THE CAPACITY BUILDING FOR DEMOCRATIC DEVELOPMENTAL LOCAL GOVERNANCE

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INTISARI

Desterilisasi dianggap sebagai pilar utama dalam promosi demokrasi di negara berkembang. Alasan perlu, perlu dicatat bahwa yang diharapkan oleh masyarakat bukan senata-mata proses yang demokratis, tetapi juga perilaku dan pengetahuan, pendidikan ekonomi mereka. Apa yang perlu dilakukan oleh pemerintah pasca ovariter (atau pasca hirukinistik politik) di tingkat daerah adalah bukan hanya menciptakan pemerintahan yang demokratis tetapi juga yang developmentalis. Yang dipertahankan pemerintah daerah bukan hanya sistem paripurna yang melindungi kawan bisnis dan masyarakat, tetapi juga suatu pemerintahan yang fungsional yang dapat mencapai sejauh pembangunan ekonomi dan sosial dengan temanglo "kemandirian konsumen". Pembangunan kapasitas pemerintah bisa dialikan dengan tiga lapis, bukan saja melalui perbaikan sumber daya manusia, tetapi juga pemberitaan organisasi dan sistem yang inovatif. Dalam konteks pemberantasan kemitraan, kebijakan yang diperlukan meliputi pembangunan infrastruktur sosial, nuklear, dan juga pertumbuhan ekonomi untuk membuka lapangan kerja bagi kelompok miskin.

Kata kunci: peningktakan kemampuan, pemerintah daerah, demokrasi dan pembangunan

THE NEW PARADIGM FOR DEMOCRATIZATION AND DEVELOPMENT AT THE LOCAL GOVERNANCE

Democratic Stabilization Needs Economic Growth

We have observed the rising trend of democratization and governance providing aid since 1990s. "Democratic good governance" became a new orthodoxy of Western aid strategy and development thinking and it was considered to be the essential condition for development.

According to Adrian Letwich, it stems from four factors:

1. The experiences of structural adjustment in the 1980s
2. World Bank loans for SAL (Structural Adjustment Loan) during 1980-1990 had increased from 7 to 107 in 55 countries and it covered more than 1/4 of the Bank's lending. The aim of adjustment was to shutter the state-led development paradigm by promoting open and free competitive market economies, supervised by minimal states. Here the structural adjustment meant the deregulation, privatization, slimming down oversized public bureaucracies, reducing subsidies, encouraging realistic prices etc. During the adjustment policies, designing and implementing adjustment, the promoters noticed

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that paradoxically, effective adjustment in practice required both strong and relatively autonomous state, weather democratic or not. The WB could say little about the politics of adjustment, this kind of voice connected with the policies for "good governance."

(2) The political influence of the neo-classical counter revolution
Neoliberal developmentalists claimed that hard rules of adjustment had often been the direct consequence of political factors: excessive state or political involvement in economy and society, consequence of excessive concentration of both economic and political power in the hands of state personnel. Eventually, their policy options connected with the understanding that the democratization in the context of a free economy would compel governments to be more accountable, less corrupt and hence more efficient developmentally.

(3) The collapse of communism
Non-democratic communist states were unable to produce sustained economic growth. Political liberalization was thus seen as necessary condition for both economic liberalization and growth. They believed the confident linkage between political and economic liberalism and the policy direction was the spread of capitalism on world scale.

(4) The impact of the pro-democracy movements
Seeing the pro-democracy movements in Latin America, South Korea, the Philippines, Eastern Europe and countries and Africa in 1980s, the West had drawn legitimacy for pro-democracy policies from these movements and convinced in them the more effective social stability.

In the "democratization and governance supporting aid," we saw donors' aid to election watch in Cambodia, 1993, Nicaragua, 1994; supporting NGOs to participate in development processes; supporting for "decentralization" and "democratic local governance" including "capacity building" of LGOs (Local Government Units) by 60 USAID and 250 UNDP projects in 1995; supporting the training projects of government staffs; supporting privatization of LDC state corporations; supporting corruption watch and "corporate governance" etc.

On the other hand, there came out many criticisms on the trend. For example, the major promoter, the US, once again showed the gap between "declared policy" and "executed policy." By checking the actual US aid expenditure during 1992 to 96, Steven W. Hook made clear, the US didn't reduce aid to non-democratic countries and didn't increase aid to democratizing countries. Other criticisms are: Big trend for "democratization" meant the big trend for "illiberal democracy" or "normal democracy"; Many democratization programs ignored long-term sustainability; Many donor-driven elections were very expensive and couldn't finance in consecutive

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elections; it was too early to enforce multiparty competition system with decentralised party organisations in developing countries where there were no social bases for supporting modern political system. Concerning the support of NGOs (voluntary associations) for human rights, democracy, women's rights, they tend to be "top down" organisations, usually formed at the initiative of just a few people. These were accountable to donors and not to people. Majority of NGOs couldn't survive without donor's support. They were foreigner supported "grass-roots" organisations (contradiction)3.

As interesting point was raised by Julie Heere from the experience of South Africa, which showed the democratization was nothing without realizing economic development or actual income raising for the people. In South Africa under Apartheid, many donor countries aid various social organizations for welfare or agriculture. South Africa got fairly big amount of democracy assistance in comparison with other African countries. After the democratization in 1994, representatives of these organizations entered into the government and foreign aid entered into building new government structure like provincial and local government structure and building government capability. Eventually, they realized a stable democratic polity with well developed civil society. But in the aspect of economy, white people's dominance didn't change. Under the contradiction between economic inequality and political stability, a report identified the need for civil society to capture and steer

The rising frustration. "The (investigation) results raise important questions about South Africans' understanding of democracy. While only 27% raise as 'essential' such key procedural elements of democracy as regular elections, 48% said that equal access to houses, jobs and a decent income was 'essential' to democracy." There is an argument that authoritarian regimes have to derive their legitimacy from their performance and thus vulnerable to economic downturns, whereas democratic regimes are not legitimized by their performance but by their procedures. But even democratic regimes, in the end, need economic growth for their legitimacy and stability. After the Second World War, all regimes, capitalist, communist and developing countries have made the economic growth as their "political myth."

Under the democratization and governance argument, there is a naive understanding that democratization and political freedom will automatically realize economic development and it has not been as such in reality. Decentralization and local governance have been argued as a pillar of democratization in 1990s, but we are necessary to consider its framework also for building developmental local system, for the stability of democracy.

Major Characteristics of Local Governance: Japan, the Philippines and Indonesia

I have studied the political economy and local governance of these countries above. In case of Japan's developmental state model, the term of
"Japan Inc." is very famous, which core was the tripartite alliance between governmental party, LDP (Liberal Democratic Party), big business and bureaucracy. The three sectors are divided into sections and they had repeated study meetings and discussions. After that, the discussion resulted in government policies and laws. On the other hand, business associations have presented their requests formally to the government. These requests were not only on economic promotion policies but also all field of policies like education for human resource supply to the economic world, housing policy and pension policy for their employees, environmental policy which didn’t disturb economic development etc. with the monitoring system how the government implemented these policies. The term "incorporated" is rather a narrow understanding reflecting only government and business relationship. It is better to say "developmental state" because the state has incorporated various social organizations nation wide like Japan’s Agricultural Cooperative (all farmers participate and have 350 thousand full staffs), all kinds of business associations, Japan Doctors Association, War Bereaved Association etc. Other than that, LDP has successfully made LGUs to be the voting machine for LDP by using national government subsidies.

LDP is the typical "local cadre party" and the system of developmental state penetrated into LGUs. Majority of Japan's LGUs have the developmental local governance system for promoting regional development under the close ties among LGUs, Agricultural cooperative, Chamber Association of Commerce and Industry, Association of Tourism Industry, Association of Construction Industry, League of Shopping Street etc. Japan’s framework of decentralization was set in Japan’s new constitution enacted in 1947 under the post WW2 American occupation. Pre-war Japan’s powerful Ministry of Home Affairs was dissolved (side by side with the armed forces) by the US because it was considered to be the basics of militarism and mass mobilization for promoting the war.

But newly born local autonomy was restricted massively by the detailed national standard of local government services regulated by laws with attaching Internal Revenue Allotment from NGA (National Government Agencies). Only from the year 2000, large parts of LGU services were separated from NGA standardized regulations with scarce financial allotment. Another big item of subsidy is the project base subsidies. NGAs prepare thousands of project items and selected the project applications from LGUs for getting subsidy. Eventually, not only nationally standardized local government services but also projects have depended upon NGA and local autonomy of Japan has been said to be 10% autonomy.

Still, projects must be prepared by LGUs and these projects are under the competition basis with the LGU projects to be selected. Eventually, LGUs have managed to create better projects to be selected for getting subsidies. Such kind of system automatically connected with capacity building. This system is called
"competitive local autonomy." For getting better ideas, LGUs have systematized the consultation system with the people. Most LGUs have the consultation system among four local sectors for making long-term development plan and ordinary various policies and projects.

(1) sections of local government
(2) committees of local assembly
(3) social organizations (agricultural cooperative, association of commerce etc.)
(4) union of community organizations

The consultation system among them became the basics of participatory way (though it was only the "institutional participation" and not always people's participation). It also became the basics of developmental system as far as the economic development has been the core of the two major tasks of LGU side by side with social development. After the massive trend of out-migration from rural area to urban area during 1960s under Japan's post-war high economic growth, urban population had increased from 35% in 1930 to 75% in 1970 (76% in 1998). Facing the dramatic decrease of population in rural society, rural LGUs have practiced much efforts for rural rehabilitation. We have hundreds of books and experiences of that which, I believe, will be worth while replicating for rural rehabilitation of developing countries.

The Philippines is featured by the nation-wide local bossism and president's strong power for national resources allocation. Decentralization started from 1992 was basically a "reform from above." Among 19 departments, only three departments *(Home Affairs, Agriculture and Health)* practiced large scale decentralization and another three departments *(Social Welfare, Public Works, Energy and Natural Resources)* practiced small scale decentralization. As a Civil Service Commission Newsletter wrote, Philippine political system is still "Martial Imperialism" and the provincial government is like the gathering place of NGA branches.

Still, the provincial government doubled its staffs after 1992. Some part of second level LGU mayors revealed the mounting spirits for local autonomy. Under every 3 years election system and for getting stable supporting base votes, some mayors have been enthusiastic to take care of various social and community organizations, and also poverty alleviation policies. Even though these mayors are 15 to 20% among traditional type mayors and largely coming from families of local bossism clique under the generation change. Still the emergency of new type mayor symbolizes the Philippine politics under decentralization.

But because of the small scale decentralization, my impression is that LGUs have no ability to organize integrated regional (in the Philippines, area) development programs. So many projects are under the control of NGAs and donors (through NGAs). Moreover, the finance for projects depended to do by NGAs is very slow to come to LGU level. That symbolizes the lack of institutionalization, accountability and transparency. Eventually, the capacity building for plan making with the decision making of setting priority and its implementation is far from good.
Indonesia has far more diversified ethnic groups in comparison with the Philippines. It had hundreds years' bureaucratic centralism since the colonial era throughout the republic notwithstanding the strong desire for local autonomy from the regions outside of Java. Java has only 8% of the territory but has 60% (120 million) of population and has continued to be the center of Indonesia and bureaucratic policy. After the fall of president Suharto, local autonomy laws (No. 22 and 25) of 1999 were enacted having two years transitional years. The large scale decentralization has just started from this year (2001).

Indonesia under president Suharto (1967–98) was a “martial state” where instructions from above were sent to various levels of local government with detailed manuals. National Planning and Development Agency (BAPPENAS) had the decisive power to making development plans. All foreign aid and development projects had to be screened by the Agency. The Department of Home Affairs was the second most influential department after the armed forces controlling all the LGUs. Provincial governors were actually nominated by the president and were the representative of the president at the province though they had the nominal character as representatives of each region at the same time. Governors had the responsibility to reply to the president but had no responsibility to reply to provincial assembly.

Things are drastically changing under the local autonomy laws. Majority of domestic government services are devolved to the second level LGUs (209 Districts = Kabupaten and 67 Cities = Kotamadya) neglecting the desire from some part of regions to make the provincial level (30) the unit of their identity. Actually, the autonomous laws were hastily enacted from above without having the discussion at the local level. In March 2001, 1.8 million NGA staffs including 0.1 million teachers were transferred to LGUs at least formally though the total structure is still vague.

Provincial governors and mayors at District City level are to be elected by local assembly. So, the local assembly became very influential changed from just a “rubber stamp” before the democratization. LGU planning is now in the hand of Local Planning and Development Board (BAPPEDA) but the participatory way is still vague. Specialist of Public Administration tells “Experience of decentralization in less-developed countries has almost everywhere fallen far short of expectations and the declared objectives of policymakers.” If a local autonomy can be successful under the age of democratization, it must have “dual decentralization,” that is the decentralization from national level to local level and from local level to lower level institutions (or participatory way). Referring Japan’s LGU planning, we can write the participatory and developmental model of planning in Indonesian LGU as follows:

1. Local Planning and Development Board (BAPPEDA)
2. Coordination with (and accepting staffs from) sections of LGU
3. Coordination with committees of local assembly
4. System of discussion for
dynamizing Bottom-up routes with Sub-district Offices must be built side by side with Top-down routes.

(5) Similar system of discussion at the Sub-district office for Bottom-up routes with Village governments must be built.

(6) Similar system of discussion at the Village government for Bottom-up routes with hamlet meeting must be built.

(7) Coordination and regular discussion opportunities with social organizations:
(a) Chamber of Commerce and Industry (KADINDA): KADINDA itself must be rehabilitated and more democratically operated. Ethnic Chinese businessmen have been excluded from the organization both national and local levels. The second KADINDA organizing ethnic Chinese businessmen and coordinate with them for the regional development might be necessary.

(b) Agricultural Cooperative (KUD) must be rehabilitated and more democratically operated with the spirit of CS (Customer Satisfaction). KUD should have the system of Bottom-up from village and hamlet level peasants associations (Kelompok Tanah).

(c) Formation of other various social organizations should be promoted and invited for planning and regional development.

(8) Inviting university academics, journalists and other specialists in the study/discussion meeting in the policy making system.

For building democratic and developmental local autonomy in Indonesia starting from the past situation, the necessary things to do are:

(1) Revolutionary change of KKN (Indonesian acronym of corruption, collusion and nepotism). Before (in 1999), I wrote as follows: “Corruption is widely reported. For example, bus drivers are enforced to pay more than ten times from formal fees when they get the annual driving permit from the government. In that case, bus drivers should go together for registration with their Cooperative cadres, government assembly members, corruption watch NGOs, and TV crews so as they can get the driving permit only with the formal fees. Both administration and assembly should have the permanent window to accept requests and complaints from the citizen.”

After the general election of 1999, party politics become elite politics disregarding the building of grass-roots organization at the local level. The political party which can respond to CS (customer satisfaction) at the grass-roots can be a strong party in the long run.

(2) Changing mind and system of LGU from the bureaucratic/technocratic top down way to democratic, participatory way and having the understanding that the major task of LGU staffs for planning is the coordination.

(3) Political sphere is to prioritizing various policies under the responsibility and leadership of LGU head.
(4) Changing mind and system of LOU from "waiting instruction" attitude to CS (customer satisfaction). For that purpose, the bottom staffs should be regarded not as "bottom" but as the "front staff" implementing government services and monitoring people's situation and response every day. Front staffs' voices should be the major voice of "bottom up" to be gathered and coordinated by brainstorming weekly meetings.

LEVELS OF CAPABILITY BUILDING AT THE LOCAL GOVERNMENT

For coping with a kind of revolutionary change at the LOU level, capacity building is decisively necessary. Donors have been preparing for that. In 1999, National Development Planning Board (RAPPERHAS) requested assistance from the German government for comprehensive assessment of the capacity building needs of local governments. Eventually, you can download many reports from their home page. In one of the reports entitled "Capacity Building for Local Development Planning", they set three levels (individual, institutional and system's) of capacity building. I would like to develop my own arguments according to these three levels.

Individual Level

Recruiting qualified persons and giving staffs more training opportunities are important things. The report stresses the level up of skills (planning, managerial, social and facilitation skills). But far more important is OJT (On the job Training). Once in 1985, I talked with a high ranking official sent from Japan's Ministry of Construction, staying 3 years in Jakarta. When I asked what did he think the difference between Japanese and Indonesian public officials, he replied OJT. In case of his ministry, new staffs are requested to do about 1 billion yen (Rp.80b) project by himself from the first year. He has to check former examples, regulations and laws, ask know-hows from his senior staffs, associate with contractors and get information about the projects, and he is checked the procedures, documents and results from his senior staff. In case of Indonesian staffs, they just "wait and see," while chatting, reading newspaper, and waiting instructions from above. "After 5 to 10 years, you can imagine how will be the difference between the two" he said to me.

Another OJT example I saw in JETRO (Japan External Trade organization). My student was recruited to the agency and from the first year, she was ordered to write a part of its annual White Paper. She had to work hard for understanding the structural concept of the White Paper, gather newest data, and be checked her draft repeatedly with much comments from the senior staff. Within a few years, she was able to be an qualified research staff. OJT is not only for new comers but it should be just an ordinary working style. As far as there are three conditions: (1) senior staff guides junior staff on the job, (2) the job is practiced systematically (guiding contents, guiding period, assessment setting), (3) the job is intentional.
Institutional Level

On the Institutional level capacity building, German GTZ report points out 4 factors:
(1) Horizontal process for coordinating LGU sectors
(2) Establishing bottom up planning process from the village level to District level
(3) Develop ways to manage vertical planning process to accommodate national and provincial programmes.
(4) Strengthen functional linkages between planning and budgeting processes.

These are sound but the report doesn’t mention the concrete way for attaining them. When I visited the Planning and development coordination office of Laguna Province in the Philippines, I was surprised because they had only 5 staffs. According to them, they organize task force at the time of making long term plan, inviting representatives from various sections. I believe 5 staffs are too little for doing ordinary duty like monitoring various sections, data gathering and coordinating sections. Concentrating planning function to planning board like Indonesia is also no good. The system can’t cope with participatory way at the horizontal level. For example, the section of agriculture knows best concerning the agricultural policies and has many human resources. Moreover, their bottom staffs monitor policy implementation everyday and their opinions should be reflected to plan making for the next stage. This kind of bottom up system empowers the front staffs and also realizes democratic and
participatory management not only in the section of agriculture but also Bappeda. The essence of institutional capacity building is to make clear the target and concrete measures for attaining that, and give individual members the individual and concrete missions.

Concerning the horizontal coordination, there is one more powerful agency other than local government sections. That is local assembly. Under the bureaucratic party of President Soeharto, Bappeda (Local development and planning board) could decide plans by themselves. New plans must get the consent from local assembly. Logically speaking, democratically elected members have the core status in the government. That means, from the preparation stage of plans, assembly committee members should be included in the close discussion by sectors with Bappeda staffs and staffs from government sections. But taking much importance to assembly is an old fashioned way. Now under the participatory democracy model, people's representative is not only political parties having seats in assembly, but also various social and community organizations which function for checking the political power. Under the present Indonesian local autonomy model, the status of local assembly is too high.

Bottom up planning process was already established during Suharto era. So, without mentioning the past process and show the reform direction, item (2) itself is meaningless. Past bottom up planning process was undertaken by the technocrat oriented and bureaucratic party oriented local planning office. It is necessary to make clear they can survive only under the democratic and participatory planning framework. They have the obligation to build bottom up system from below in the plans.

Concerning the item (3) on the vertical planning process to accommodate national and provincial government planning, I would like to discuss in chapter 7 on the National – Local Government Relations.

System's Level

German report proposed two things concerning systems level. Building integrated regional development planning and participation framework of community, NGO and private sector. Inviting social organizations for planning is another pillar for the participatory way. Especially, without having close coordination with Local Chamber of Commerce and Industry, Agricultural Cooperative Union and Association of Tourism etc., LOU can't have a developmental local governance. Journalist Association, university staffs and other specialists are another important factors for participatory way. They know the actual situation of the region and have ideas for the better management of local governance.

Under the participatory democracy, the study of public administration now can't be separated from political science as far as the bureaucracy can't be independent from social and political organizations. Concerning the final decision of planning, Bappeda now can only draft the plan. Considering the influence of various social sectors and the necessary approval at the local
assembly, it is the LCU leader's responsibility to put the priority of policies in order. As Governor Asato of Miyagi Prefecture (Province), Japan, wrote, "The biggest duty of local government head is the decision making on priority. We need to have the system to having the responsibility on priorities." There is no responsibility when there is no authority. Three is no aspiration where there is no responsibility." The worst possible situation for LGU is the staffs' 'symptom of stop considering.' If the symptom originates from the subsidy with detailed instruction from above, "Without decentralization, Japan's democracy doesn't work." For the capability building of the LGU, the most important thing is to build the system of decentralization where LGU staffs can manage the LGU jobs by themselves. The essence of management is not to deal with staffs, capital, and facilities. They are tools of implementing policies. According to Mr. Komak maternalism, the founder of Matsushita (National) electric cooperation, the essence of management is (1) vision of the future, (2) concrete measure for attaining the vision, (3) making clear what to do this year, this month, this week, and today according to these measures. Once the system's capability building framework is set, it can connect with institutional capability building and it can connect with individual capability building by giving individual members the individual mission.

This understanding corresponds with the argument of Prof. Peter Drucker, the leading ideologue of management. According to him, the productivity of intellectual laborers is the biggest management challenge for the 21st century. The conditions for raising the productivity of intellectual laborers are to: (1) consider the target of the job. (2) Workers themselves have the responsibility to raising productivity with self-management and independence. (3) Continuous innovation. (4) teach others while learning oneself. (5) The productivity of intellectual laborers is the problem of quality and not the quantity. (6) Intellectual laborers are not the cost but capital good for production. Concerning the participatory model, donors often regard NGO to be the major actor of civil society. But the first feature of NGO is its variety and diversity. So called grass-roots/ people oriented NGOs or Social Development Organizations are only the small part of NGO world. Moreover, the NGO world is awash in traditional social and community organizations which are the basics of "grass-roots conservatism." Failure to distinguish these two categories is the major weak points of civil society argument. That's why Dr. Gordon White wrote "great deal of well-intentioned nonsense has been written over recent years about the positive relationship between civil society and democracy." Lack of understanding on the relation between NGO and reformist political parties is another issue to be mass- clear. Do they cooperate? Should NGO participate into politics organizing political parties and campaigning for elections? Or should NGO be independent from political parties?

Anyway, under the participatory model, "grass-roots conservative" organizations unavoidably participate.
in local governance. How can they promote democratisation? There are two faces of traditional community organizations: (1) indispensable organization for taking care of community life, and (2) grassroots conservatism having grassroots authoritarianism. Under the urbanization (mixing various people) and generation change, there are arguments for expecting the modernization of these organizations. The target will be 15% logic. The 15% logic is my empirical argument on the actual attainment rate of desirable change under the slow pace of social and policy change. For example, under the massive policy orientation toward poverty alleviation, the actual ratio of poverty alleviation aid among total donors' aid in early 1990s was 8 to 15%.[9] During the implementation of decentralization in the Philippines, we observe the emergence of new type of mayors who collect vote not by using boss type influence and vote buying, but by taking care of interest groups including poor people. The ratio is said to be 15-20% among all the mayors. High ranking bureaucrats of Japan largely participate in front line policy making during 30s years old. Among various proposals of them, the ratio to be adopted is about 15% it is said. The hitting rate of Patriot missile during the Gulf war was 15%. So, 15% seems to be low but in the actual world, it is not so low but rather the usual (not bad) ratio. 30% line gives the common sense that "all are doing as such." For example, when the diffusion rate of car, home video, enrollment of young guys to university become more than 30%, it is translated into the sense that "now, all have cars, videos, or all go to university."

Concerning the social capital, I am negative to the argument. "The social capital is primarily defined as interpersonal trust that makes it easier for people to do together." But you can easily find out such situation exists more in traditional villages where there is no modern democracy and less in big urban areas in the US, in Japan, in Jakarta etc. I agree with the argument of Olle Tornquist that "civil society and social capital may be fine as normative concepts but I do not find them to be effective analytical tools in studies of democratisation."[11]

NATIONAL-LOCAL GOVERNMENT RELATIONS WITHIN THE FRAMEWORK OF DEVELOPMENTAL STATE

The system of modern state has expanded the status of the national government. Now we face the huge bureaucratic state in many countries. B.C. Smith wrote in his book, Decentralization. "Wars, economic recessions, dependence on foreign aid and external economic, political and military threats seem everywhere to contribute the centralization as well as the growth of the state."[12] In the majority of countries where the state promoted economic growth and modernization, the networking of nation wide economy was promoted at the same time.

Japan's government has promoted the diversification of its economy to regions from 1960s for evading too much concentration of economy and people to Tokyo. The result was the stronger concentration of economy to Tokyo. Regional economic development has accompanied the growing exchange of finance, goods and services with the major economic centers, especially Tokyo. Regional development realized the branch

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economy where the major private companies keeping their headquarters offices at Tokyo and expanding growing nationwide network centered around Tokyo.

Facing the declining population, regions wanted to develop their economy with regional developmental political system. The key concept of regional economic development has been how to connect with the powerful economy (finance and market) of capital city. In early 1990s, Tokyo concentrated 18% (Metropolitan 4 prefectures 32%) of Gross Regional Domestic Production and concentrated 59% (Metropolitan 4 prefectures 49%) of borrowing loans. In Java, Jakarta concentrated 70% of national finance and 72% of income tax collection.

Once the developmental local governance was set for connecting with national economy in cooperation with local economic, social and community organization, they must look for the connection with or incorporation to the national level developmental state system. NGAs (National Government Agencies) prepare nation wide economic development plan in cooperation with regions. For promoting regional development, not only the LGUs (Local Government Units) having cooperation with NGAs but also regional economic and social organizations should have cooperation with national level organizations.

The problem of decentralization is at the same time the problem to pursue the proper role of NGAs at the local level. The ideal relationship between the two is “interdependence” though the actual relationship is largely the “unequal partnership” or the “complex system of dependencies”. NGAs are requested to have the monitoring and consulting function for the better management of local governance. That is not the traditional top down method but coordination model where the successful LGU models are monitored and proliferated to no good LGUs mediated by NGAs. If the introduction of good LGU model is attached special subsidy by NGAs, other LGUs are eager to look for the introduction. If some LGU management are not democratic, it is the NGAs to have the checking function. That means democratic national government is the precondicion for democratic LGUs.

Japan’s experience has had the high level of continuous oppositions to decentralization by the NGAs arguing that LGUs have the lack of capability. On the other hand, from the LGUs, there have been the repeated requests for decentralization. The answer is similar with OJT (On the Job Training) argument. The situation is much the same with the opposition to the independence of developing countries by colonialist countries. They insisted developing countries’ lack of human resources and governability but they became independent. At the present world trend of democratization, there is no way other than promoting decentralization with the spirit of OJT, attached with the proper role of NGAs. As Mark Turner wrote “Although decentralization policies have not proved universally successful, their achievements are significant and increase vs time passes.”

For considering developmental local governance, one evolved

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question is the relation between local governments: the relation between provincial, city, district, sub-district and village governments. The basics will the same with the relation between NGA and LGU. District level government in Indonesia will be better to pursuit not the district level economic development but regional level economic development, having regional center cities\(^1\). It is especially so in the case of districts where the core city is independent LGU like the City of Cirebon and District of Cibeunying which surrounds the City of Cirebon.

It is appropriate for the provincial government to have the role of planning regional development. Exception is three super provinces in Java. These are too big in comparison with other provinces. Largely speaking, District is small in population as an independent entity. If they want 3E (effective, efficient, economic) management, they will be necessary to consider about the co-administration or sometimes, the amalgamation with neighbor LGUs for doing more efficient government services. In that case, the coordination function of provincial government will be very important. Especially in outside Java provinces, there are a lot of opinions that the province should be the basics of regional identity and local autonomy.

### SOME VIEWPOINTS ON THE POVERTY ALLEVIATION POLICIES

After doing field research in two countries, once again I was impressed how the term "poverty" is utilized in very different ways and how the so-called "poverty alleviation policies" do not focus upon the poor people because the identification of poor people is too vague. Dr. Anne Booth summarized the definitions of poverty in Indonesia very well. She wrote "virtually every study has used a different poverty line concept; indeed even the World Bank appeared to have used the different poverty lines in different published studies and unpublished reports.\(^2\) Major standards of poverty are: (1) Central Bureau of Statistics (BPS) which uses Household Expenditure Survey though it is criticized by the richer household's understatement of expenditure and the neglect of income. (2) Prof. Sayogo's Poverty Line which is calculated by the family's rice purchasing power (240-320kg/ person) though it is criticized to be inadequate for even poor people now depends much upon non-rice food and non-food items. (3) Prof. Hendra Esmara's Poverty Line which conceptualize poverty line by average per capita expenditure on a package of basic needs. Eventually, the percentage of population below poverty line in 1980 in urban area was 29% by World Bank, 29% by the Central Bureau of Statistics, 22% by Esmara.\(^3\)

In the Philippines, Prof. Balisacan of the Philippine University compared the big gap of poverty income line by major institutions: from 2940 to 8000 pesos/year capita in urban area and 2600 to 6000 in rural area in 1985. Government official figure was 7141 pesos in urban, it was 4285 pesos according to the World Bank.\(^4\) When we compare the poverty line between Indonesia and the Philippines, though the per capita GDP is much the same between two countries (US$1080) in

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1. Volume 5, Number 1 (Mei 2001)

2. Central Bureau of Statistics (BPS)

3. Hendra Esmara's Poverty Line

4. World Bank
In 1996, Indonesia insisted 11.3% of people below poverty line in 1996 while the Philippine government insisted 32%. A World Bank report insists, “Cross-country comparisons that didn’t adjust for the different poverty lines used in different countries could overstate substantially the incidence of Philippine poverty relative to that in Indonesia and Thailand. Using Thai standards, the poverty line would be reduced by 40%. Using Indonesian standards, the poverty line would be reduced by 69%.” When we talked with the staff of West Mindoro provincial planning and development coordination office in August 1999, I explained the standard of poverty in Indonesia. They said “Oh, it’s the African standard. We have no will to follow such kind of standard.” Dr. Robert Chambers introduced a very different standard of poverty including not only physical health, but also social isolation and powerlessness. His definition became very famous and now the identification of poor people is far more difficult than before.

When I did my field research in 1997 and 1998 on the Indonesian nation wide micro-credit project in two villages among 22,000 thousand beneficiary poor villages, I found villagers had discussed who were poor families among them. Largely, their understanding was that all were poor and all could get the credit though Indonesian government figure told only 11% were below poverty line and village government had the figure how many and which families were poor families (which figure was simply neglected by the villagers). As far as the poverty identification meant getting government micro-credit, it was understandable because majority of people are just above the poverty line and the line was quite vague and almost impossible to apply to the actual village situation. I was impressed when I observed the Gramene Bank system in Bangladesh and its replication models in the Philippines. Bank staffs visit candidate number’s house to observe directly the conditions of house, furniture, income situations and identify if the applicant is poor and hat the qualification to be a member.

However, majority of government poverty alleviation policies are different. Pro-poor policies are only the naming and actually, these policies are just social development policies disregarding who are actually the beneficiaries. It is rather common to have the same name of poverty alleviation policy on the promotion policies of SME (small and medium enterprises) and urban informal sectors. But actually, it is improbably for SME and informal sector managers to be below the poverty line because they have properties.

Now, I would like to conclude that the poverty alleviation policy can’t be distinguished with (economic) developmental policy and social development policy. The economic growth can introduce more employment opportunities and it trickles down to poor people often with time lag and some worsening examples. From 1960s to 1970-80s, even under the policy orientation to basic human needs and social development, economic growth policy
has been the number one priority policy in developing countries. Social development policies also have been expected to trickle down (or affect) to poor people, in focusing upon the primary education and primary health care system. The primary education and primary health care system can be supposed to affect more to poor people, in comparison to the government investment to universities and general hospital where poor people are inaccessible, even though these are definitely not the specific policies for the poor people. The so called poverty focused policies were like that.

After entering into 1990s, seeing the success story of Grammen Bank movement in Bangladesh, poverty focused micro-finance very became famous though it is still a tiny trend. Some say micro-credit is small amount and only with that, it is difficult for poor people to go above the poverty line. Some say poor people have the ability of management if they can get the chance but not all the poor people have the ability. Actually, which affected more for the poverty reduction? Effect of economic development or micro-finance? History tells the former. Experiences of Thailand, Indonesia and the Philippines tell that economic development was the major cause of poverty reduction. The last 40 years' experience tells the poverty situation has reduced from 2/3 to 22% from about 1 billion among 1.5 billion people to about 1 billion among 4.5 billion in developing countries. That is why we need the framework of developmental state and developmental local governance in the age of democratization.

Notes:
7. Unfortunately, almost all are written in Japanese.