Forms of Partnership in Public Administration Reform for Economic Transformation in Indonesia

PRAJUDI ATMOSUDIRDJO, National Institute of Administration
Republic of Indonesia

Introduction

PUBLIC ADMINISTRATION reform is, and in my opinion will always remain even in advanced industrialized countries, a very important national concern. The question is when, where and how to effect changes particularly when it concerns transforming a traditional agrarian economy into an industrialized modern economy.

We all know from experience that the problem of economic transformation is very complex, and thus, it is understandable that to achieve it, Indonesia is in a continuous state of developing and reforming its public administration. Regulations and policies are changing from year to year which is a good sign in line with the rapidly changing global situation though the changes may be too fast for people who prefer some degree of certainty inherent in not breaking with tradition.

To better understand the context for ongoing swift reforms in Indonesia, a summary presentation of the history of its public administration system is presented in the next section.

The Development of the Indonesian Public Administration

It took the Dutch more than a century (1817-1942) to develop a modern and efficient colonial public administration in Indonesia, but the system was readily destroyed during the Second World War by the Japanese who occupied Indonesia from 1942 until mid-August 1945.

When we proclaimed our independence on 17 August 1945, there was very little left of that very modern and efficient pre-war Indonesian public administration. The five-year Independence War against the Dutch (1945-1950) prevented us from immediately starting with the rebuilding of a national administrative system. Between 1950-1967 war-torn Indonesia enjoyed a transition period in which to become a peaceful, development-oriented country. But this period was also particularly very frustrating for Indonesian public administrators, because four (4) patterns of administrative thinking were competing for dominance. The rival concepts were: the West European Dutch administrative philosophy based on the idea of the ‘Rechtsstaat’; the Anglo-American administrative system based on the principle of ‘the Rule of Law State’; the Socialist concept of administration through a hierarchy of people’s councils and centrally planned economic development; and the genuine Indonesian concept of national administration based on the Pancasila philosophy and the 1945 Constitution.

After the successful 30 September 1965 coup, called in Indonesia as ‘G-30-S’, administration took the fourth concept noted above became dominant. The prevailing administrative philosophy at present was derived from the Pancasila and the current Pancasila
administrative system was developed based on the Undang Undang Dasar 1945 (1945 Fundamental Law).

Since 1968 the Indonesian public administration has been headed by a series of Kabinet Pembangunan (National Development Cabinet), the lifetime of which is five years, in accordance with the duration of every Repelita (Five-Year Development Plan).

Since public administration reform in Indonesia is an integral part of the overall national development program each of the six cabinets formed these past 30 years has included a special member called ‘MENPAN’ who is some kind of ‘minister for administrative reform’. The MENPAN is charged with the mission to look continuously for ways and means to improve the efficacy of public administration for national development and economic transformation.

The need for a MENPAN stems from the fact that Indonesia is a large country, covering an area of around two million square kilometers of land. As a multi-ethnic and multi-religious archipelago of at least 3,000 inhabited islands stretched over 3,000 miles with almost 200 million in population divided into more than 300 ethnic groups speaking more than 325 local dialects and espousing five religions and many kinds of sects, it is not surprising that Indonesia has a great variety of social, cultural, ethnical, economic, legal and political problems.

Having a special minister for administrative reform is meant to ensure that changes in Indonesian public administration is integrally planned, programmed, periodically reviewed and budgeted vis-à-vis other development sectors to enable the bureaucracy to better respond to rapidly changing societal situations and regional conditions.

The crucial problem now seems to be how to maintain the overall dynamic equilibrium between all relevant actors and factors concerning public administration throughout the country. Development plans have been geared towards providing equal opportunities for socio-economic, cultural, scientific, technological, and political advancement throughout Indonesia. However, many economic and political experts find the island of Java advancing and changing too fast particularly when compared with the island of Kalimantan (Borneo), Sulawesi (Celebes), Maluku (the Moluccas) and Irian Jaya (West Irian).

The Indonesian Government is trying very hard, i.e., through the launching of many kinds of programs, to maintain the balance in socio-economic, cultural and agro-industrial development, but foreign investors still do prefer Java because of more favorable existing intellectual, economic and physical infrastructures. Thus they are unconsciously helping to widen the gap in prosperity and economic development between Java and the islands of East Indonesia (Sulawesi eastwards).

A couple of years ago, a public relations campaign was launched by the government appealing to foreign and national investors to pay more attention to the potentials of the East Indonesian islands, which are rich in natural resources, particularly minerals and fish.

Another way of trying to maintain the balance in social, cultural and economic development is to improve and to speed up the transmigration process of Javanese, Sundanese and Balinese people, who are in many aspects more advanced than the people of the East Indonesian islands. East Indonesian people are too far behind in modern education, technology, and socio-economic development.

There is therefore a special Minister, with a full-fledged Ministry for Transmigration under his command, charged with the mission to improve the trans-migration process, and by doing so also to ease the very delicate over-population problem of the island of Java with
PA REFORM FOR ECONOMIC TRANSFORMATION IN INDONESIA

over 50 per cent or more than 100 million out of a total population of the whole Republic of Indonesia of nearly 200 million.

The trans-migration of better educated and technologically better equipped people (Javanese of Middle-and East-Java, Sundanese of West-Java, and Balinese) to the other less developed islands is also very important for the effective implementation of public administration reform programs. Administrative reforms in Java are successful due mainly to better education of the members of the communities in the administrative districts concerned, which consequently are better organized and more disciplined. From the socio-economic point of view, the average income per capita per year of Java and Bali is at present about US$4,000, but the national average is only around US$1,000.

Those trans-migrants, who are in general adequately experienced in administration and local trade, are then employed by the local governments as partners in the local public administration programs for economic development and transformation.

Another positive aspect of the trans-migration program as has been mentioned above, is that it is easing some of the population problems of overpopulated Java and Bali. Both islands are suffering from the negative social effects of fast increasing economic prosperity, including the disintegration of the extended family system which formerly took care of stranded or aged family members.

Through the transmigration program every transmigrated family can get at least 2 hectares of arable land with an official certificate of ownership, while in Java and Bali the eldest son through heritage can only have an average of 0.25 – 0.5 hectares to be exploited jointly with the other brothers and sisters and their children.

The Administrative Organization for Development Planning

As the public administration reform plan is an integral part of the national development plan, the organization and system of planning are very important concerns.

As mentioned before, all cabinets under President Suharto since 1968 are called ‘Kabinet Pembangunan’ (National Development Cabinet). This means in fact that the whole Indonesian nation is committed to the National Development effort. This also means that the Indonesian Public Administration is a Development Administration, which is a dynamic type of administration.

Automatically, the continuous public administration reform is geared towards overall national development, including economic development and economic transformation. The organization as well as the system of planning form a nationwide network guided by a central or national planning agency called the BAPPENAS (Badan Perencanaan Pembangunan Nasional) or National Development Planning Agency. The BAPPENAS is chaired by a Minister for National Planning, who is assisted by several Deputy Chairmen. The State Budget consists of a Routine Budget (Anggaran Rutin) and a Development Budget (Anggaran Pembangunan), which is executed through BAPPENAS.

Working on concordant principles as the BAPPENAS, in every Region (Propinsi) there is a BAPPEDA I, and in every Province (Kabupaten) a BAPPEDA II is established. The head of the Region is called ‘Gubernur’ and the head of the Province ‘Bupati’. There are 27 Regions and therefore 27 BAPPEDA I, and 300 BAPPEDA II, forming a network of development-and-transformation planning bodies throughout Indonesia.
Every Rencana Pembangunan (Development Plan) at one of the three levels mentioned above, consists of chapters, one of which is one public administration reform and development. By making the public administration reform plan an integral part of the overall development and transformation plan, it is indeed much easier to adjust public administration to the actual needs of economic development and transformation in every region and province.

**Forms of Partnership for Public Administration Reform**

Partnership are formed for a great variety of purposes. Partnerships between the government and social groups, for instance, have a triple function, namely, (1) an administrative function: they help organize social activities otherwise to be done by administrative agencies alone, (2) an economic function: i.e. help ease the government budget burden through voluntary work activities, and (3) a social function: they help ease social tension caused by changing social and family values, as mentioned above.

There are many forms of partnerships arranged through the structuring and designing of Project Organizations, which may be classified into the following categories, i.e.:

1. Partnership between Ministries or their Directorates-General, through so-called Proyek Bersama (Joint Projects), e.g. Irrigation projects, Road and Fly-over Building projects, which create housing complexes, real estate projects, resettlement of city and village people, cause social and cultural problems by the change of patterns of community life.

2. Partnership between a Ministry and a so-called LPND (non-ministerial central government agency), e.g. Education and Training projects of less-developed villages (desa tertinggal), which in the beginning caused tremendous social and cultural problems because of the fast change in outlook on life, particularly among the young generation (70 per cent of the population is below 25 years of age), thus creating communication gaps with the older generations who stick to their adat (customs and usages) and old traditions. These education and training programs, how noble they may be, create ‘marginal men’, frustrated by a sudden large scale change in world outlook.

3. Partnership between BUMN’s (State Owned Companies), e.g. Telecommunication projects, which are parts of the social and economic infrastructure to be built and completed before the year 2000.

4. Partnership between Local Government and BUMN’s, e.g. Listrik Masuk Desa (Village Electrification) projects, Fertilizers Distribution projects, Cheap Loans to Farmers’ projects. The joint activities are not confined to technicalities alone, but cover a wide range of forms of cooperation to tackle the problems, which derive from the social, economic and political impacts of those projects. Electrification of a village, for instance, creates new home activities, change the pattern of family life, and even change the daily diet of the village people.
5. Partnership between Ministries and Private Companies, e.g. Mid Kalimantan 2 million hectares Rice Cultivation projects, which involve enormous financial and agri-technological problems, but will also need resettlement of people, local as well as transmigrants from Java.

6. Partnership between a Ministry and Village Cooperatives, e.g. Village Horticulture Development projects, including the Education and Training of the village people concerned in modern horticultural technology, in post-harvest engineering, new marketing patterns, seed growing, etc.

7. Partnership between a BUMN, a State-owned Bank, and Groups of Farmers, e.g. the so-called Perkebunan Inti Rakyat or PIR (NES, nucleus estate) projects, for rubber, palm oil, land fishery, industrial forest, cotton, cocoa, cattle fattening, etc. These projects raise the income of farmers, but change at the same time their home life patterns, and family values.

8. Partnership between a Local Government, Private Company, and a Village, e.g. the Tapioca project, Sugar cane project, Sea weeds project, Cashew nut project, etc. One of the subtle problems of these projects is the financial side, namely, how to protect the interest of the people so that they get a fair share. Most of them have to learn to work and to live with a market economy if they really want to benefit from these projects.

9. Partnership between Villages, e.g. Joint Exploitation of Springs for clean water distribution, Joint Village Electricity project, Joint Irrigation (Bali Subak System), etc. Because of the existence of the traditional Subak watering organization in Bali there are no water distribution conflicts. But in other areas, for instance in West Java region, a Mitra Cai (mitra = partner; cai = water) organization network has to be created, with all its social and cultural consequences.

Legal Forms for Establishing Partnerships

In Indonesia it is very important to lay down, first of all, the legal foundation for any kind of partnership, either by modern legal forms, according to adat (customary) law, or to religious law (Moslem, Hindu, Bali).

Those legal forms help in many cases to prevent problems or conflicts between parties, which can be anticipated.

According to modern law, there are several forms of the legal foundation for partnerships, such as:

1. SKBM (Surat Keputusan Bersama Menteri, Joint Ministerial Decree), a decree jointly formulated and jointly drafted through a series of joint staff meetings, including the joint instructions for interpretation and implementation, and finally signed by the relevant ministers;
2. SKBAD (Surat Keputusan Bersama Antar Direktur Jenderal, Joint Decree of Directors General), following the same procedures as the creation of ministerial decrees;

3. Agreement between a Ministry and State-owned Companies;

4. Contract between State-owned Companies;

5. Contract between a Ministry and Private Companies;

6. Agreement between a Ministry and Local Governments;

7. Contract between Local Governments and Village Cooperatives; and


Based on Adat Law, there are agreements between Villages, or between a Village and Private and State-owned Companies, between a Village and Private Foundations. These agreements do not have the same status as a modern law contract, but the most important thing is that the village people fully obey the rules laid down in those agreements which are usually established through traditional ceremonies and religious offerings (selamatan or kenduri) so that those agreements to a certain extent are sacred to them.

Based on Religious Law are ‘understandings’ between a Religious Body and Social Groups sponsored by Local Governments.

Prerequisites for Good Partnerships for Reform

There are many and various problems concerning partnership for Public Administration Reform for Economic Transformation, which also has negative social effects.

As far as I can observe from the various projects I have been able to see, to watch and to study, the most important prerequisites for good partnership, in order to prevent conflicts and avoid unnecessary failures, are the following:

1. There should be a clearly definable realistic common goal to strive for, and agreed upon by all (candidate) partners.

2. The partners should really be able to cooperate on equal terms (equal human resources quality, equal financial and physical resources strength, joint management and control possibility). ‘Equality’ is a very difficult concept to be fully understood by the people in Indonesia, because so many people confuse it with ‘sameness’ (‘sama-sama’). The existence of a centuries old hierarchy of social positions, which degenerate into a hierarchy of social classes or elites, based on a mixture of power, intellectual and material prosperity, make it extremely difficult to fulfill this prerequisite of equality in position, particularly in a developing country where the majority of the people are less developed or even too poor.
3. Mutual benefits and losses should be definable, and should be harmoniously shared together. All kinds of risk should be jointly borne.

4. The difference in ‘organization culture’ between the partners should not be too difficult to overcome or to overbridge. If the difference in values, norms, and outlook are too big, any kind of partnership will be doomed to failure.

5. There should be a sound system or procedure to prevent or to solve conflicts. These systems and/or procedures should be as simple as possible, and should be designed as near as possible to the local cultural patterns of the people concerned, for instance, through regular adat meetings and ceremonies or religious offerings.

Where partnerships are not able to meet one or more of those prerequisites mentioned above, they are likely to fail.

**Conclusion and Recommendations**

Partnerships in public administration reform for economic transformation are present in Indonesia at various levels of government and take many forms, depending on the goals to be achieved, the nature of the programs, the personality of the partners, and the surrounding situation.