

DEVELOPING THE GOOD LOCAL GOVERNANCE: MYTH, REALITY, OR PROSPECT?

**(Case of the implementation for sound pro-poor program of community
empowerment in Indonesia)**

Djonet Santoso

University of Bengkulu, Indonesia

dsantoso@unib.ac.id

Keyword : Good Governance, Local Government, Poverty Alleviation

Abstract

In effort to embody the good governance, the Indonesian government seeks to implement from national to local government level. The National Program for Community Empowerment (PNPM) as a poverty alleviation program is targeted by the central government to simultaneously reduce poverty and also to practice good governance at local level. The objective of this empowerment program is to unify the three elements consist of the people, private sector, and government, in implementing the sound pro-poor programs, especially at the local level. However, this nationally initiated program is implemented in all provinces with centralized administrative control. The long journey for implementing the good local governance in fact has faced so many constraints and challenges. Two questions are unfolded; 1) Are the centralized administrative controls tend to be inimical for the effort to implement the good governance? 2) Has the development for good local governance succeeded after the empowerment program has been implemented for more than 10 years? This paper will uncover the practices of good local governance in implementing the National Program for Community Empowerment. Also presented in this paper the conflicting concept of decentralization, local administration, and local empowerment in realizing the concept of good local governance.

Introduction

When the decentralized political policy in the package of regional autonomy was launched in 2000, many parties rejoiced to welcome it as a momentum for better regional development. For the central government, this policy is part of the government's post-transition political pledge. Euphoria of the victory for the political movement over the long dominance of the new order government brought the demands of various parties to end the system of centralized government. Practice of the prolonged centralized governance system was considered as leading cause for the high poverty rate during that period. Theoretically, decentralization policy is believed to be an effective and significant instrument for reducing poverty. Unfortunately, the central government's unwillingness to release most of its authority to the regions, the misunderstanding of the central government in applying the concept of good governance within the framework of regional autonomy,

and the empirical facts of local government's unwillingness to take advantage of autonomy opportunities for the welfare of the community, have created new problems for public administration practices of the local government. This has caused the poverty level to remain high.

The case that will be discussed as the focus of this paper is the implementation of sound pro-poor program of community empowerment in Indonesia namely the National Program for Community Empowerment (PNPM). Although the program has been terminated in 2015, the study of this program as a case of public administration practice is expected to lead the way to identify a map for the problems in implementing the good local governance concept, especially in the case of handling poverty problem in the region. As a World Bank funded program, PNPM was designed differently by practicing the concept of community driven development. On one hand, the PNPM program aimed to integrate the political substance of decentralization, and the practice of good local governance on the other. The concept of good local governance was intended to be developed from the provincial level to the lowest level of governance of *desa* (rural village) and *kelurahan* (urban village). However, after being terminated in 2015, the program has been considered as less successful (see Prihtiyani, 2012; Ghofur, 2013; Muslim, 2017), also considered not being able to bring change into the public administrators' behaviors to represent the quality of good local governance (Santoso, 2018).

This paper aims to discuss good local governance not from the theoretical perspective, but more from the practical perspective of how local governments are 'forced' to implement the sound pro-poor national program of community empowerment by using the framework of good local governance. Local governments should practice the concept of good governance in accordance with the necessity of supporting the central government program. The discussion leads to the question, has the poverty rate decreased after the PNPM was implemented? If it has decreased, was it really due to the practice of good local governance? In the case of PNPM, was the practice of good local governance only a myth, a reality, or just a prospective one?

Methodology

This paper is an overview of field notes during the ten years of involvement as consultant to PNPM with specific area of Bengkulu Province since 2007. The research method used was action research, due to actively involving in the preparation of programs and implementation of activities from the provincial level to the *kelurahan* or *desa* level. The techniques for collecting data in this qualitative research include interviews, focus group discussion, and observation. Closely connected with the local government authority figures, has made it easier to access and conduct in-depth interviews. The sources of data are government officials, stakeholders, and community groups.

Theoretical framework

Public administration exists within its social context, not an isolated entity in the life of its people (Jun, 2006). The government, as well as local governments, develops

policies and builds its administration to meet community demands. However, government activity is also strongly influenced by global political issues. A significant change of the governance movement is the transformation of the vertical nature of government in managing society into a horizontal government that requires the efficiency of bureaucracy and the expansion of communication and democratic relationships between government, business and civil society. The government has previously inherited a centralized system of government that has led to inefficient bureaucracy, dependency of the local government toward central government budgets, and the inability of local governments to solve local problems. Governing and governance processes are vital processes in the management of very complex public issues.

Jun (2006) explained as illustrated in Table 1 that in earlier times the activities of public administration have chosen realistic instruments and arguments that lean toward hierarchical structure, authority relationships, and regulation by professionalizing public services. Since the 1990s, it has been considered that public administration practices in the past are no longer able to meet the demands of the public that are driven by the development of democratic politics and globalization. Nowadays, the policy implementation of decentralization and good governance imply that central and local governments should understand the differences between hierarchical governing and democratic governance.

Tabel 1. *A Comparison of hierarchical governing with democratic governance*

<i>Hierarchical Governing</i>	<i>Democratic Governance</i>
<i>Centralization: national government controls programs and funds</i>	<i>Decentralization: devolution of programs and authority to local governments</i>
<i>Uniformity and hierarchical autocracy</i>	<i>Fragmentation and autonomy in decision making</i>
<i>Implementing agency goals</i>	<i>Implementing shared goals</i>
<i>Vertical relationships</i>	<i>Horizontal relationships</i>
<i>Control and command</i>	<i>Networking and collaboration</i>
<i>Pluralistic and interest group politics</i>	<i>Negotiating through dialogue and discourse</i>
<i>Formal authority and policing power</i>	<i>Joint partnership and shared responsibility</i>
<i>Agency as the center of coordination</i>	<i>Multiple temporary arrangements regarding coordination</i>
<i>Enforcing laws and regulations</i>	<i>Local initiatives</i>
<i>Information control and secrecy</i>	<i>Information sharing and transparency</i>
<i>Limited participation and consultation</i>	<i>Open participation and public deliberation</i>
<i>Tendency toward antidemocratic and instrumental rationality</i>	<i>Discursive democracy and communicative rationality</i>

Source: Jun, 2006, p.212.

The term governing and governance is often used interchangeably. Jun (2006) cited several realistic reasons for the need to transform from a hierarchically characterized governmental function into collaborative characteristic governance processes. First, many

social problems are more effectively addressed and resolved by local governments than by the central government. Because communities in each region have specific characteristics then the handling of the problem cannot be generalized at the national level. Local governments are judged to have the appropriate capacity to deal with local issues. The second reason, we need to understand the development of the relationship dynamics between three sectors: government, business, and civil society. There is a need to transform the character of governance from a traditional hierarchical mode government to participatory governance (see also Chhotray and Stoker, 2009). The old practices of government relationships with business and civil society are vertical relationships. The government is not only controls the economic and political activities of society, but also imposes rules and obligations. In this pattern, governance exercises the basis of formal authority and closely monitors the implementation of public policies even in the process of mentioning public participation. On the other hand, governance-based government puts forward the real partnership and collaboration. In the framework of local government, good local governance should be interpreted as an integrative vehicle to bring the spirit of decentralization with community participation. More significantly, good local governance should be translated as an opportunity to accelerate poverty alleviation and improve the welfare of communities in the region (see also Farazmand, 2004). An important part of the decentralization goal is to accelerate the decline in poverty (Cheema and Rondinelli, 2007). To realize the objectives of decentralization, seems that it requires not only the administrative needs or political demands, but both are needed simultaneously.

A new public administration, characterized by decentralization and good governance commitments, should be able to accelerate the achievement for welfare of the people so that the poverty will decrease. Accordingly, the sincerity of local government is assessed from its capacity to capture decentralization and good governance opportunities on the one hand, and to accelerate the improvement of people's welfare in the regions on the other. Significantly, it is necessary to develop a good local governance framework within the local government context. Chhotray and Stoker (2009) discussed and extended these sincerities in the context of participatory governance (see also Cloete, 1995; Hemmati, 2002; Jun 2006). The concept of participation has long been growing, as old as the development of the concept of democracy. It can even be stated that the development of democracy is strongly tied to the development of participation. As the movement of democracy grows in various political processes, public participation in the decision-making process becomes a necessity, a demand that must be accommodated. Public participation in decision making ensures the continuity of democracy and is conducive to the development of good governance and administration at the local level (Cloete, 1995). Good governance at the regional level is described as a process of realization of a public service that is always oriented to accountability, equity, transparency, responsiveness, efficiency and effectiveness (Babooa, 2008).

Public participation is the community's active process of providing ideas and initiatives, actively engaging in various activities, and developing effective control functions. Collective decisions have more power and legitimacy than by individuals. Decision-making processes involving multi-stakeholders are very important elements in

the development of effective policies (Dubbeling et al., 2010). By involving more stakeholders, the government will be able to take decisions that accommodate not only the needs of the government, but also the stakeholders. This will provide assurance for the effectiveness of implementing those decisions. The same argument from Hemmati (2002), that by involving as many stakeholders as possible in the decision-making, would provide some strategic benefits, includes reducing public distrust, improving the quality of problem analysis for best decision-making, ensuring the effectiveness of policy implementation, and strengthening problem-solving capacity and political lobbying of all involved parties. Dubbeling et al. (2010) asserted that if participatory and multi-stakeholder approaches are selected, the policy formulation process will be a process of interaction and collaboration between government and relevant stakeholders including community groups, community-based organizations, non-governmental organizations (NGOs), civil society organizations, ministries, institutions at national and regional levels, banking, private, and others.

Discussion

From the Cabinet Meeting on September 7, 2006, President Soesilo Bambang Yudhoyono stipulated a government policy to accelerate poverty reduction and consolidate cross-ministries poverty reduction programs. National Program for Community Empowerment (PNPM) was selected as an instrument to accelerate poverty reduction and expand employment opportunities. The program consists of three clusters, including social assistance, community empowerment, and small and medium business assistance for community self-reliance (see Table 2). PNPM has been implemented until 2015 in line with Indonesia's target to achieve Millennium Development Goals (MDGs).

Table 2. Consolidation of cross-ministries poverty reduction programs

Program Cluster Social Assistance	Program Cluster Community Empowerment	Program Cluster Small and Medium Business Assistance for Community Self- Reliance
Coordination: Coordinating Ministry for People's Welfare, Ministry of Social Affairs, Ministry of Education, Ministry of Health, and Bappenas	Coordination: Coordinating Ministry for People's Welfare, Bappenas	Coordination: Coordinating Ministry for Economic Affairs, Ministry of Cooperatives and Small Enterprises
Assistance and Social Protection Programs	Community Empowerment Programs	Strengthening Community Self-Reliance Programs
8 Programs in 7 ministries	17 Programs in 22 ministries	Credit Assistances in 17 ministries
Target: 3,9 million very poor household	Target: 60 million of poor people	Target: Eligible community groups, already empowered by PNPM and almost poor (6.5 million households) and small and medium business customers (70 million customers)

Source : Coordinator Ministry of Social Welfare, 2015.

Funding is done by cost sharing of funds sourced from the State Budget (APBN) and also the Regional Revenue and Expenditure Budget (APBD) of District/City Level through the scheme of Local Government Sharing/Contribution Fund (DDUB). National Development Planning Agency (Bappenas) together with ministries and agencies set the ceiling of DDUB contribution fund. The District/City Government is obliged to allocate DDUB within their respective APBDs and submit the DDUB Commitment Letter to the relevant ministries and agencies.

From the described procedure, the role of local government in PNPM was quite significant. One of the objectives of this program was to increase the role of local governments to be more pro-poor, pro-jobs, and pro-growth by endorsing: 1) regional policies on poverty alleviation and expansion employment opportunities through the establishment of the Local Poverty Reduction Strategy (SPKD), 2) pro-poor APBD allocations with increased portion of the budget for empowerment activities of the poor and labor-intensive activities for the poor, 3) increased access for the poor especially women to capital, revolving funds and microcredit, and 4) strengthening of the Provincial and District/City Coordination Team for Regional Poverty Reduction (TKPKD).

The general objective of PNPM has been set out in the General Guidelines of PNPM, namely "Increasing the welfare and job opportunities of poor communities independently". In the PNPM Manual, it was mentioned that in order the objectives could be achieved, the PNPM implemented two strategies. First, to encourage the process of social transformation at the community level from powerless to the civil society. In line with intervention efforts at the community level, secondly, the PNPM was also working to strengthen self-reliance at the local government level that aimed to enable local governments to independently manage poverty reduction programs in their areas. To realize the results to be achieved in strengthening local government independence, the strategy implemented could described in Figure 1.

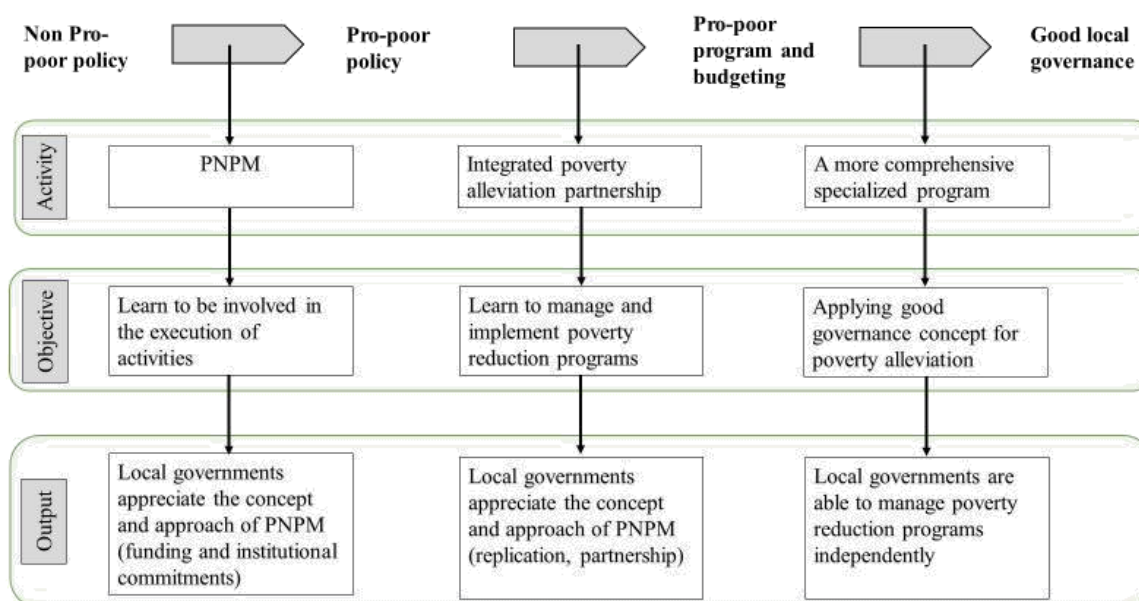


Figure 1. Strategy of strengthening the independence of local governments

Source: Research results, Ministry of Public Works, 2015.

From the figure it can be noted that this is indeed the substantive target of the PNPM, which to establish a good governance mechanism, especially for the government at the local level. The strengthening of local government independence will impact on the development of pro-poor growth and pro-poor budget. The success of poverty reduction in the local level will contribute positively to the success of poverty reduction at the national level. Local governments commitment to the problem of poverty will provide room for participation of citizens and caring groups to engage in poverty reduction efforts. The objective was that local governments have more capabilities, as they are closer to their communities, to parse the problem of poverty in their regions more detailed and focus.

In terms of policy structure and political context, this study notes that the policy structure of poverty alleviation was highly centralized and controlled by the central government. Poverty reduction programs were developed by ministries, budgeted through the State Budget (APBN) and foreign grants/debts, and implemented by sectoral agencies in the regions. This means that the region was only a central program implementer. How about their Regional Budget (APBD)? APBD was used to budget funding of various central programs in the scheme of Regional Fund for Joint Affairs (DDUB), the rest was aimed at financing regional programs for other public issues that have not been handled by the central government. This condition could not be separated from the influence of the centralistic party system, which instructed the regional board to the branch to secure the state policy (as well as the interests of the party).

Politically, public policy of poverty alleviation is a political commodity promoted as the main issue by political parties. Thus, it is clear that every political party must have a poverty reduction scenario. During the campaign period, they offer this scenario to public and become a mainstay to win votes. For the winning party, this scenario will be included

in the Five-Year Development Medium Term Document. For the losing parties, these scenarios are used to criticize any government policy for poverty alleviation. Discussion and debate in parliament are at stake in the success of a public policy proposal. To strengthen support in parliament, the ruling party further forms a coalition with other parties. If the vote of this coalition can be a majority in parliament, then there is no concern in any voting decision to pass a public policy proposal, as well as a policy proposal for poverty reduction. Despite the adoption of democratic values in several periods of government, the long experience of centralized government has shaped the mindset in all areas of the country's life that all political decisions are in the hands of the central government. The local government, although also through the process of democracy in the election of regional heads, is still positioned as the implementer of central government policy. A highly centralized party system contributes to the slow process of democratization as well as the development of good local governance.

Bappenas (2013) recognized that nationally, the influence of PNPM as one of the efforts to accelerate poverty reduction has not been measurable. Bappenas (2013) stated further, that regionally based on the location of the recipient, there were successes in the integration of participatory planning processes, people's participation in the empowerment process, increased per capita consumption of beneficiaries, increased employment opportunities and access to basic services, and improved infrastructure development to open access to centers of economic activity. However, the study notes that the claim of program success is not parallel to the successful implementation of the concept of good governance at the local level. The local government officials tended to have lack of commitment in applying the concept of good local governance. There seemed to be commitment came from the various local government officials/village heads to the process of community driven development.

Significant with the arguments of decentralization and good local governance, development has always relied on the central idea that public policy is the main instrument of achieving common good, including the reduction of poverty. However, the critical question is, to what extent do we believe that 'public policy' is really aimed at solving 'public problems'? The hypothesis is clear, if more and more policies are suspected to be only an expression of the interests of a particular group, including the entrepreneur and political party, then its policy performance will be increasingly unrelated to the achievement of common good. The same issue also arises in the dilemma of central and local government. In solving public problems, there is a different meaning between local government programs and central government programs that must be undertaken by local governments. Local government programs are run with more enthusiasm, while central government programs in the region are run based on obligations. The central government program is highly controlled, while local government programs can be done more flexibly. It is significant if then there is doubt about the effectiveness of development, the effectiveness of poverty reduction program. This condition prompted us to question the effectiveness of the application of good governance concept as well as good local governance.

From the discussion of the PNPM program implementation, we are re-questioning, whether the implementation of the concept of good local governance is only a myth, reality, or just prospective? Could be just a myth if the building of good local governance as conceived by various experts does not happen or even impossible to be realized. The commitment of good local governance is only a lips service for practical political interests. Implementation of the concept of good local governance could be called real if the concept has been manifested in the practice of public administration at the local level. Being real in everyday public services, people can explain the differences in service between public services before and after concept implementation. While the prospect means there is a possibility and hope that the concept of good local governance can be applied. To conclude the status of implementation of good local governance through poverty reduction program, we can discuss it through the study of the implementation of 10 principles of good governance (see Table 3).

Table 3. Status of the implementation of good local government through the implementation of sound pro-poor national program

Principle	Myth	Reality	Prospect
Open to participation			V
Commitment of law enforcement	V		V
Transparancy development			V
Commitment to equality			V
Improving responsiveness	V		V
Vision	V		V
Accountability			V
Supervision	V		V
Efficiency and effectiveness			V
Profesionalism			V

Source: Research result, 2007-2017.

Although not yet realized, 10 principles of good governance are believed to be highly prospective. Similar to other arguments, the ideal concept of good local governance can only be realized in a conducive situation. The sound pro-poor program of PNPM that was initiated as the entrance to good local governance practice has proven that the application of its principles is not as simple as the drafting of the concept. For local government officials, participation is still interpreted as a mobilization, instruction-based participation. The principle of all done by the government is more dominant than to include the community in decision making. Law enforcement is still a problem at the local level. There has been considerable evidence of inconsistencies in law enforcement. Law enforcement is still bias to set goals, not seek justice, but rather on who deserves to be blamed. Issues of mine conflict, informal merchant conflicts, border conflicts, etc. are examples of this. Although there are still many cases of in-transparency, it is prospective to apply because technological developments have allowed everything to be open. Equality, prospective, to provide equal opportunities for all members of the society to

improve their welfare. Responsiveness can be optimized to increase the sensitivity of government administrators to the aspirations of the public. Vision can be applied to develop the region based on a clear vision and strategy, with participation of the citizenry in all the processes of development so that they acquire a sense of ownership and responsibility for the progress of their regions. Accountability commitment can be developed to increase the accountability of decision-makers with regard to decisions in all matters involving the public interest. Supervision has the chance to optimized to increase the efforts of supervision in the operation of government and the implementation of development by involving the private sector and the general public. Efficiency and effectiveness can be continued to be developed to guarantee public service delivery by utilizing all available resources optimally and responsibly. Last but not least, professionalism must be seriously developed to enhance the capacity and moral disposition of government administrators so that they are capable of providing easy, fast, accurate and affordable services.

Conclusion

Good local governance is a necessity. The realization of good local governance is in the middle between myth and prospect. It will only be a myth if there is no commitment to make it happen. The key is the political will of the central government, accompanied by concrete steps to realize, and strengthen the political commitment of decentralization and regional autonomy. Local governments are no longer placed as implementers of central activities in the regions, but rather place local governments as partners of poverty alleviation. Local Government is given the authority and real freedom to build its good governance system. With this scheme, poverty reduction policies will be more effective, and poverty reduction will be accelerated. Thus, the argument that one of the strategic objectives of decentralized politics is to accelerate efforts to reduce poverty, will be realized.

References

- Babooa, Sanjiv Kumar. 2008. *Public participation in the making and implementation of policy in Mauritius with reference to Port Louis' Local Government*. Doctorate Dissertation. University Of South Africa.
- Bappenas. 2013. *Evaluasi PNPM Mandiri* (Evaluation of PNPM). Direktorat Evaluasi Kinerja Pembangunan Sektorial Kementerian Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional (Bappenas).
- Cheema, G Shabbir and Dennis A Rondinelli (eds.). 2007. *Decentralizing governance: Emerging concepts and practices*. Washington D.C: Brookings Institution Press.
- Chhotray, Vasudha and Gerry Stoker. 2009. *Governance theory and practice: A cross-disciplinary approach*. Hampshire: Palgrave Macmillan.
- Cloete, F. 1995. *Improving public policy*. Pretoria: Van Schaik.

- Dubbeling, Marielle, Gunther Merzthalb and Noemi Soto. 2010. Multistakeholder policy formulation and action planning for urban agriculture in Lima, Peru. *Journal of Agriculture, Food Systems, and Community Development*, 1(2), pp.145–54.
- Farazmand, Ali. 2004. Sound governance in the age of globalization: A conceptual framework. In: Farazmand, Ali, ed. *Sound governance: Policy and administrative innovations*. Connecticut: Praeger Publisher.
- Ghofur, Abdul. 2013. PNPM gagal tekan kemiskinan di desa (PNPM fails to reduce poverty in the village level). *Koran Tempo*. 20 April 2013.
- Hemmati, Minu. 2002. *Multi-stakeholder processes for governance and sustainability: Beyond deadlock and conflict*. London: Earthscan.
- Jun, Jong S. 2006. *The social construction of public administration: Interpretive and critical Perspectives*. New York: State University of New York Press.
- Muslim, Azis. An analysis of the failure of National Program For Community Empowerment in building the poor community's independency: A case study in the Province of Yogyakarta, Central Java, and East Java Provinces. *Jurnal Penyuluhan*, 13(1), pp.79-87.
- Prihtiyani, Eni. 2012. Bank Dunia sering gagal selesaikan masalah kemiskinan (The World Bank often fails to solve the problem of poverty). *Kompas.com*. <https://tekno.kompas.com/read/2012/10/15/08582475/bank.dunia.sering.gagal.selesaikan.masalah.kemiskinan>.
- Santoso, Djonet. 2018. *Penduduk miskin transient: Masalah kemiskinan yang terabaikan* (Transient poor: The neglected poverty problem). Jakarta: Yayasan Pustaka Obor Indonesia.