regional intercalation during decentralization.

Infrastructure development in the decentralization, particularly in the financing has been increasing from year to year; this condition cannot be separated by the needs of this type of infrastructure that covered in the planning. Infrastructure planning is determined in the framework of planning system in Indonesia both in the national and regional level. Furthermore, these types of planning system in Indonesia will be described in the next section.

## **4.2 Indonesia Formal Planning System**

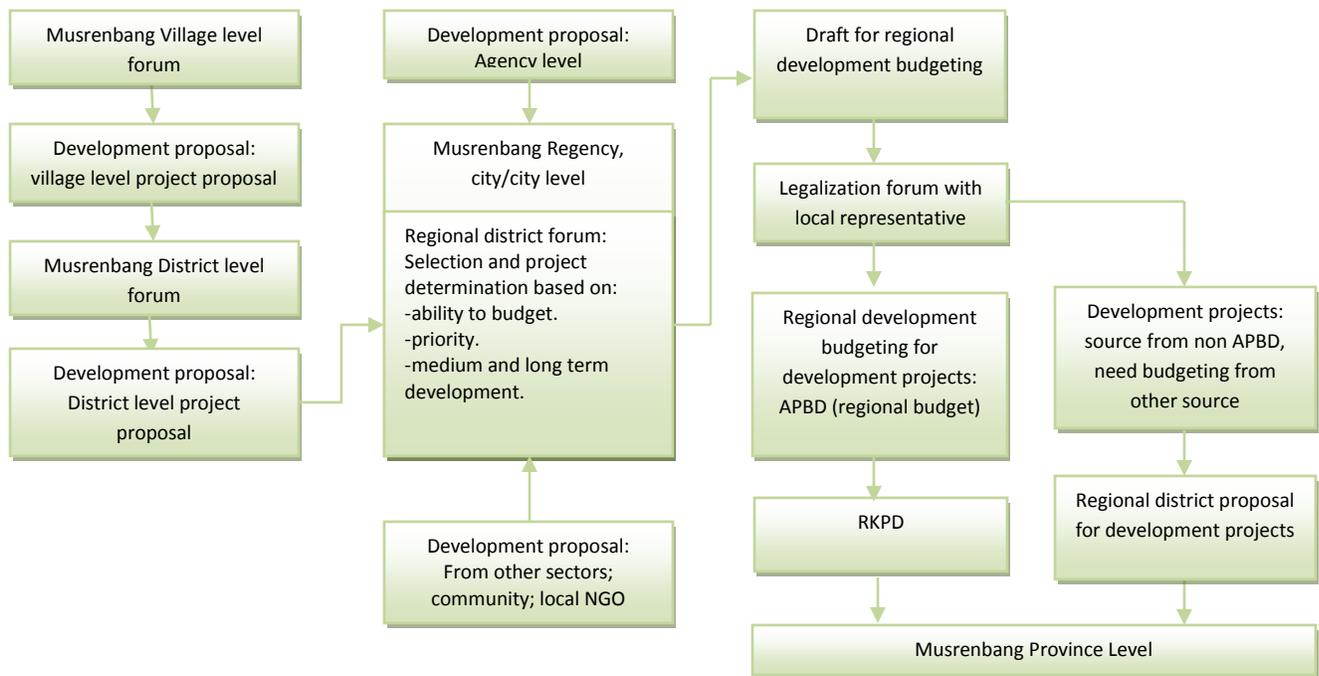
National and regional Infrastructure is one of the development sectors that delineated in national development and planning system in Indonesia. National development and planning system is an integrated planning procedure to produce development plans in the long term (RPJP), medium term (RPJM), and yearly by the element of the state and society in the central and regional level. Indonesia national planning system declared on Law No. 25 year 2004.

In Law No.25 year 2004, central and local government shall prepare the planning document in the government planning work (RKP) and regional government planning work (RKPD) as the basis of proposed budget for development (RAPBD/RAPBN). Preparation of RKP draft throughout the coordination between National Development Planning Agency (Bappenas) with the entire ministry/Agency and Local Government in forum called Musrenbangnas (National Development and Planning Forum) in the central and national level. While RKPD prepared throughout the coordination from Regional Development Planning Agency (Bappeda) and the entire unit work in local government in forum called Musrenbang (Development and Planning Forum) in the regional level.

Musrenbang is a forum to generate agreement in the development design both RKP and RKPD, which focused on a discussion of the activities in plan for the synchronization between ministry, institution, and work unit between Government, Local Government and the community in order to achieve the goals of national and regional development. Mainly, Musrenbang divide into three stages which are National, regional and local. Each stage has its own forum in order to achieve an agreement for the priority in development and planning, development strategy both in long and medium term and prominently, and the source for the development project.

Local Musrenbang consists of villages, district, and government unit work and regency/city/city forum stages. Each stage from village until a regency level makes a forum consist of stakeholders. This forum discussing and achieving the agreement about the problems and priority development based on

local policies and development framework either in long or medium term. In this forum, People and community as participant together with government as facilitator sitting together, determining the priority in development, synchronizing and finding solution based on the problems with an agreement for the next stages in Musrenbang forum. In practice, the entire forum in each level only consumes 3-7 days to be taken into the results as the development priority not included the preparation and selection process.

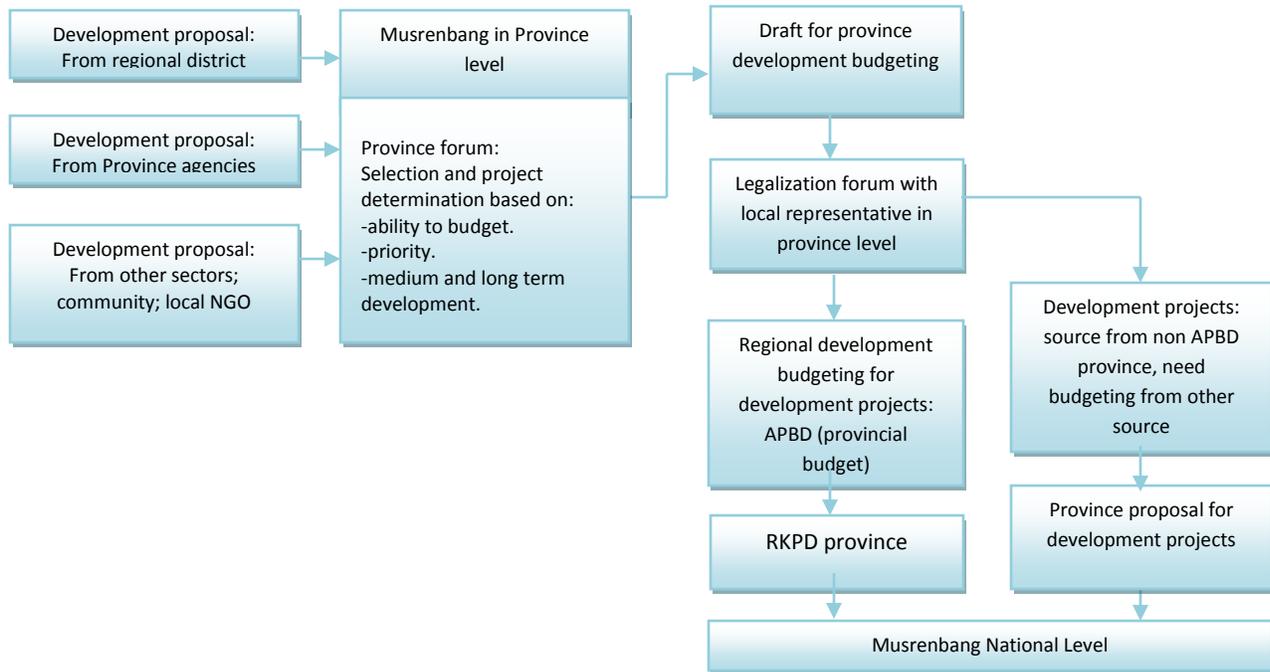


**Figure 4. 6 local stage Musrenbang: village, district, and unit work and regency/city/city level forum.**  
**Source: interpretation from Law No. 25 year 2004 and technical guideline for Musrenbang, Bappenas**

Further destination from local Musrenbang is a legalization forum for the final result as a draft of development and planning budget. In this forum, all priorities will be taking an account and determined whether or not each project on the priority list is fit enough to be provide from the finance resources either from local budget (APBD) or other legal sources (APBN, DAK, DAU, Local Bond, Foreign loan, etc).

After the determination is completed, the result from this legalization is a document for APBD and stipulated on RKPD for one year period. Projects on priority which unallocated in APBD will through out Musrenbang in Province level to take an account as priority in budgeting for local development with sources from APBD province. In this level, local government role as the delegation and representative

from regency/city/city are prominently to deliberate local area needs in development. At this level, local government requires the fund for their local development, which cannot be fulfilled by the ability of APBD. In Musrenbang province, all local priority from delegation will be synchronized and re-arranged again accordance to long, medium and short development term and others regional policies.

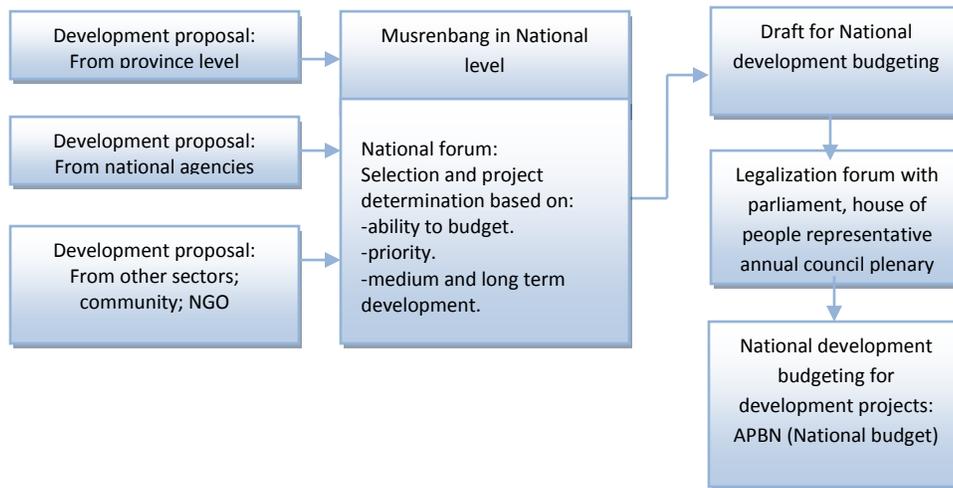


**Figure 4. 7 Regional stage Musrenbang: Provincial level with stakeholders from regency/city/city stage.**  
**Source: interpretation from Law No. 25 year 2004 and technical guideline for Musrenbang, Bappenas**

After discussed in Musrenbang province, the draft result of the priorities as RAPBD will be legalized in forum with province representative (DPRD Province) to take an account as APBD Province and RKPD province. Further step, APBD province and stipulated on RKPD province will be discussed on Central and National Musrenbang. Unallocated priorities from Musrenbang province will be through National Musrenbang. Once again, local or regional development projects with its priority take a journey to find adequate financial support in order to provide the implementation in its area.

From regional Musrenbang, RKPD Province with its development priorities and unallocated development project will be taken account to central and national Musrenbang. Once again, all of this proposed project from a regional level which represented by all provincial governments in Indonesia will be argued again with synchronization and priority accordance national policies in the national

development framework. Next step from this stage will be delineated on a RKP national and stipulated as RAPBN which will be heard in a national plenary event in parliament, and together in annual council for National expense and Budget (APBN) by government, DPR and MPR. As the result is APBN for national development and RKP in The National level for long and mid term development.



**Figure 4. 8 National Musrenbang: National level with stakeholders from province.**

Source: interpretation from Law No. 25 year 2004 and technical guideline for Musrenbang, Bappenas

Overall, the development planning has been through within a long drive from a lower level of administration to an upper level in national with forum of discussion and synchronization from all stage stakeholders. All processes in the national planning system is to determine the priority of development in local, regional and national area. Moreover, it take an account for budgeting in financing the development implementation accordance to policies from local, regional and national development framework.

### 4.3 Indonesia Spatial Planning

Spatial planning in Indonesia stated in law No.27 of 2007. In general, Indonesia Spatial plan divided by administrative hierarchy into three levels; national, provincial and regency/city/city. In the operational level divided into 3 parts, namely; general, detail and detail engineering (Hudalah, D And Woltjer, J, 2007). According to law No.26 year 2007, spatial plan structure based on potential resources, social, cultural, political, legal, defense security, environment, and science and technology as one unit, and Geo-strategic, geo-politics, and geo-economy.

Namely, the spatial planning law is based on the primary function, administrative, activity, and the value of the strategy area. In the implementation, especially in the spatial decentralization laws with regional autonomy, spatial planning tends to give relief to the local government in the spatial construction based on the needs and potential of existing resources in the region. Spatial policies which issued in a spatial plan are made in such a way in accordance with the decentralization principles. In its implementation, direction in spatial policy during decentralization raises conflict between the levels of administrative.

Moreover, spatial planning in Indonesia supported by the government Regulations. Government regulation No.69 Year 1996 stated the rights and obligations implementation, and the shape and the role of Society in spatial planning. Besides, the government has prepared the Minister of Home Affairs Regulation No. 9 year 1998 for the Society participation and the procedure In Spatial Planning Process in the Region. This law mandate in order to organize the spatial implementation by the Government including the role of the community. The role of community participation in implementing and secure the rules are extremely important because the results will be enjoyed again by communities in the region.

Furthermore, it followed by the reference of the MPR IV/MPR/2000 decree about the policy recommendations in the Regional Autonomy. This law stated the improvement of public service and creativity in development, officers clearly visible giving the opportunity for people to play an active role in various processes in organization development, including in the process of spatial plan. The task is in line with the article 12 of Law No. 24 Year 1992 that "the regulation Space taken by the Government, and Society." The principle is in line with the Government Regulation No. 69 Year 1996 that the Government as a facilitator and the community as the main actors or stakeholders of development.

Although it has been supported by the legality, but in the implementation Spatial planning still face many obstacles that arise such as conflict between regions. This condition certainly related to the implications of the spatial policy itself. Namely, spatial conflict caused by a lot of policies; regulation and guidance both in national had not been clearly adjusted or synchronize to the national, provincial or regency level based upon decentralization principles. For instance, most policy issue is conflicted or contrary between state government and local level, regulation such as the road network, particularly in the regional level, has changed the functions as many ways of the local policy making in decentralization. And there are also differences between state boundaries on land use, especially for protection area and local boundary which in overall caused by the regional administration intercalations.

Furthermore, there are still many conflicts that occur between the spatial-national provinces and districts, and even between districts and regions within a same geographical formation.

Although it stated on law of spatial planning with an order for coordination and synchronization among levels of administration, the implementation of spatial plan in Indonesia still has conflicts occur caused by the unclear function, local interest, policy and authority between levels of administration. This condition is accompanied by the decentralization, which demanding a lot of changes in all aspects including sectoral policies in the administrative boundaries.

#### **4.4 Interregional Development in Indonesia**

Indonesia consist of 17.508 islands with around 1, 9 million km<sup>2</sup> and about 237 million populations. In administration, there are 33 provinces with 496 regional districts in form of regency and city. Geographically, Indonesia has 740 ethnic groups with 583 languages in each area with different natural environment that is not as prevalent in the case as a source of economic income. From this condition, obviously the interregional relationship is necessary for the equity in the development with concern to unity in diversity.

Formally, the interregional development has been defined in the form of legislation. One of policy is in the government regulation no 25 year 2000, which was stated the provincial responsibility in terms of development between regions. Furthermore, strengthened in the law no.32 year 2004 about local government, which one of the sections mentioned about the authority which given to the province as the coordinator in the development between regions. Furthermore the establishment of regional inter-agency cooperation has been listed in the mandate and mentioned the importance of the corporation board in order to get a collective decision. In addition with the legal device in laws and in the implementation, Bappenas as the national planning agency has deputy in the field of regional autonomy development through regional directorates with the task of interregional development.

Inter-regional development in Indonesia is not something new in the implementation. Many forms of cooperation and collaboration between regions in Indonesia have been established with different types in management and function. Interregional relationship in Indonesia prominently moves in the form of trade cooperation, investment, agriculture, tourism and infrastructure. However, the main function as the joint infrastructure in the regions is still a little in its implementation, and it is only a part of the additional function in the development for investment and tourism not merely as the main function of cooperation.

Some form of cooperation between local regions in the form of trade, investment, industry, agriculture, and tourism can be seen as forms of cooperation between regions Jabodetabekjur (Jakarta, Bogor, Depok, Tangerang, Bekasi and Cianjur) since 1975, Gerbangkertosusila (Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo and Lamongan). These forms of cooperation are the two forms of cooperation, especially in metropolitan areas (setiawan, 2002) of Jakarta and Surabaya.

In interregional infrastructure, the dominant issues are in the management of terminal cooperation such as waste management Bantargerbang between the DKI Jakarta and Bekasi Regency, waste management Piyungan between the city of Yogyakarta, Bantul and Sleman regency. In addition, there is management of Regional transportation in terminal Purabaya by the government of Surabaya and Sidoarjo Regency, and other examples such as the management of Lindungsari terminal between the city of Malang and Malang Regency. These forms of cooperation are the two forms of cooperation for the type of metropolitan area corporation (setiawan, 2002).

| No | Description          | Area   | Function  |
|----|----------------------|--|---|
| 1  | Jabodetabek          | Jakarta, Bogor, Depok, Tangerang and Bekasi                              | Metropolitan Economic, Trade, investment                            |
| 2  | Jabodetabekjur       | Jakarta, Bogor, Depok, Tangerang, Bekasi and Cianjur                     | Flood management  |
| 3  | Gerbangkertosusila   | Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo and Lamongan            | Metropolitan Economic, Trade, investment                            |
| 4  | KedungSepur          | Kendal, Demak, Semarang, Grobogan, Salatiga and Semarang city            | Investment  |
| 5  | Minasamaupata        | Makasar, Gowa, Maros and Takalar   | Metropolitan Economic, Trade, investment , industry and agriculture |
| 6  | AKSESS               | Bulukumba, Jeneponto, Bantaeng, Selayar and Sinjai                       | Trade, Investment, agriculture and tourism                          |
| 7  | Subosoka Wanoseraten | Surakarta, Boyolali, Sukoharjo, Karanganyar, Wonogiri, Sragen and Klaten | Trade, Investment and agriculture                                   |
| 8  | Pawonsari            | Pacitan, Wonogiri, Wonogiri, and Kidul                                   | Trade, Investment and agriculture                                   |
| 9  | Barlingmascakep      | Banjarnegara, Purbalingga, Banyumas, Cilacap and Kebumen                 | Trade, Investment and agriculture                                   |
| 10 | Sapta Mitra Pantura  | Tegal, Pekalongan, Batang, Pemalang and Brebes                           | Trade, Investment and agriculture                                   |
| 11 | Kartamantul          | Sleman, Yogyakarta and Bantul  | Trade, Investment, agriculture and tourism                          |
| 12 | Piyungan             | Yogyakarta, Bantul and Sleman  | Waste management  |
| 13 | Bantargerbang        | Jakarta and Bekasi   | Waste management  |
| 14 | Purabaya             | Surabaya and Sidoarjo  | Regional Terminal   |
| 15 | Lindungsari          | Malang and Malang Regency  | Regional Terminal   |

**Table 4. 3 Some of Inter-regional development in Indonesia**  
Source: data compilation

In the implementation, the forms of cooperation such as above are conducted in the form of the body such as joint management, agency, coordination, cooperation forum, joint secretariat, etc. Namely, the forms of cooperation in the management of cooperation are dominated by the coordination and joint forum. In general, the form of cooperation, coordination and forum or other ad-hoc nature is not survived in long lasting time. Eventually, these forms of cooperation disappeared by itself and the areas that were previously incorporated in that institution are return to work alone again.

In fact, the information obtained from the current activities in interregional cooperation is very minor in its record. The available record is only as a form of cooperation, or it just as statement to public in cooperation. Certainly, activities in the interregional development still have many limitations and obstacles in the application. Many factors that caused the weaknesses of the corporation which lead to end in activities and not a few among these interregional corporations are only as the symbol. One of the causes is a form of cooperation, which only tends towards coordination, lack of commitment and participation between members and the unclear of function, role and responsibility of each member, and then not supported by solid management tools.

In overall, with the decentralization policy in the administrative and financial bring distinctive changes to the development in Indonesia, especially in this case related to the development between regions. Therefore, from the situation and condition of decentralization environment in Indonesia will be analyzed for implications and influences in the interregional development. Furthermore, this will be explained in the next chapter of the analysis.

## **Chapter 5**

### **Policies Implications and common attributes for Collaborative empowerment in interregional infrastructure development**

This chapter will analyze the space and conditions in the planning system that allows for the needs of collaboration with its common attributes for empowerment in the interregional development in Indonesia, particularly in the development of road infrastructure in the era of decentralization. This section will analyze the policies related to the development in Indonesia, especially the decentralization policies and other areas related to decentralization and development. Furthermore, from the policies analysis, the common attributes will be delineated in accordance with implications.

To analyze the implications as to the need for common attributes in interregional development between regions, especially with the involvement as collaboration for the empowerment, it started within the general policies of decentralization and related policies in the planning system. Furthermore, Implications will be drawn into the development area with the need of the collaboration. One important thing in this analysis, decentralization is not considered as a problem in the infrastructure development in Indonesia, but more to a challenge and opportunity in the development in order to lead the good governance by adding a form of collaborative empowerment in the area of development. Therefore, the collaborative for empowerment more towards in order to develop the strategic policy in the short, middle and long terms of development.

#### **5.1 Decentralization, administration and fiscal deconcentration; implications to road infrastructure development**

As spoken of in the previous section, decentralization in Indonesia begins with the administration and financial sector, which outlined in the Law no 22 year 1999 and No. 25 year 1999. Furthermore, those have been revised with law no 32 year 2004 and 33 year 2004. Decentralization in administration and finance has been a lot of changes, especially in terms of facilitating the direction of development. However, surely, this is very early for the expected in better way to the development because there are still many deficiencies in the implementation. Deficiencies in this circumstance are not a problem, but as a challenge in the direction for a better development.

### 5.1.1 Administration decentralization

Decentralization in the field administration is a bridge in effectiveness and the efficiency of the government in Indonesia. In fact, this system is accordance to the enormous of responsibility when viewed from the amount of area that to be handled. Therefore, decentralization in the administration of the authority, particularly related to policy development, transferred to the area in the lower tiers of government. White (2004) mentioned decentralization improve efficiency and balance in the services delivery. This influence of efficiency in the decisions are prominently urgent related to problem areas than through waiting for a decision from the top, whereas in its implementation takes time due to the realm of bureaucracy routine. Thus, decentralization in the administration is prominently for the effectiveness and efficiency of government activities.

In effectiveness and efficiency, administration decentralization in law No.22 year 1999 has been produced a changes for deconcentration and devolution of authority. In this case, some of the authorities move from the top to the lower level of government. Cited from Whites (2004), the transfer of authority also provides space for the government in the region to more initiative and self-reliance in development. It means, the transfer of authority to local governments provides evidence that initiative of the local government in Indonesia has a certain authority in the development area and poured in local public policy.

Transfer Authority throughout policy obviously as the defiance for the development. In development policy, region in this circumstance as well as local government tends to be more ego centric regardless surrounding area, and often cause conflicts between regions (Healey, 2003). Conflicts are arising from the resources allocation and utilization between regions. Healey (2003) remark that differences in policies within regions override the local part as the integral function and affected a large scale area, disturbed and obstructed state framework. In fact, Condition in the utilization of resources, notably for the shake of economic development, disturbed the state framework that already determined and not merely adapting the national and interregional policy. For instance, in Bangka Belitung province, tin mineral exploitation policy that inclusively conventional mining lead to the environmental destruction. This condition initiated by the river pollution and affected several areas within regencies. Not yet the conflict within boundary which rich in that mineral. This condition is only one of the examples from local and regional policies issue in Indonesia that only regards to the goal of local economic growth. Nevertheless, the goal is distorted and contrast with the national framework policy for the environmental sustainability.

Regional intercalation as a part of the administration decentralization brings its own challenges in development and causing a large number of conflicts between regions. In general, conflicts occurred under the unclear policy related to authority. This condition appears because of the area itself as autonomous region was a part of a region from one regency or province before. A big change is happening in the administrative region in Indonesia which increased from 27 provinces and 300 regional districts to 33 provinces with 496 regional districts included Cities and Regencies. Consequently as in the implementation, more authorities in regions will perform their policies for their own interest.

A new administration region leads to a polemic. Not only it needs adequate resources in the implementation, the burden of administrative division with other regions also becomes complicated issues that must be faced. Disposition of Administration includes the assets of the authority often brings to conflict. This condition often occurs where the main region reluctant to give its asset. Although it was given, the asset capitulated without an affordable supporting device in the operation. Consequently, in this condition asset becomes damaged or desolate. Ultimately, new administration areas are so removed without assistance from other regions, or in other words, other regions does not have any responsibility or burden to the new administrative area.

Not only of the intercalation of the region, but also administration decentralization function and the relationship between local government areas. Namely, provincial government, regional districts; regency and city, does not have a hierarchical relationship. Each has a responsibility and position, especially related to the development area<sup>1</sup>. This statute platform seemly makes a bold line for the local initiative in policies, especially in the utilization and allocation of resources for local development. This condition obviously affect and leads to an obstacle for the supra framework in the development, which means a regional policy influence other policies that have been outlined in a large-scale framework.

The condition above is relevant to infrastructure, especially roads and prominently has it influence to the development. Initiative in the policy area can be different from one to the other regions. Policies issued on infrastructure, especially in a one region are literally different from other areas as its function on the large-scale framework. Differences in the use of infrastructure function, especially roads, become a problem among regions (Mitrayasa, 2004). This condition occurs in many areas such as in the path of Sumatera (Kompas, 2004) and the Java north coast. Many cases occur from the overlapping of functions of the road. Many roads function which should be the path between the cross-regions has different function and became to miss- function such as for industry activity and so forth this condition influenced in the maintenance and finance (Kompas, 2004). Another effect such as the development of road

---

<sup>1</sup> See chapter 4 "Figure 4.1, the order of administration in decentralization"

infrastructure for the commercial on a particular area leads to the endangerment for the protected area in other border regions.

Not yet the problem of responsibility in between authorities. In general, the activities of one region a cross others are reluctant to contribute on the maintenance cost. Unfortunately, region which prominently roads user on it counterpart is not give a contribution but the externalities from their activities. Conflicts over territory between regions in the road infrastructure development both of authority and the finance merely not make any contribution to other areas. This conflict in roads function and network obviously affect the national road network integration and its main function.

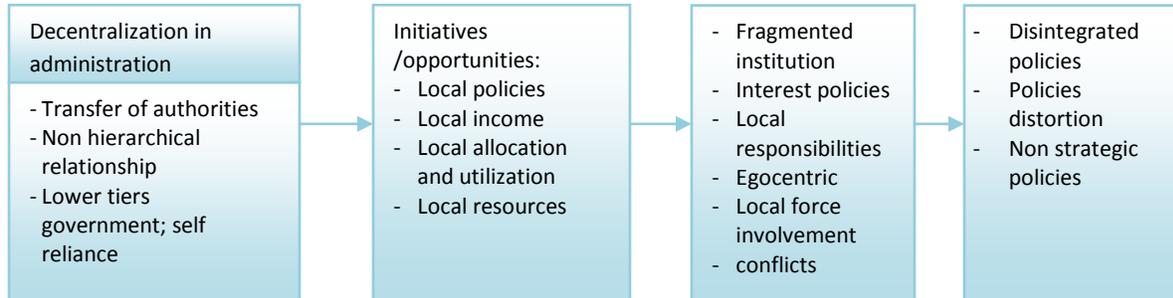
The problem in road development is the less attention to integration of transportation system, road class and road services distribution. This is entirely an issue from regions that create their own policies only based on how to increase the income (Indonesia, 2005). Policies issue such as the use of excessive burden on roads and lack of supervision between regions. All of these are the reflection of the unprepared condition in responsibility of authorization (Clark, 1999) in the administration decentralization.

Local initiatives with its authorities and non hierarchical relationships, issued without the involvement of other parties, especially upper government. However, this condition plainly has an involvement from other forces (Booher, 2004) in decision-making policy area. Consequently, it causes distortion in the decision-making policies and negative consequences of it (Wibbels, 2005).

Administration Decentralization with the opportunity in initiatives and the role of stakeholders in the development bring a challenge to its implementation. Healey (2006) mentioned that multiform stakeholder has led towards a patron-client relationship. Apparently, this relationship occurs due to pressure from a major power in region as well as political strength, where in the fact of Indonesia since last one decade is the holding role in the development. Patron-client relationship occurs between a government official and major interest power where this environment affected the local leadership and barely as the upper gear in local public policy.

Local leadership is a political commodity for the group with a particular interest on it. Since there is no involvement of the central government to the regions in managing the local household, the strength of politic is very incentive in encouraging and giving a pressure in the policy making. When each region has a different political strength, the encouragement or pressure on the policy making certainly different as well as interest from the major power in each region. The result is differences of policies in terms of infrastructure, especially in this circumstance are roads related. Accordantly, policies that created in the infrastructure area will vary according to the force factor and political pressure.

Therefore, administration decentralization gives an implication to the policy making in the infrastructure development in regions.



**Figure 5. 1 Administration Decentralization and implications to regional development**  
Sources: analysis

### 5.1.2 Fiscal Decentralization

After the administration decentralization, the other main principle from the mandate of political reformation and decentralization is in the financial sector. Decentralization in the financial sector is essential in order to support activities in the field of administrative decentralization. As in a legal law no. 25 years 1999 and with its revision in the legal law no. 33 year 2004, describes the division and the Fiscal Balance between central and local government. Whereas a portion and the proportion based on production capabilities in the areas is related to region income both in economic activity and the exploitation from natural resources.

In General, the distribution and balance of income between the State and local government namely from 80%-90% for local government compared with 10%-20% for state government<sup>2</sup>. This indicates that up from 80% to 90% of the local revenue back to the local region itself. Thus, the main core of the financing for regional development is the ability of the region in the source of development funds. If an area can generate a lot of sources of income, it will be able to conduct the development needs and vice versa. Fiscal law also outlined how each area has authority in managing the financial needs based on the region itself. Means, in terms of development expenditure, the region has the authority to perform their development based on the needs of the region. Definitely, there are two important points that can be quoted in the determination of the financial decentralization; first is the

<sup>2</sup> See chapter 4, "Fiscal decentralization" for balance revenue

ability of the region in producing income and the second issue is the authority in managing the financial area.

Ability in generating income is a first priority issue for the regions, especially for areas that are still new in its establishment. Each region must be able to give their own contribution to the region in terms of income, which will be used as the funds for development. In achieving the target in development, in the case of the generating income, it should be adjusted between the needs of development and the cost. In line with the legal and financial administration, regions have its own authorities to manage and generate incomes. In generating incomes, local authorities have power in allocating and utilizing resources. The implication is the region will act and create an excessive initiative, strategy or policy related to resources as prominent effort in generating local incomes. Unfortunately, this condition definitely happens to the new regions.

A new region still has weaknesses in human resources, equipment and capital for its development. Although funding assistance from the state is very big about \$18 billion in 2007 budgets (Sidik, 2007), but the demands of development and the pressure from certain major power is very large in influencing the public policy decision. It brings to the excessive policy direction, especially in infrastructure development. Patron-client, accordance to Healey (2006) is still occurred, policy is to be a commodity and as an interest and legality of the exercise power of political forces in the region.

Policy decisions are issued based on the insistence of the people's representatives in legislative bodies. Legislative bodies have the authority in the financial regulations and legalization as outlined in the law no 34 of 2004 where the local parliament should play an important role in the implementation of good governance. In fact, local parliament which more to political power is only prefers to their group's interests and existence.

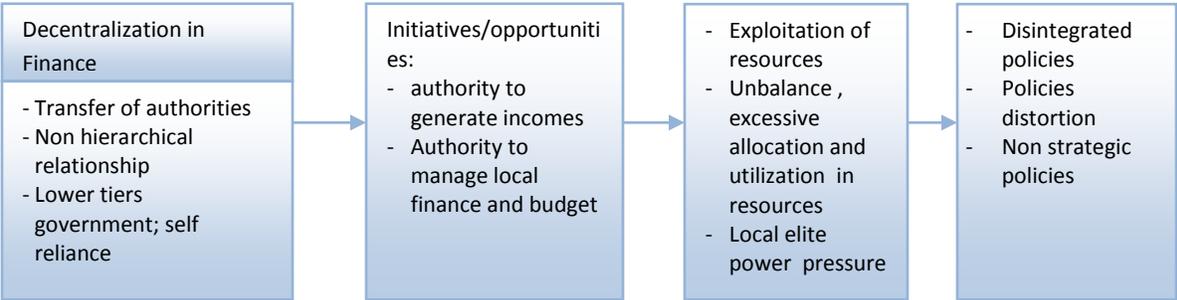
Second issue, besides domain in generating incomes, local region also has the authority in managing their own financial area. Accordance to mandate, which stated in the financial law, a setting of financial area should as well as possible for the people in development. While the meaningful of fiscal decentralization included equalization policies between regions and local entities (Sidik, 2007), authority in the financial area implies the direction of policy that does not fit in the effectiveness and efficiency, especially in interregional level. This condition showed from the amount of apparatus expenditure that local government spends in the local budgeting.

The development fund has been more expensed for the cost of the government apparatus rather than for the provision and the maintenance of infrastructure. According to the Ministry of Finance data, the average Provincial, District and City in Indonesia in budgeting are about 77.45% in 2004, and 76.43%

in 2005, are allocated in the program for the apparatus expenditure (Salomo, 2008). While in the public expenditure, especially for the infrastructure program, still leave behind. Many factors influenced the condition above, besides new regions still need to expand their administration ability; another pressure is come from the exercise of elite power to fulfill their interests.

According to the WEF in 2008<sup>3</sup>, during the period 2007 – 2008, the first main problem in the development in Indonesia is in supply infrastructure. This condition happens because the funding need for infrastructure sector is still very high, which predicted about 72.14 billion for 6% of growth in 2005-2009 which one of them is allocated for adding 93.700 km of public road (Dikun, 2003). This situation also relates to the financial implications of decentralization for the need of funds in infrastructure, especially roads increased (until 2004)<sup>4</sup>and accompanied by the growing of administrative region.

Rising in infrastructure cost along with the infrastructure needs, particularly in this case for roads happens for new areas and lead to a dilemma in funding for the development. On the one hand, new regions faced with the needs of increasing human resource capacity in terms of the ability of government officers, but the other is the fulfillment of basic needs such as road infrastructure in order to accelerate economic growth in their regions.



**Figure 5. 2 Fiscal Decentralization and implications to regional development**  
Sources: analysis

Implications both in the decentralization of administration and finance, lead to opportunities for a region to manage its own household both in the administrative and financial which bring a chance to initiative in policy. However, opportunity in the initiative, especially in the making of public policy leads to distortion due to autonomy authority. This condition followed without the hierarchical relationship in central-provincial-local and the weaknesses in internal and external supervision. Moreover, it makes

<sup>3</sup> See chapter 4, Figure 4.3 “Indonesia Problematic Factors, World Economic Forum Analysis”

<sup>4</sup> See chapter 4, Figure 4.5 “Progress of Road Infrastructure Finance until 2004”

more local interest and exercise of elite power to influence in the decision. Consequently, the result is in a decision issued in a particular development, provision and infrastructure maintenance to be lame and resulting in unbalanced and unsynchronized direction in the interregional development.

## **5.2 Formal Planning System in Indonesia**

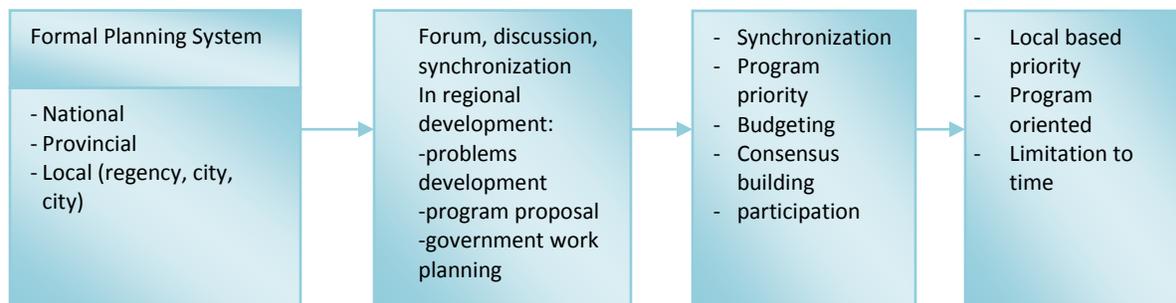
The formal planning system in Indonesia which is stated on Law No 24 year 2005 namely called Musrenbang, also associated with the implementation of the decentralization law both in the field of administrative and fiscal. In this section will be analyze the implications of the formal planning system in Indonesia, viewed from correlation with the policy directions for the interregional relationship from the levels of the planning district / city, provincial and national level. Furthermore, this section will be discussing the formal planning system related to the spatial planning and once again will be analyze the correlation and the direction for the interregional development.

### **5.2.1 National, Provincial, and Local Planning System**

Indonesia planning system is a bottom-up planning system. The system divided into 3 levels of planning, namely local, regional and national. Each level of planning is adopted the principle of participation of all stakeholders in the discussion of the development. The forum discuss issues, propose, and provision from bottom social actors to top on the levels that have been divided in the system. The participatory planning system in accordance with the national legal development planning Law No. 25 year 2004 namely called Musrenbang with its mechanism for participation in development.

Musrenbang is a forum in order to reach consensus building in the case of discussion in the development area. Basically, this Musrenbang more focus to the development of regional planning. In this formal planning system, Musrenbang is emphasizing the development in priorities and funding. The process of the development priorities from local through national level is essentially how the development of the desired order in a region can be achieved with its all limitation and constraint. Consequently, when the expected development programs which cannot be funded in the local region, it can be carried out with an alternative fund from the provincial or central government. The development program that cannot be provided or to be financed by local governments will prioritize at the provincial level. And so the program from the provincial level (cumulative from the local area) which cannot be held by the province will prioritize again at the national level.

From its mechanism<sup>5</sup>, there are some important points that can be underlined from this formal planning system. First is the time limit problem. In practice, Musrenbang in the formal planning system only takes 1 week even some of the region only takes 3 days. Second, the levels of local Musrenbang more drip emphasize the development priorities in the local area. When it is correlated together, Musrenbang only focusing into regional priority and conducted only in a very short time. Whereas, for the purposes of planning program and interregional development are difficult to perform in the Musrenbang. Because in practice, all Musrenbang levels from local to provincial, each representative only focusing and emphasizing planning program in its own area without concerned the development between regions. In this formal planning system, particularly local and provincial Musrenbang is less or there no special occasion to examine the interregional problems that requires profound and comprehensive thought in planning between regions in various sectors. In other words, Musrenbang is only more to regional object or program oriented based on priority rather than to strategic policy based on interregional compound.



**Figure 5. 3 Formal Planning System and implications**  
Sources: analysis

### 5.2.2 Spatial Planning

Spatial planning in Indonesia, as well as the national planning system, divided into a spatial national, provincial and local level; Regency and City (Hudalah, D And Woltjer, J, 2007). Cooperation between the regions in this case is related infrastructure planning is a particular way of a logical consequence of a spatial planning (Dardak, 2006). Therefore, the existence of an inter-regional cooperation in road infrastructure is included and depending on the determination of space in a spatial plan.

Back again to decentralization, according to the legal no. 22 year 1999 with revised in legal no. 32 year 2004; the government also has authority, in order to make its own spatial plan. Consequently, the

<sup>5</sup> See chapter 4 for more description, 4.2 “Indonesia Formal Planning System”

establishment of the spatial plan is relevant to the interests of region within the boundaries of their own administration. Furthermore, the correlation can be drawn back to the field of fiscal decentralization policies in legal No.33 in 2004, with its implication to each area in increasing the revenue for the original income tend to issued an excessive policy and exploited resources without consideration to the surrounding environment .

Policies are made into RTRW (spatial Planning) tend to be a problem. In it implementation will be obstacles for the policy and program in increasing the regional income (Oetomo, 2002). Eventually, RTRW should follow the local policy in generating local income, whereas in the fact that each region will create a program based on its ability with its own characteristics, strength, ability and a different way in a program to increase the income. In meaning, each region will have a distinctive way in order to increase their income, which is in turn will affect the spatial structure of the RTRW.

As Beatley (1993) in Zulkaidi (2002), local officials, especially in the framework of regional autonomy to the more positive impact based on the spatial point of interest within the region itself rather than other regions. Obviously, the organized room only emphasizes a region interest based on its area without considering other areas as consideration. And this also indicates that a spatial plan is not a form of puzzle game that is already structured and formed as distinctive and one intact image, but a spatial plan is a mosaic (Zulkaidi, 2002) with particular pattern in its parts and have specific and composite description from the interests of national, provincial and local government.

The main problem is not in the spatial planning. A spatial plan actually already represents the function, synchronization and integration of space in the region, spatial plan is a vessel in spatial policy. Nevertheless, the problem is how the synchronization or the integration of the spatial policy can be loaded into a spatial plan. This also cannot be removed from the conditions such as listed above from the implications of decentralization. Obviously, spatial planning has its role in the integration of spatial policy in the region but the main problem is not to the spatial objects but the process for the formation of spatial policy.

### **5.3 Decentralization, Formal planning and spatial planning for interregional development**

In relation with analysis as above, interregional development has its challenges in the era of decentralization. Decentralization in the areas of administration and finance bring influences for the interregional relationship, especially related to the development of infrastructure, and in this case is related to the roads infrastructure.

In the decentralization, road infrastructure development faced various constraints. The main constraints are in financial problems both in the provision and maintenance. In addition, the development of road infrastructure is also faced by changes of the function that causing the damage and leads to the high cost in maintenance. Not yet this condition leads to governments in throwing a lot of responsibilities to other administrative areas, and definitely affected to the interregional conflict.

Associated with the development of infrastructure, especially the road is still expensive in the implementation. As already known, road infrastructure is a link between a nodes, area and regions in the activities, whether it for economic or social. Definitely, road infrastructure as a network, connecting the access to economic and social that brings changes in development. When the connection is not synchronized or damaged, it is very difficult to bring a positive change in development. Conditions such above obviously depend on the interregional relationship. Each part of region should be more work together in order to deal with the problems and viewed the problems as a shared responsibility.

Basically, this condition needs an involvement with the cooperation between regions. Necessarily, it should view from the decentralization perspective with its implications to the formal planning system and in spatial planning. Nevertheless, there are still many limitations in those systems. As formal regional planning, Musrenbang tends to focus on the priorities of development and spatial planning system that only emphasizing the interests of a region. System that should be an integrated system is turn out to makes the system even more fragmented, vagueness and unable to synchronize the policy directions in the development.

Local egocentric can be seen from the implications of decentralization in which asserts policies based on the internal forces of interests. Not only that, decentralization policy also brings the impact to the other policy that already stated on the other systems as well as in the national planning system and spatial plan. Therefore, from the above analysis in the development from decentralization; formal national planning system and in spatial planning, are very limited in the face of cooperation between regions.

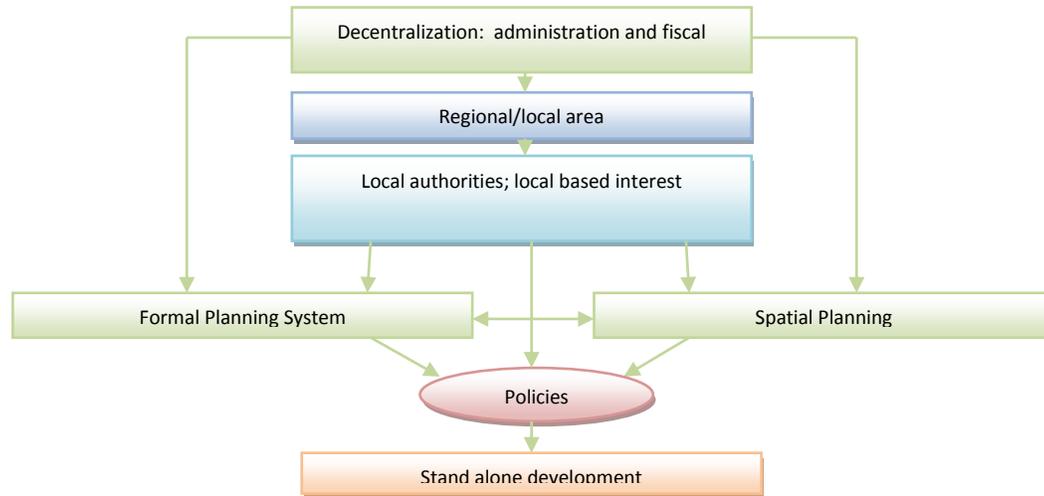
As described in analysis above, the formal national planning or Musrenbang has constraints on time and objectivity. This forum merely only prioritizing the development of a regional interest. Although in the regulation should be a synchronization and adjustments to the direction of development, but in reality, this forum only becomes a assembly for the interests of local development in order to find the source for development funds. Eventually, Musrenbang only emphasizes towards more formality in the development priorities, not in accentuating the interregional strategy in

development. In the case of spatial planning, it still faces obstacles as a vessel for the local area interests.

Therefore, an interregional cooperation is necessary needs the involvement in determining the policies that more strategic with a more in interregional consideration and not an Ad hoc condition, even though as Pikner (2000) in (Pikner, 2008) mentioned that every cross boundary region somehow involved in cooperative initiatives. Obviously, it necessary needs a form of cooperation that is capable in bonding regions for the decision-making policy and towards strategic direction in the development both in the short, medium and long terms with an involvement as an empowerment and encouraging the infrastructure development. Next section will analyze a collaborative as a form of cooperation in order to empower the development of infrastructure between regions.

|                      | <b>Decentralization<br/>Administration</b>   | <b>Decentralization<br/>Fiscal</b>  | <b>Formal planning system<br/>Musrenbang</b>   | <b>spatial<br/>planning</b>   |
|----------------------|--|---|--|---|
| <b>initial level</b> | - Transfer of authorities<br>- Non hierarchical relationship   | - Transfer of authorities<br>- Non hierarchical relationship  | - National<br>- Provincial   | - National<br>- Provincial  |
| <b>Initiatives</b>   | - Lower tiers government; self reliance<br>- creating and managing Local income, resources and allocation<br>- Local allocation and utilization                            | - Lower tiers government; self reliance<br>- creating and managing Local income, resources and allocation<br>- Local allocation and utilization                             | - Local (regency, city, city)<br>- Synchronization<br>- Program priority<br>- Budgeting<br>- Consensus building<br>- participation                         | - Local (regency, city, city)<br>- creating and managing Local income, resources and allocation<br>- Local allocation and utilization |
| <b>implications</b>  | - Non hierarchical relationship<br>- Interest policies<br>- Fragmented institution<br>- Local responsibilities<br>- Egocentric<br>- Local force involvement<br>- conflicts | - Exploitation of resources<br>- Interest policies<br>- excessive resources allocation<br>- excessive resources utilization<br>- Egocentric<br>- Local elite power pressure | - local based priority<br>- Interest policies<br>- Egocentric<br>- Local force involvement   | - Local based priority<br>- Interest policies<br>- Egocentric<br>- Local force involvement<br>- conflicts                             |
| <b>impacts</b>       | - Disintegrated policies<br>- Policies distortion<br>- Non strategic policies<br>- Local based priority  | - Disintegrated policies<br>- Policies distortion<br>- Non strategic policies<br>- Local based priority   | - solution based priority<br>- Program oriented<br>- Disintegrated policies<br>- Non strategic policies<br>- Policies distortion<br>- Local based priority | - Disintegrated policies<br>- Non strategic policies<br>- Policies distortion   |

**Table 5. 1 Implications of decentralization-formal planning system-spatial plan**  
Source: analysis

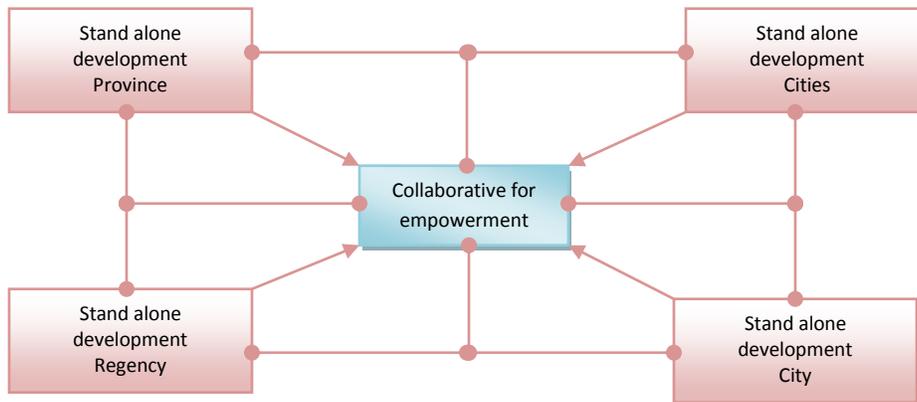


**Figure 5. 4 Decentralization- formal planning system -spatial plan with implication to stand alone development**  
**Source: Analysis**

#### 5.4 Collaborative for empowerment in Interregional development

The previous section has been analyzed the implications from the implementation of decentralization with policies in the areas of administrative, financial and other policies that influence in the formal planning system and spatial planning in Indonesia. The influence of decentralization in the regional development, especially implications in regions with the policy directions in determine the regional policy for development, only based on area interests. In essential, this local policy brings the impact of fragmentation among regions. Hence, this condition lead to constraint and challenge in the development growth among the regions, with the consequence to imbalance growth within boundary areas (regencies / cities in province, regencies / cities between regencies / cities from another provinces and the nation disintegration.

After the analysis of fragmentation in the regional development, this section will analyze the needs of the involvement of collaboration as empowerment in the interregional development. Collaboration in this case as empowerment is as a tool to promote, encourage the integration and sustainability of the policies direction, especially from local synchronization and cooperation towards a strategic policy framework as its function in national framework development.



**Figure 5. 5 collaborative for interregional development platform**  
**Source: analysis**

There are some elements that need to underline for the importance of collaboration in the interregional infrastructure development. As a result of analysis from previous section, first problem that have faced in inter-regional development are derived from a problem of funding in the development and followed by unprepared resources in managing and implementing development policies. Therefore the differences that occur in the development causing disintegrated and un-synchronized policy direction lead to disparities in development.

### **5.5 Common attributes in collaborative for empowerment in interregional development**

To empower collaboration as a form of involvement in interregional infrastructure development, it requesting common attributes in order to bridge the existing condition and liable environment in the decentralization. These common attributes are adjusted to the challenges that faced in the decentralization of an administrative, financial, formal planning system and spatial planning. Collaboration for empowerment in order to encourage infrastructure development is expected in the fragmented development, especially in the case of this road infrastructure development in the era of decentralization in Indonesia.

Derived from decentralization both in the field of administrative and fiscal, regions with a policy tended to be egocentric. Definitely this condition related to the ability in the human resources, machinery, materials, information or money in the development. Financial limitations in a region followed with the burden of maintenance and provision costs for the infrastructure, especially roads. Moreover, limitations lead to problems, such as throwing the responsibility and the occurrence of

conflict between regions and followed by the infrastructure damage and eventually lead to high cost development funds.

In fact, a problem with limited funds can be allocated based on actual assistance from either from above administration or from the state, and also from other regions, especially from the region which is very close and become part of function as the hinterland areas of development growth or vice versa. In fact, this is very important in supporting the growth of each region. In detail, the hinterland is very important in for the key driver of economic developments (Gore, 2008). Economy development should be supported by adequate infrastructure. When each region only accentuated to the growth itself, especially in the areas of infrastructure, this will indicate the weaknesses in attention to the interregional development. However, this condition is a dilemma in development, especially in this era of decentralization. On the one hand, the region struggled to meet their own needs, but must consider with other regions. This is a serious matter for new administration area that is still weak in terms of funding, particularly for infrastructure development.

Problems, especially in funding infrastructure is a serious burden for new administration areas, which are less or not capable in managing resources. However, as it has been mentioned in decentralization policy, financial assistant can be also from foreign loans or other institutions, especially bank institution. This support is accordance with the regulations and legal mechanisms that stated in law No. 33 year 2004.

In formal mechanism within Musrenbang, local government is only waiting for the funds and it allocation from the region or province. Of course this is not optimal when viewed from the ability of the system to accommodate interregional interest. In fact, Musrenbang is only as a struggling arena in order to gain the development budget. Optimally, each region should cover the shortfall in financing of development in this case for road infrastructure.

At least, financial support is expected from other regions or with the sharing mechanism in the development of infrastructure, especially roads both in provision and maintenance. Therefore, it is necessary the collaboration between the relevant parties in this case between the regions that have a relationship in the spatial function, especially in the interaction. Therefore, the interaction of spatial function lead to efficiency and perhaps sharing mechanism will lead to responsibility and authority and reduce the conflicts with the function based on the similarity of the goals of cooperation.

Another consideration with limited funding can be made with other parties to engage in infrastructure budget accordance with the existing mechanism. More close up cooperation with the partnership between private and public institutions (Giglio, 2005) which private more expected in turn

on their investment, so the control to the efficiency more reliable than government (Sorensen, P and Taylor, B, 2006). Partnership in funding is very important in cooperation between the regions. As Agger et al (2008) mentioned partnership draws towards governance. This, of course, will relieve the burden of a region with others by a process of social learning. Where in relation to this social learning will occur and will further increase innovation (Innes and Boher 2003, in Healey 2006) in project with the new collaboration with other parties (Healey, 2003).

Collaboration with the principle to partners which in the case of *sharing resources* is not only in money but also for human resources and equipment as well as information (De Cremer, 2003). As in the case of Indonesia decentralization, local governments, especially a new administrative region, besides the money, it also very limited in human resources, equipment and information related to the planning of infrastructure, especially knowledge. Road infrastructure such as roads noticeably very large in costs for provision and maintenance, and not to mention the ability of human that very vital in the planning in order to integrate a network based on the spatial function. These Limitations if imposed by only the local government itself will result un-effectiveness and un-efficiency output and leads to the lack of strategic policy and disintegrated after policy in a larger framework both in interregional and national scale. Therefore, with the sharing of the resources of money, people, equipment, and information will lead to the efficiency and effectiveness and innovation in the planning and policy, and the most important is all stakeholders have an equal position and sharing responsibility.

Sharing resources, obviously, in this case will lead to *shared risk and responsibility*. Sharing resources namely will be accompanied by the ownership. The sense of ownership together with the sense of responsibility in order to keep something or the condition remains good. For instance, in this case when the government has a portion in a form of cooperation, it is expected that the government will not be neglect due to responsibilities, such as the fact in the occurrence that local government avoiding and ejection to the responsibility or authority off another government. Sharing resources and this case can make stakeholders to accept the contractual relationship (Norton, 1994), control to oversee other stakeholders, balancing the strength (Warner, 1999) and positional bargaining (Healey, 2006) and take action from a cooperation against the neglect of others.

Sharing of resources means that there is access to these resources. Access can be either in the field of information or knowledge and human resources. Access to information is very important for the region that requires knowledge, especially concerning in the field of policy making. Information is very connected with access to human resources that will use it. Secondly, it is very important for the region, especially for the new administration region as already mentioned still lack of the fund and lack of

power in managing these resources. This can be overcome with collaboration between the regions, where in cooperation with the region that has strong and capable human resources to assist the region with less power to meet their needs, so that the limitation for area, which issued unpopular or detrimental policy, can be or reduced or neutralized. Access to resources in this case is aiming the achievement of equality for the perception in the standards instrument of development within regions.

Sharing resources and in it access should be stated in the contract of collaboration in cooperation. This contract of collaboration absolutely related to willingness of each stakeholder in cooperation to commitment. Commitment will keep the consistency of cooperation and harmonizes the relationship in constituent form. This consistency and harmonize is needed for the type of cooperation where each stakeholder has same power in the term of decentralization. Essentially there is a bond of agreement or a commitment to work in this partnership.

*Commitment* is important to be done either before or during cooperation. Commitment is one of the important elements in organization (World Bank, 2001). Commitment is the prominent factor in the case of sharing and accessing the resources, and it realized in the willingness to work together. Commitment is important for the consistency of relationship either in its management or operational. Accordantly, from this commitment will rise to a sense of responsibility in cooperation. Therefore, commitments are useful in the acceptance of related parties in the cooperation contract (Norton, 1994). In fact, during the decentralization the cooperation between regions in Indonesia is lack of commitment (Oetoemo, 2006); definitely, many forms of cooperation became a dormant, for example, in the case Jabodetabekjur<sup>6</sup>. Hence, besides for the consistency, commitment would be related to the willingness to work together with an understanding such as the Norton description, both in the role and function from each stakeholder in cooperation and participation.

With the commitment, each of party will have willingness to participate in the functions and duties in a form of cooperation and establish an understanding. During this time, the local government in this case as the leader in the development, lack of active participation in the cooperation between regions. In fact, each region tends to solve their problems without any consideration to others. In other words, they made a policy without a discussion or take participation among other regions. This condition obviously distorted the existing conflict within regions. In addition it is the implications of decentralization. Obviously, it also associated with the sharing resources and commitment that had been mentioned previously. Basically, participation is very important to realize in a collaboration to find solutions to the stakeholders on the limitations of their environment. Also this can lead to innovative

---

<sup>6</sup> See chapter 4, "4.3 Interregional Development in Indonesia"

way to find a new solution for the problems (Healey, 2003) and of course take a mutual benefit (Himmelman, 2001) with a democratic way.

Namely, in order to reach this mutual benefit, each stakeholder involved in the interregional cooperation need a *horizontally relationship* to avoid positional bargaining and perceived others (Carmen, 1999 in Setiawan, 2002). Namely, decentralization in the administrative and finance within its autonomy strengthens the nature of local interest. Indeed, horizontal relationship is very suitable for this condition within the state of decentralization in Indonesia, which is accompanied by the sense in which each regional area will be taking action to protect their rights. Each stakeholder in this interregional cooperation would bring the interests respective of their regions. Definitely, in this collaboration as empowerment should protect the rights of stakeholders in the process, content and context of cooperation to ensure in practice, there is no imbalance of roles and functions. Obviously, in this case a horizontal relationship is needed, not a vertical command and control relationships, which in its implementation forced other to complete an order. Besides, if vertical relationship is implemented, it will not comply with the principle of sharing resources where all parties have the equity in the risk, responsibility, understanding and mutual benefit.

Horizontal relationship in cooperation as mentioned above has been adjusted to working on the principle of sharing and opportunities in accessing these resources. Furthermore, it is correlated to the principles of openness or *transparency*. Transparency is very important for the resources allocation, operations, activities and services. In addition, transparency is also along with the principle of reformation in Indonesia, where in it implementation needs for openness and trust. Overall from these considerations, the basic principles of transparency prominently for the equality of stakeholders in work together in same position and keep their rights in existence within the group. Besides, this relationship in transparency involved large number of stakeholders from other parties with the principle of sharing resources and to avoid conflicts due to misunderstandings above of it. Transparency, in addition to function as a control and supervision, this will also lead to efficiency.

*Efficiency* is needed in the accuracy and speed of activities and services (Luis R De melo, 2004). Efficiency in Activities and services are not only implemented in form of organization but also in public service delivery. In this case, institutional in form of cooperation must be accompanied by the efficiency in output, outcome or the product of the interregional cooperation. Efficiency is also very closely and related to the mandate of decentralization in the areas of administration and finance. Associated with the decentralization of administration in law no 32 year 2004, efficiency should be implemented on the form of joint management to accommodate all involved stakeholders. It connected to fiscal

decentralization mandate in law 33 year 2004, in the organization and resources management (sharing resources and allocation) must also comply with applicable regulations, namely money follows the function (Sidik, 2007). In the case of inter-regional collaboration in the development of infrastructure, effectiveness prominently needs in order to create an effective and efficiency the outcome (Osborne 1992, in Setiawan, 2002) particularly road infrastructure networks in interregional scale.

Efficiency is related to *effectiveness*. As Israel (1989) in Setiawan (2002), efficiency in cooperation with eligibility in effectiveness, is the capacity of the institution to defining operational goals and objectives. Therefore, effectiveness and efficiency are need in terms of achieving the goals and objectives. Interregional cooperation is expected to accommodate the limitations of the formal system of planning and the spatial plan which has been analyzed in the previous section. This effectiveness should accommodate the proper time for planning, comprehensive analysis and evaluation in regional interest, perceptions, problems, limitations and constraints from regions in the infrastructure development. Thus, the form of interregional cooperation should be effective in formulated inter-regional problems, synchronize and integrate the interests of the regions in one form of collaboration as the vessel. Therefore, the output which cannot be produce from formal planning system and spatial planning can be achieved in the effectiveness of development with the collaboration in interregional road infrastructure. Especially in this circumstance is related to problems that are not well integrated in the functions as well as its existence.

In providing such a service has been called above, it needs a principle of accountability. *Accountability* in this relationship is the measurement of enact and responsive to stakeholders in the process, outcomes, activity (J. Bart, 2007) and services, which divided into Public, Politic, Legal and Administrative ( Oliver, 1991 in Setiawan, 2002). It means, this accountability represented as in each of the stakeholders involved. So that each party involved in this interregional relationship should take an account for the response in process, outcome, and planning activities and services to the public. Form of cooperation in this collaboration implemented accountability as one of the collaborative attributes in response to the community. Since political reformation in 1998, more and more stakeholders are involved in many development sectors. Stakeholders are become more active in order to keep the consistency of the reformation system. Therefore stakeholders should be served as given response to the accountability in the system. Absolutely, accountability is also the mandate of the decentralization of administration listed in the law no. 34 year 2004 and law of financial no. 32 year 2004. Definitely, principle of accountability should also be adopted into the form of inter-regional cooperation for the

creation of the appropriate output for the public with the outcome that is capable of integrate solution from the problems of infrastructure, particularly roads.

*Integration* prominently in order to make a consensus building and policy in the decision making both in institution and spatial area. Integration in policy in the decision making will lead to integration of the outcome, in this case particularly road infrastructure policy as an integrated network. Integration as stated in Indonesia constitution 1945 poured in Pancasila is the main principle on all aspects for the unity of Indonesian Republic. This principle is the main implications from decentralization, which is each region lead to fragmentation in the development. Therefore, integration in consensus building from all stakeholders in interregional circumstance is prominent in order to make an integrated solution based on solution from problems in infrastructure development, particularly in road infrastructure.

To combine and realize the principles in the form of interregional collaboration, each stakeholder should have the *competency* or ability in applying these common attributes. Stakeholder competency will reflect the organizational capability in interregional cooperation. Competencies needed in this very first responsibility in resolving the interregional problems, especially in this case of conflicts or disintegrated policy and limitations from the infrastructure development funds in roads.

| No | Attributes  | Properties  | Functions  | Target  | Goals   |
|----|-------------|---|--|---|---|
| 1  | Shared      | Resources;<br>Risk;<br>responsibility   | Control;<br>Monitor; standard operational and<br>procedures  | power balance;<br>innovation  | strategic policy;<br>integrated<br>framework;<br>effectiveness;<br>efficiency;<br>mutual benefit; |
| 2  | Access      | Human;<br>Information;<br>tools   | Planning related<br>Knowledge;<br>operational  | standard instruments;<br>equal ability  |   |
| 3  | commitment  | Coalition;<br>Coordination;<br>cooperation  | willingness to work;<br>partnership;<br>acceptance of contract   | Consistency;<br>Participation;<br>mutual understanding  |   |
| 4  | connector   | Horizontal  | avoid conflict;<br>avoid perceived others;<br>avoid positional bargaining;<br>protects stakeholders rights   | Equality;<br>mutual understanding   |   |
| 5  | eligibility | Effectiveness;<br>Competency;<br>Accountability;<br>Transparency;<br>Integration;<br>Efficiency | time, content, context and process;<br>ability applying attributes;<br>responses;<br>openness, trust, avoid conflict<br>& misunderstanding;<br>consensus building;<br>activities, services, output,<br>outcome | goals, and objectives<br>accommodate<br>;interregional<br>problems;<br>synchronization;<br>integrated framework;<br>money follow function |   |

**Table 5. 2 common attributes for collaborative for empowerment in interregional development within decentralization in Indonesia**

Source: Analysis

Derived from the implications and impacts of decentralization above, decentralization environment in Indonesia needs an involvement in form of collaboration with common attributes that accordance to existing situation and condition for the interregional development, particularly for road infrastructure. Therefore, from this analysis can be drawn conclusions, namely this conclusion can be delineated in the next chapter at conclusions and recommendation.

## **Chapter 6**

### **Conclusion and Recommendation**

This chapter will provide the answer from the research questions and provide the general conclusion to the research. First question is expanding the implications of decentralization to the regional and interregional infrastructure development. This condition in implications, accordantly, decentralization is very influential in the interregional development, which brings the direction towards fragmentation. As with the decentralization policy in the administration of law No.22 Year 1999 (revision in law. 32 year 2004) and financial decentralization written in the law No.25 Year 1999 (revision in law. 33 year 2004), brought great influences to the region in which policy areas are required to meet their needs based on the ability of the region and in managing the area with local policy direction.

The needs of development followed by high demand and intense maintenance costs. This condition leads to the impact of excessive policy and disintegrated framework of interregional development, particularly in national planning and infrastructure development. Excessive Policies leads to ineffective and inefficient among national framework brings the impact on conflict between regions and abandoned existing infrastructure and the high cost maintenance. This problem obviously experienced by many new administrative regions that established during decentralization. Eventually, this condition creates horizontal conflict and imbalance development between regions.

The formal planning system (Musrenbang), which adopted the principle of participation and decentralization, is not sufficient in solving the problems of interregional and within its limitations. Consequently, Musrenbang results is only more to the regional, ad hoc or object to an oriented program based on priority rather than to strategic policy based on interregional and compound.

Spatial Planning (RTRW) is a mosaic and is still the interest of regions regardless of the interests of others, still cannot accommodate the interregional interests due to the authority of a region, this condition very strong in determining the policy direction and seemingly this jargon has been legalized by the decentralization law.

Policies of decentralization in the field of administrative, financial and the policy in the formal planning system and spatial planning bring the impact on the fragmentation of policy direction, conflicts, the abundant infrastructure, high cost development and maintenance, inequality and imbalance of development between regions, and not yet the destruction of environment because of the excessive policy.

Next research question is the common attributes in collaboration to overcome the problems of interregional development. Accordantly, from the implications of policies in decentralization, it needs the importance of involvement in the form of empowerment to the development of the partnership in the collaboration. Collaboration namely directed towards strategic, integrated and sustainable policy development in accordance with the inter-regional and national framework. Collaboration in this case as the involvement is a tool to empower and promote interregional relationship form without changing the existing system, but utilizing the existing system which is decentralization. Collaboration as empowerment is accordance with the theoretical framework and in compliance with the existing problems and implications decentralization in Indonesia in terms of interregional infrastructure development. Accordantly, each region is expected to be able to deal with the interregional problems based on togetherness, equality, protection of the regional rights, consensus building, and social learning with the stakeholders involvement. Therefore, the interrelationship will be able to create innovation in the strategic, sustainable and integrated policy making together.

In empowering collaboration, it needs necessary common attributes that are tailored to the problems and existing conditions in the implementation of decentralization in Indonesia.

Common attributes as prominent elements interregional collaboration consists of Sharing in resources, risk and responsibility; equal access to human, tools and information; commitment in order to keep consistency with its coalition, coordination and cooperation; horizontal relationship with its non hierarchical line in order to preserves rights between stakeholders; and last with eligibility in effectiveness, efficiency, competency, accountability, transparency, integration and efficiency

Overall, collaboration as empowerment is needed in order to deal the problem in interregional development, particularly in infrastructure with its common attributes and based on the situation and condition from decentralization implementation in Indonesia.

## 6.1 Conclusions

Interregional development in Indonesia prominently influenced by decentralization system since its implementation in year 2000. Decentralization, as the main environment in development, simultaneously followed by the unprepared condition in its implementation and leads to implications in the development. Policy, which created to drive an efficiency and effectiveness in development, befalls with a dilemma in its implementation in decentralization. However, the important fact that is essential to be underlined; Decentralization should not be regarded as a hindrance in the development, but should be a challenge. Hence, it can lead towards innovation in the development.

Interregional development should have to turn out to be a major concern in the condition of development fragmentation in Indonesia. Policies in the formal planning and spatial planning in the decentralization are insufficient to accommodate the problems of interregional development without involvement of a solid institutional setting with particular relationship. Consequently, a solid institutional setting should be applied in the form of a mutually binding relationship and implemented based on the situation and condition through ability to integrate and synchronize the policy areas to the main scale of interregional for the national development framework.

Theoretically, in a relationship of interregional development, it needs elements or attributes in accordance with the existing situation and condition which in this case is decentralization. Common attributes in the collaboration as a strength fastener in a relationship consistency is anticipated to overcome the interregional development problems. However, in its application not only required attributes, but its implication is required a clear mechanism for the implementation.

For instance, attribute in sharing resources especially related to money, man and information. Clearly, this will implicate the needs of policy setting in terms of mechanism. Related to money, it is important to create a resource sharing mechanism in accordance with the system and legislation that already established. In addition to avoid the desynchronization from major policy in decentralization, this is very important in order to achieve consistency in a formal interrelationship within a constitution boundary. Another challenge is how the readiness of each region to enact this form of relationship. In addition to apply the attributes, region still had to face the pressure from inside, which in this case is a force from a particular existing powerful group or people.

In conclusion, collaboration as empowerment is essential in the form of involvement to the interregional relationship. Namely, with its common attributes in sharing, equal access, commitment, horizontal relationship and eligibility in effectiveness, competency, accountability, transparency, integration and efficiency, which are these common attributes considered in situation, condition and

liable environment in the decentralization in Indonesia. Furthermore, from this collaboration will lead to innovation with an integrated, strategic and sustainable policy as stated on the national development framework in the infrastructure development in the era of decentralization in Indonesia.

## **6.2 Recommendation**

The result from this thesis can be implemented as main attribute in the form of interregional infrastructure development in the era of decentralization in Indonesia. Furthermore, the result of this thesis as input or literature for further related research.

Collaborative for empowerment with its attributes from this thesis in interregional development is not only used in road infrastructure, but also can be use for the infrastructure sectors in general, and it can be applied to other forms of development including in the economic and social, and as the main tool in the achievement of strategic policy and integrated development in the era of decentralization.

The needs of a legal entity or state law in terms of development between regions Expected for the future, this research can continue in form of institutional organization for interregional collaboration in accordance with the situation and condition in Indonesia within the common attributes that have been obtained from the results of this study.

Finally, I hope this master thesis will contribute to the interregional infrastructure development as a policy lesson for the actors in the realm of planning in the era of decentralization in Indonesia.

## References

- Agger, A and Löfgren, K. (2008). Democratic Assessment of Collaborative Planning Processes. *Planning Theory Vol.7* , 145-165.
- Bert Hofman and Kai Kaiser. (2004). The Making of Big Bang and its aftermath: a political economy perspective. In J. M.-V. James ALM, *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia: The Big Bang program and its economic consequences* (p. 15). Massachusetts, USA: Edward Elgar Publishing, Inc.
- Booher, D. E. (2004). Collaborative Government Practices and Democracy. *national Civic Review* , 33.
- Born, Stephen M., and W. Sonzogni. (1995). Towards integrated environmental management: Strengthening the conceptualization. *Environmental Management 19 (2)* , 83-167.
- Clark, A. L. (1999). Government decentralization and resources rent revenue sharing: issues and policies. *East-West Center Occasional Paper: Economic series* , 1-32.
- D. Suhardi, A. Haryanto and M. Abduh. (2006). Improving Planning, Service Quality, and Community Participation in Indonesia Decentralized Education System. *APEID International Conference*, (pp. 1-11). Bangkok.
- Dardak, H. (2006, 6 1). *Kebijakan Pembangunan Terpadu*. Retrieved 6 4, 2009, from Pertamanan Jakarta: <http://www.pertamanan.jakarta.go.id/download/kebijakanPemb.Terpadu%20Berbasis%20Penat.%20Ruang.pdf>
- Davidson, F and Lindfield, M. (1995). To integrate or not integrate: Developing a model for effective integration from international experience. *Integrated Urban Infrastructure Development*, (p. 7).
- De Cremer, D. (2003). How Self-Conception May Lead to Inequality: Effect of Hierarchical Roles on the Equality Rule in Organizational Resource-Sharing Tasks. *Group Organization Management* , 282-302.
- Demokrat, U. S. (2001, March 14). *Kutipan Penjelasan Umum Undang-undang Nomor 22 tahun 1999*. Retrieved June 2, 2009, from [www.unisosdem.org](http://www.unisosdem.org): <http://www.unisosdem.org/otonomi/uu22-penjelasan.htm>
- Depdagri, D. P. (2005). *Data Wilayah*. Retrieved March 16, 2009, from [www.depdagri.go.id](http://www.depdagri.go.id): <http://www.depdagri.go.id/konten.php?nama=DataWilayah&op=download&id=8>
- Dikun, S. (2003, 12 10). Rebuilding The Indonesia Infrastructure: A Road Map From Economic Recovery to Investment. *CGI Meeting* . Jakarta, Jakarta, Indonesia: National Committee for the Acceleration of Infrastructure Development, Bappenas.

Fawcett, B, Andrew, Fransisco, Schultz, Richter, Lewis, Williams, Harris, Berkley, Fisher and Lopez. (1995). Using Empowerment Theory in Collaborative Partnership for community Health and Development. *American Journal of Community Psychology* vol.23 no.5 , 677-697.

Friedmann, J. (1992). *Empowerment : The politics of Alternative Development*. Cambridge, Massachusetts: Blackwell Publisher.

Giglio, J. (2005). *Mobility: America's transportation mess and how to fix it*. Washington, DC: Hudson Institute.

Gore, T. (2008). Collaborative governance and territorial rescaling in the UK: a comparative study of two EU Structural Funds programmes. *GeoJournal* , 59-73.

Gray, B. (1990). Collaborating: finding common ground for multiparty problems. *Academy of Management Review* , 545.

Healey, P. (2006). *Collaborative Planning : Shaping Places in Fragmented Societis. 2nd Edition*. Hampshire and New York: Palgrave Macmillan.

Healey, P. (2003). Collaborative Planning in Perspective. *Planning Theory* 2003; 2 , 101-123.

Healey, P. (1999). Institutional Analysis, Communicative Planning, and Shaping Places. *Journal of Planning Education and Research* Vol.19 , 111-121.

Himmelman, A. T. (2001). On Coalitions and the Transformation of Power Relations: Collaborative Betterment and Collaborative Empowerment. *American Journal of Community Psychology* , 277-284.

Hudalah, D And Woltjer, J. (2007). Spatial Planning System in Transitional Indonesia. *International Planning Studies*; 12 , 291-303.

Indonesia, P. R. (2005). *Pidato Kenegaraan Presiden RI: Rencana KErja Pemerintah Tahun 2005*. Jakarta: Republic Indonesia.

Indonesia, R. (2003). *Peraturan Pemerintah No. 8 Tahun 2003 tentang Pedoman Pembentukan Organisasi Daerah*. Jakarta: Republik Indonesia.

Indonesia, R. (1999). *Undang-undang No. 22 Tahun 1999 tentang Pemerintahan Daerah*. Jakarta: Republik Indonesia.

Indonesia, R. (1999). *Undang-undang No. 25 Tahun 1999 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah*. Jakarta: Republik Indonesia.

Indonesia, R. (2004). *Undang-undang No. 25 Tahun 2004 tentang Sistem Perencanaan Nasional*. Jakarta: Republik Indonesia.

Indonesia, R. (2004). *Undang-undang No. 32 Tahun 2004 tentang Pemerintahan Daerah*. Jakarta: Republik Indonesia.

Indonesia, R. (2004). *Undang-Undang No. 33 Tahun 2004 tentang Perimbangan Keuangan antar Pemerintah Pusat dan Daerah*. Jakarta: Republik Indonesia.

Innes, J and Booher, D. (1999). Consensus Building and Complex Adaptive System. *Journal of The American Planning Association* Vol.65, No.4 , 412-423.

J. Bart, M. a. (2007). Governance for Broadened Accountability: Blending Deliberate and Emergent Strategizing. *Nonprofit and Voluntary Sector Quarterly* , 195-217.

K. Cockerill, L. Daniel, L. Malczynski, V. Tidwell. (2009). A fresh look at a policy sciences methodology: collaborative modeling for more effective policy. *Policy science* vol.42 , Springer Science+Business Media.

Keating, M. (2004). European Integration and the Nationalities Question. *Politics Society* , 367-388.

Keefer, P. (2003, November 17). *Governance and anti corruption*. Retrieved March 18, 2009, from worldbank.org: [www1.worldbank.org/publicsector/LearningProgram/anticorrupt/Keefer\\_1.doc](http://www1.worldbank.org/publicsector/LearningProgram/anticorrupt/Keefer_1.doc)

Kompas. (2004, November 2). *Nusantara*. Retrieved June 3, 2009, from Kompas.com: <http://www2.kompas.com/kompas-cetak/0411/02/daerah/1363029.htm>

Kroeker, C. J. (1995). Individual, Organizational, and Societal Empowerment: A Study of the Processes in a Nicaraguan Agricultural Cooperative. *American Journal of Community Psychology* , 749-764.

Lowry, Kem, Peter Adler, and Neal Milner. (1997). Participating the public: Group process, politics, and planning. *Journal of Planning Education and Research* , 177-87.

Luis R De melo, J. (2004). Can Fiscal Decentralization Strengthen Social Capital? *Public Finance Review* , 4-35.

Margerum, R. D. (2002). Collaborative Planning: Building Consensus and Building a Distinct Model for Practice. *Journal of Planning Education and Research* 2002; 21; 237 , 237-253.

Mitrayasa, P. D. (2004). *Penataan ruang*. Retrieved june 3, 2009, from Penataan ruang: <http://penataanruang.pu.go.id/ta/Lapdul04/P1/Pantura/Bab1.pdf>

Norton, A. (1994). *International Handbook of Local and Regional Government: A Comparative Analysis of Advanced Democracies*. Aldershot - England: Edward Elgar Limited.

Oetoemo, A. (2006, September 16). Kelembagaan Metropolitan dan Tata Ruang (Metropolitan Institutional and Spatial Planning). *Course material : Administration and Finance* . Bandung: SAPPK ITB.

Oetomo, A. (2002). Transisi Otonomi Daerah di Indonesia: Dilema Bagi Penata Ruang Berkelanjutan? In P. D. Haryo Winarso, *Pemikiran dan Praktek Perencanaan Dalam Era Transformasi di Indonesia* (pp. 95-101). Bandung: Departemen Teknik Planologi Institut Teknologi Bandung & Yayasan Sugiyanto Soegijoko.

Perkins and Zimmerman. (1995). Empowerment Theory, Research, and Application. *American Journal of Community Psychology* , 569-579.

Pohan, M. H. (2002). Decentralization and Impact on The Planning and Implementation of Social Development Policy: The Case of Indonesia. *ASEAN-World Bank High Level Conference on Social Development Agenda*, (pp. 1-6). Jakarta.

Salomo, R. V. (2008). *Makalah*. Retrieved June 24, 2009, from Desentralisasi.org: <http://desentralisasi.org/makalah.html>

setiawan, P. R. (2002). Pengelolaan Infrastruktur Kota Melalui Mekanisme Kerjasama Antar Daerah. In P. D. Haryo Winarso, *Pemikiran dan Praktek Perencanaan : Dalam Era Transformasi di Indonesia* (pp. 123-135). Bandung: Departemen Teknik Planologi Institut Teknologi Bandung.

Setiawan, P. R. (2002). Pengelolaan Infrastruktur Kota Melalui Mekanisme Kerjasama Antar Daerah. In P. D. H. Winarso, *Pemikiran dan Praktek Perencanaan dalam Era Transformasi di Indonesia* (pp. 123-135). Bandung: Departemen Teknik Planologi Institut Teknologi Bandung.

Sidik, M. (2007). *A new Perspecive of Intergovermental Fiscal Relations: Lesson From Indonesia's Experience*. Jakarta: Ripelge.

Sorensen, P and Taylor, B. (2006). Innovation in Road Finance : Examining the Growth in Electronic Tolling. *Public Works Management Policy 2006; 11* , 110.

Warner, M. (1999). Collaborative Planning Broadens the Local Economic Development Policy Debate. *Journal of Planning Education and Research 1999 vol.19* , 201-206.

Wasistiono, S. (2001). *Esensi UU NO.22 Tahun 1999 tentang Pemerintahan Daerah (Bunga Rampai)*. Jatinangor: Alqaprint.

WEF. (2008). *Global Competitiveness Reports 2007-2008 : Country analysis*. Retrieved 6 9, 2009, from World Economic Forum: <http://gcr07.weforum.org/>

WEF. (2008). *The Global Competitiveness Report 2007-2008 : Global Competitiveness Index 2007-2008*. Retrieved 6 9, 2009, from Word Economic Forum Organization: <http://gcr07.weforum.org/>

White, R. A. (2004). Is empowerment the answer?:current theory and research on development communication. *Gazette: The International Journal for Communication Studies* , 7-24.

Wibbels, E. (2005). Decentralized Governance, Constitution Formation, and Redistribution. *Constitutional Political Economy* , 161-188.

Zulkaidi, D. (2002). Kepentingan Nasional dan Kepentingan Propinsi dalam Penataan Ruang. In P. D. Haryo Winarso, *Pemikiran dan Praktek Perencanaan Dalam Era Transformasi di Indonesia* (p. 79). Bandung: Departemen Teknik Planologi Institut Teknologi Bandung & Yayasan Sugijanto Soegijoko.

## Appendix

| No | Province                | Province status<br><br>New (N)/Existing (E) | Regional district: regency, city, City |                                     |      |      |      |      |      |      |      |      |      |     | Overall |       |
|----|-------------------------|---|--|-------------------------------------|------|------|------|------|------|------|------|------|------|-----|---------|-------|
|    |                         |   | Initiation amount                      | During decentralization (1999-2008) |      |      |      |      |      |      |      |      |      |     |         | Total |
|    |                         |   |  | time table                          |      |      |      |      |      |      |      |      |      |     |         |       |
|    |                         |   |  | 1999                                | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |     |         |       |
| 1  | Aceh Nangroe            | E   | 10                                     | 3                                   |      | 2    | 5    | 1    |      |      |      |      | 2    |     | 13      | 23    |
| 2  | North Sumatera          | E   | 19                                     | 0                                   |      | 1    |      | 5    |      |      |      |      | 3    | 5   | 14      | 33    |
| 3  | Jambi                   | E   | 6                                      | 4                                   |      |      |      | 0    |      |      |      |      |      | 1   | 5       | 11    |
| 4  | Riau                    | E   | 5                                      | 6                                   |      |      |      |      |      |      |      |      |      | 1   | 7       | 12    |
| 5  | West Sumatera           | E   | 14                                     | 1                                   |      |      | 1    | 3    |      |      |      |      |      |     | 5       | 19    |
| 6  | Bengkulu                | E   | 4                                      |                                     |      |      |      | 5    |      |      |      |      |      | 1   | 6       | 10    |
| 7  | South Sumatera          | E   | 7                                      |                                     |      | 3    | 1    | 3    |      |      |      |      | 1    |     | 8       | 15    |
| 8  | Lampung                 | E   | 7                                      | 3                                   |      |      |      |      |      |      |      |      | 1    | 3   | 7       | 14    |
| 9  | Bangka Belitung Islands | N   | 3                                      |                                     |      |      |      | 4    |      |      |      |      |      |     | 4       | 7     |
| 10 | Riau Islands            | N   | 1                                      | 3                                   |      | 1    |      | 1    |      |      |      |      |      | 1   | 6       | 7     |
| 11 | DKI Jakarta             | E   | 5                                      |                                     |      | 1    |      |      |      |      |      |      |      |     | 1       | 6     |
| 12 | Banten                  | N   | 5                                      | 1                                   |      |      |      |      |      |      |      |      | 1    | 1   | 3       | 8     |
| 13 | West Java               | E   | 21                                     | 1                                   |      | 2    | 1    |      |      |      |      |      | 1    |     | 5       | 26    |
| 14 | East Java               | E   | 37                                     |                                     |      | 1    |      |      |      |      |      |      |      |     | 1       | 38    |
| 15 | Central Java            | E   | 35                                     |                                     |      |      |      |      |      |      |      |      |      |     | 0       | 35    |
| 16 | Jogjakarta              | E   | 5                                      |                                     |      |      |      |      |      |      |      |      |      |     | 0       | 5     |
| 17 | Bali                    | E   | 9                                      |                                     |      |      |      |      |      |      |      |      |      |     | 0       | 9     |
| 18 | Western Southwest Nusa  | E   | 7                                      |                                     |      |      | 1    | 1    |      |      |      |      |      | 1   | 3       | 10    |
| 19 | Eastern Southwest Nusa  | E   | 13                                     | 1                                   |      |      | 1    | 1    |      |      |      |      | 4    | 1   | 8       | 21    |
| 20 | West Kalimantan         | E   | 7                                      | 2                                   |      | 1    | 2    |      |      |      |      |      | 2    |     | 7       | 14    |
| 21 | Central Kalimantan      | E   | 6                                      |                                     |      |      | 8    |      |      |      |      |      |      |     | 8       | 14    |
| 22 | South Kalimantan        | E   | 10                                     | 1                                   |      |      |      | 2    |      |      |      |      |      |     | 3       | 13    |
| 23 | East Kalimantan         | E   | 7                                      | 5                                   |      |      | 1    |      |      |      |      |      | 1    |     | 7       | 14    |
| 24 | North Sulawesi          | E   | 5                                      |                                     |      |      | 2    | 2    |      |      |      |      | 4    | 2   | 10      | 15    |
| 25 | Gorontalo               | N   | 1                                      | 1                                   |      |      |      | 2    |      |      |      |      | 1    |     | 4       | 5     |
| 26 | Central Sulawesi        | E   | 5                                      | 3                                   |      |      | 1    | 1    |      |      |      |      |      | 1   | 6       | 11    |
| 27 | West Sulawesi           | N   | 3                                      |                                     |      |      | 1    | 1    |      |      |      |      |      |     | 2       | 5     |
| 28 | South Sulawesi          | E   | 20                                     | 1                                   |      |      | 1    | 1    |      |      |      |      |      | 1   | 4       | 24    |
| 29 | Southwest Sulawesi      | E   | 5                                      |                                     |      | 1    |      | 4    |      |      |      |      | 2    |     | 7       | 12    |
| 30 | Maluku                  | E   | 3                                      | 2                                   |      |      |      | 3    |      |      |      |      | 1    | 2   | 8       | 11    |
| 31 | North Maluku            | N   | 2                                      | 1                                   |      |      |      | 5    |      |      |      |      |      | 1   | 7       | 9     |
| 32 | Papua                   | E   | 10                                     |                                     |      |      | 9    | 1    |      |      |      |      | 1    | 8   | 19      | 29    |
| 33 | West Papua              | N   | 3                                      | 1                                   |      |      | 5    |      |      |      |      |      |      | 2   | 8       | 11    |
|    |                         |   | 300                                    | 40                                  | 0    | 13   | 40   | 46   | 0    | 0    | 0    | 25   | 32   | 196 | 496     |       |

**Appendix 1. Number of New Regional District During decentralization (1999-2008).**

(Source: Data Compilation)