

INDONESIAN DATABASE: ITS QUALITY AND ITS USE TO SUPPORT DECENTRALISATION

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The availability of data in public domain is quite common in the developed countries. In these countries widely used data such as socio-economic and demographic data are relatively easy to obtain. Unfortunately, this is not the case for the developing countries (including Indonesia). As the decision makers need well prepared and well managed database to justify their policies, the existence of high quality data is essential. This paper will discuss the quality of Indonesian database and the possible use of the database to support decentralisation,

This paper is based on experience in collecting data from Indonesian government institutions, in particular during research regarding vehicle ownership characteristics in Indonesia. The data collection included 11 years (1990-2000) secondary data from 21 municipalities and 28 regencies. 12 variables were collected, i.e. per capita GRDP, consumer price index, ratio between minimum regional wage and minimum physical needs, percentage of population that is working, percentage of population aged between 15-24 years, population density, total road length, number of public buses, average ground elevation above sea level, yearly rainfall, number of cars and number of motorcycles. One full year of research time was dedicated to collect the data and only about 75% of the required data was successfully obtained. There are several explanations regarding the difficulties in the data collection. However, the two most important causes could be identified as the weak database system and the existence of non-standard terminologies.

The weak database system in Indonesian government institutions was a result of the lack of a special unit in the institution responsible for the management of the database. If there was any, this unit was not well functioned. Therefore, many kind of useful data were filed and documented in sporadic units. Every time there were changes in the organizational structure and personnel of such units, there was no guarantee that the data archive will be handed over to the new officer.

Some widely used socio-economic data, e.g. per capita GRDP, consumer price index, etc. in Indonesia have been published in standard terms. The calculation method behind the published data of these types was also standardised. However several types of data were not published in consistent terms. Data regarding road length and number of vehicles for example could be presented differently (in terms of road and vehicle classification) in different volume of a serial publication even if they were published by the same institution. Further difference then could be anticipated if these data were published by different agencies.

Keywords:

Indonesian database, decentralisation, database system, terminologies, vehicle ownership

DECENTRALISING INDONESIA; POTENTIALS AND RISKS WITHIN THE HEALTH SECTOR

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Decentralisation process in Indonesia has started a couple of years ago. The Indonesian healthcare sector is part of the whole process of decentralisation. Many interesting phenomenon can be observed already as a result of the policy.

The decentralisation process brings new potentials and opportunities to develop the health sector. As the process has just started a couple of years ago, an assessment of the impacts of the policy can not be comprehensively evaluated at the moment. Instead, the paper discusses the potentials and expectations of decentralising Indonesian health care sector. Risks of decentralising and also the current evidence of problems in the process are also discussed.

The paper started from the discussion about the role of the government in the health sector, and then described the changing role of the government in the health sector. Benefits and the problems occurred in the regions and in the central government are described and elaborated.

Impacts on the private health care sectors are also discussed as it is an integral part of Indonesian health care services.

A recent study on Health Planning and Budgeting in Lampung province is included in the paper as an illustration of the decentralisation experiences.

**CENTRALISING AND DECENTRALISING TENDENCIES IN EDUCATION
IN THE U.K. AND INDONESIA :
A COMPARATIVE STUDY**

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Both the U.K. and Indonesia are at early stages of decentralisation. This paper contrasts the experiences of the two countries to date, particularly in the field of education.

With the establishment of the Scottish Parliament and the National Assembly for Wales in the middle of 1999, and with the Northern Ireland Assembly beginning to operate at the end of 1999, the United Kingdom began to experience parliamentary 'devolution' (decentralisation) for the first time. This paper begins by exploring the impact which devolution has had on the development and implementation of education policy in the four constituent nations of the United Kingdom. Concurrently with these developments, however, there is also evidence of centralising tendencies in the education policy and practice of the current Labour administration in the U.K. This can be seen particularly with the continuing decrease in the power of the local education authorities (LEAs).

In Indonesia, meanwhile, decentralisation has become a major issue since the introduction of UU No 22 & 25 of 1999, which came into force in 2001. There have been energetic attempts to interpret the implications for education of this decentralising legislation and a number of initiatives – such as the move towards school-based management – have supported this process. These moves are explored in the second part of the paper. But in Indonesia, too, some central government pronouncements continue to imply that educational policy and practice are to be determined nationally.

The paper concludes that in both countries there is evidence of contradictory pressures - towards and against decentralisation – being brought to bear on the education system at the same time.

DECENTRALISATION IN CAMBODIA: THE CASE OF AN INTERNATIONAL DEVELOPMENT PROJECT

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The early stages of the decentralisation process in Cambodia, traditionally a centralised state, date back to 1996 when the United Nations Development Programme (UNDP) initiated a programme to empower political actors on the provincial level. However, it took another five years until the government formally committed itself to a decentralisation policy and created the legal framework for its implementation. As the most decisive step in the process so far, local elections were held in 2002 which resulted in the establishment of more than 11,000 democratically legitimised Commune Councils. The paper argues that unlike processes of decentralisation in most other countries, Indonesia for example, decentralisation in Cambodia is not primarily driven by the interests and strategies of the national government or civil society actors. First and foremost, decentralisation has emerged as an international development project drafted and managed by multilateral and bilateral donors such as UNDP, the Asian Development Bank (ADB), the British DFID and German and French development agencies. This international engagement is based on the hypothesis that successful decentralisation strengthens democracy and good governance. In view of the different and partly contradictory approaches to decentralisation by the various international actors involved, decentralisation is a fragile process though. The paper will evaluate the achievements and shortcomings of decentralisation in Cambodia and particularly analyse the contribution of external actors.

**A CHALLENGE OF DECENTRALISATION:
WILL EXCLUSION OF DISABLED CHILDREN CONTINUE?**

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Disabled people in Indonesia remain to be marginalized and oppressed due to prejudice, ignorance, and stigma. With respect to education, these are indicated by the very small number of disabled children in special schools and moreover in mainstream schools. In 2002 the number of disabled children in these schools constitute only 0.1% of the total number of student population (kindergarten – secondary education). This means only 3.7% of children with physical and intellectual impairments and children with behaviour problems receiving special education provision (Kompas, 16 October 2002).

By the establishment of Act 22/1999 on Local Government, Act 25/1999 on Fiscal Balance between Central and Local Government, and Government Regulation 25/2000 on Authorities of Central Government and of Autonomous Provincial Government, service provision for preschool to secondary education are now under the responsibility of local government at the district (kabupaten/kota) level. Consequently, education for disabled children is now more dependent on how committed the local government to fulfil the rights of these children to obtain education.

This paper will discuss two main issues. The first main issues are factors affecting the exclusion of disabled children in relation to the 9-year compulsory education before and after decentralisation. Second is the role of government at the kabupaten/kota, provincial and central levels as well as non-government organisation in the service provision of disabled children.

A BETTER TAXATION SYSTEM FOR THE SUCCESS OF REGIONALISATION: A CASE FOR INDONESIA

Guntur Sugiyarto

One key element of regionalisation to succeed is a better and more just system of taxation as the regionalisation should bring ‘power’ and ‘decision making process’ closer to the people who will eventually bear the tax burden. The empowerment of people should be at the heart of regionalisation process as the regionalisation should not be done only for the sake of regional attributes or for the reason to be different.

Two distinct quantitative dimensions of any tax system are the level and structure of taxation. In developing countries, the level of taxation varies widely, and positively relates not only to per capita income level but also to other factors such as urbanisation, role of non-primary sectors, openness, literacy rate and political/institutional factors, which includes level of regionalisation. For the structure of taxation, the role of indirect taxation becomes increasingly important, while that of personal income and other direct taxes remain very low. The indirect taxation, which is the main focus of this paper, is also characterised by substitution between taxes on international trade and domestic indirect taxes as the economy develops. The role of international trade taxes was usually very important in the early stage of development, but then was substituted by the domestic indirect taxes.

The increasing realisation of the need to make tax system simpler, more transparent, less distorting and broad based as well as to raise government (central and regional) revenue has led the governments in developing countries to embark on tax reforms. Unfortunately, the standard theory of optimal commodity taxation is incomplete in the sense that it ignore that taxation as a system is attributed with administrative and other costs, which could be very large. In addition, its application requires estimations of preference and elasticities which can be unobtainable, especially for developing countries. Moreover, a common practice of applying more uniform rates commonly suggested by the World Bank and IMF does not always produce better results. Therefore, it is important to pick up the spirit of the optimal tax and regionalisation literatures and to focus attention on how to make minimise these costs. A CGE model representative to the Indonesian economy is developed in this paper to address this issue by assessing the near marginal tax incidence, marginal excess burden and welfare costs of the existing commodity taxation. The latter is then used as a base for designing a better allocation of commodity taxation. The results suggest that most sectors have already been over taxed and the existing tax system is not an efficient way for collecting revenue. The proposed tax rates will give much better results for the economy, welfare and even for the government revenue so that it is a win-win solution.

KEYWORDS: Optimal Commodity Tax, Tax Reform, Welfare, SAM, CGE.
JEL CLASSIFICATION: C68, D58, E62, L83, O53

DECENTRALIZATION IN INDONESIA; AN ECONOMIC PERSPECTIVE

Kusuma Andrianto

Autonomy and decentralization issues have long been discussed intensely among economists, particularly between two main groups, The New Classical school of thought and The Post Keynesian school of thought. Until recently, however, modern Regional Economics failed to provide academics and researchers with new perspective that can bring the two difference mainstreams together. In the last two decades, history notes how one of the most important breakthroughs in economics; the development of Endogenous Growth Model.

Mubyarto (1996) argued EGM help Indonesian government to categorize major parts of growth factor among provinces and regions in order to develop an ultimate master-plan of autonomy and decentralization. Insukindro (1999) however, pointed out that there is no single economic 'panacea' for Indonesian problem of decentralization.

Barro (2002) argued that lack of coordination among regions contributed to economic drawback in South and Central America. Barro and Xala-i-Martin (2001) also found out that region disparities, not surprisingly, also played an important role in economic crises in some Asian Countries as well as Latin Americans.

The goal of this paper is to show an economic perspective of dilemmatic decentralization and region autonomy. Hopefully, given availability of data, this paper also could trigger a solution of such problematic situation of recent development in Indonesia.