

Assessing the Impact of Decentralization on the Quality of Indonesian Democracy

Yenny Chandra

National Chengchi University

ABSTRACT

This research focuses on the impact of decentralization on Indonesian democracy, particularly post-Suharto, where decades of centralized governance shifted to a decentralized one. Drawing on Hofman & Kaiser (2006), the theoretical framework links decentralization to democracy by emphasizing political participation, regional governance empowerment, and accountability. Decentralization is not only viewed as a mechanism that provides grassroots populations with political and administrative decision-making capacities but also ensures local governments are no longer directly accountable to the central government in Jakarta and are instead responsible to their local constituents. Nevertheless, decentralization also presents challenges, and notably, in a heterogeneous society like Indonesia, the management of ethnic and religious diversity is one. While decentralization is considered the embodiment of Indonesian democracy, numerous issues have hampered efforts to improve the quality of local governance and democracy. Ultimately, decentralization and democracy are deeply interdependent, as the quality of one shall reflect on the other.

Keywords: Indonesian democracy, Decentralization, Regional autonomy, Local governance, Identity politics

Penelitian ini berpusat pada dampak desentralisasi terhadap demokrasi di Indonesia, terutama pada era pasca-Suharto, ketika penerapan pemerintahan terpusat selama puluhan tahun beralih ke desentralisasi. Mengacu pada Hofman & Kaiser (2006), kerangka teoretis menghubungkan antara desentralisasi dan demokrasi dengan menekankan pada partisipasi politik, pemberdayaan tata kelola regional, dan akuntabilitas. Desentralisasi tidak hanya dipandang sebagai sebuah mekanisme yang memberi masyarakat di tingkat akar rumput kapasitas pengambilan keputusan politik dan administrasi, tetapi juga memastikan bahwa pemerintah daerah tidak lagi bertanggung jawab langsung kepada pemerintah pusat di Jakarta – melainkan bertanggung jawab kepada konstituen lokal mereka. Namun, desentralisasi juga menghadirkan tantangan, terutama dalam masyarakat yang majemuk seperti Indonesia, dengan pengelolaan keragaman etnis dan agama menjadi isu yang signifikan. Meskipun desentralisasi dianggap sebagai wujud dari demokrasi Indonesia, berbagai masalah telah menghambat upaya untuk meningkatkan kualitas pemerintahan dan demokrasi lokal. Pada akhirnya, desentralisasi dan demokrasi saling bergantung erat, dengan kualitas salah satunya akan mencerminkan kualitas yang lain.

Kata-kata Kunci: Demokrasi Indonesia, Desentralisasi, Otonomi daerah, Pemerintahan daerah, Politik identitas

Indonesia's journey towards decentralization was a response to a pressing need. The 1997-8 Asian Financial Crisis ignited the *Reformasi* movement, ending decades of authoritarianism. The post-authoritarian democratization and liberalization process eventually created a need for decentralization to counter the secessionist movements in various Indonesian regions. This trend was a by-product of the past regime's mismanagement of local natural resources and years of violent repression. The transition from centralized to decentralized governance was a radical and swift attempt to shift power to local governments and enhance grassroots political participation. This study's primary purpose is to assess decentralization's broad impact on Indonesian democracy, as Hofman & Kaiser (2006) highlighted. Naturally, decentralization has highly influenced regional government and development, yet its impact on the overall democratic quality is not yet highly observed. By delving into both the advantages and disadvantages of decentralization, this research aims to provide insights into the connection between decentralization and the health of Indonesian democracy.

Previous studies on decentralization, both globally and within Indonesia, have highly accentuated the impacts of decentralization. In other countries, decentralization is often linked to the instigation of democratic and liberal governance and the improvement in local administration. Nevertheless, research has also pointed out several drawbacks of decentralization, which typically involve predatory behaviors, corruption, rent-seeking attributes, and rampant inequality among regions. In the case of Indonesia, scholars like Hofman & Kaiser (2006), Buehler (2016), and Mudhoffir (2017) have noticed the implications of decentralization, both the positives and the negatives. These studies provide a basis for understanding the unique challenges in implementing decentralization in a heterogeneous society like Indonesia and evaluating the long-term impacts on the nation's development. Ultimately, this research aims to comprehensively analyze the current state of Indonesian decentralization. By considering recent developments and challenges, the research will examine the influence of decentralization on the country's political and socio-economic landscape and, eventually, the impact on its democratic quality. This in-depth analysis is crucial for understanding the full implications of Indonesia's decentralization journey.

This research employs a qualitative approach to dig deeper into how decentralization affects the quality of democracy in Indonesia. The study focuses on the post-Suharto era, analyzing the evolution of decentralization policies and their impact on democratic practices. Key legislative documents, such as laws and government regulations, are examined to appraise the implementation and the effects of decentralization on governance. The research also reviews academic articles and books to situate its findings within broader discussions on Indonesian democracy. Media reports are utilized to understand public perceptions of key events related to decentralization. The data collected are subsequently analyzed to identify recurring themes and patterns, revealing how decentralization has shaped local governance, political participation, and accountability across different regions in Indonesia. Additionally, the study includes case studies of regions with diverse ethnic and religious populations to understand how decentralization has influenced local political dynamics. This approach helps capture the varied decentralization experiences in Indonesia and contributes to a deeper understanding of its impact on the country's democracy.

Pre-Reformasi Decentralization

Decentralization has a long history in Indonesia, dating back to the Dutch colonial policies to distribute power across the archipelago. However, these efforts were limited and largely unsuccessful. After Indonesia declared independence in 1945, prolonged negotiations with the Dutch resulted in a federalized Indonesia. This outcome was widely seen as an attempt by the Dutch to weaken the new Republic, creating a lasting suspicion among Indonesians that federalism could divide the nation (Antons 2017, 490). This fear influenced many decisions during Indonesia's early state-building process, leading to a preference for centralized governance. Despite some attempts at regional autonomy, the Dutch ruled Indonesia with a strong central authority, a pattern that continued after independence. Under President Sukarno, initial steps toward decentralization were taken with laws that granted regional autonomy, such as Law No. 1 of 1957, which was devised to provide the basis for regional autonomy, only to be

repealed by Presidential Decree No. 6 of 1959. Law No. 18 of 1965 was then introduced to broaden decentralization and revive the participation of political parties at the national level. Still, it was interrupted by the regime change from the Old Order to the New Order. However, these efforts were often reversed due to rebellions and political instability, including the alleged coup attempt by the PKI (Indonesian Communist Party) in 1965.

During Suharto's New Order regime, Law No. 5 of 1974 was introduced to regulate regional governance; however, in practice, it reinforced central control rather than decentralized power (Alm & Indrawati 2004, 237). Suharto's rule was marked by a highly centralized system where power was concentrated in the hands of Jakarta elites, leaving practically no room for local autonomy. Local leaders were appointed by the central government, ignoring regional cultures and demographics. The concept of a 'bureaucratic polity' emerged, where decision-making was restricted to a small group of bureaucrats, excluding broader societal input (Suwandi 2004, 277). In short, Indonesia's historical attempts at decentralization have been largely shaped by colonial legacies, state-building challenges, and fluctuating political will. Genuine power-sharing between the central and local governments remained elusive until the *Reformasi* period in the post-Suharto era.

Post-Authoritarian Decentralization

The 1997-8 Asian Financial Crisis severely disrupted Indonesia's socio-economic and political stability, leading to widespread unrest that eventually triggered President Suharto's resignation. His departure created a power vacuum, and Vice President B.J. Habibie assumed leadership during heightened regional demands for greater autonomy, particularly in resource-rich areas. The disintegration of centralized control raised fears of the country's potential balkanization, especially after East Timor chose independence from Indonesia during the 1999 referendum, further threatening Indonesia's territorial unity (Bunnell 2009, 191).

Shah & Thompson (2004, 302-3) suggest that decentralization in many countries often happens due to political and economic pressures rather than a genuine desire to share power. The 1998

political crisis in Indonesia led to a push for democratization, with decentralization becoming a key part of this change. Aware that his position was precarious, Habibie sought to consolidate his legitimacy by accelerating democratization and liberalization. This shift marked a radical change from Suharto's centralized governance model, as Habibie introduced a decentralization strategy to address the growing secessionist pressures (Hofman & Kaiser 2006, 85-7). This policy was hastily developed by a small group of technocrats and bureaucrats known as the "*Tim tujuh*" (team of seven) (McCarthy et al. 2006, 35; Lane 2014, 12). The team also drafted the election law for the 1999 legislative elections (Malley 2009, 138). The process was characterized by a top-down approach, with little input from regional stakeholders, reflecting the centralized decision-making practices of the transitional period (Hofman & Kaiser 2006, 83-4; Malley 2009, 138).

Recognizing the inherently contentious nature of the decentralization issue, which could evoke suspicions of federalist inclinations, the decentralization framework focused on granting autonomy primarily at the regency and city levels rather than the provincial level (Mietzner & Parsons 2009, 191). Indonesia's subnational governments are divided into four levels. From level 1 (highest) to level 4 (lowest) are the provincial (*provinsi*) level; regencies (*kabupaten*) and cities (*kota*); districts (*kecamatan*); rural (*desa*) and urban villages (*kelurahan*). The rapid implementation of decentralization – merely 19 months were spent to implement Indonesia's 'big bang' decentralization – brought both benefits and drawbacks. On the positive side, it capitalized on the momentum of the *Reformasi* movement, allowing for swift reforms that bypassed potential resistance from anti-reform factions. However, the speed of implementation also led to significant oversights, neglecting critical details and diverse regional interests. These shortcomings created opportunities for clientelism, elite capture, and increased social inequality.

Indonesia's decentralization process can be understood through three main forms: administrative, fiscal, and political decentralization (Shah & Thompson 2004, 306-16). The country's decentralization journey began with administrative and fiscal measures and gradually expanded to include political decentralization. The start of Indonesia's decentralization began

with the introduction of Laws No. 22 and 25 of 1999, officially enacted in 2001. These laws represented a rapid and wide-reaching change, known as “big-bang decentralization” (Shah & Thompson 2004, 316-7), drastically transforming the country’s political and administrative systems.

Under Law No. 22 of 1999, administrative responsibilities were transferred from the central government to regional governments. The central government controlled crucial areas like foreign affairs and defense, while local governments took on most public services. Provincial governments were tasked with coordinating local governments and handling broader services. Complementing Law No. 22 of 1999, Government Regulation (PP) No. 25 of 2000 further delineates clearer boundaries for the tasks and functions of subnational governments at the provincial, municipality, and district levels. Later, Law No. 32 of 2004 replaced Law No. 22 of 1999, giving local governments even more control, including over resources and budgets. In 2014, Law No. 23 further empowered villages as key government units. Nevertheless, the rapid rollout of decentralization led to conflicts, particularly because provincial governments did not have clear authority over local ones (Alm & Indrawati 2004, 237-8; Martinez-Vasquez & Boex 2004, 340). This was eventually addressed by giving provinces a supervisory role over local governments by issuing PP No. 20 of 2001 (Suwandi 2004, 286).

The administrative decentralization began with the handover of most functions that previously fell under the central government’s jurisdiction to the local governments. A large percentage of civil servants who were previously under the central government’s authority were also reassigned to the local governments. Approximately two million civil servants, constituting about two-thirds of the central government’s workforce, were transferred to the jurisdiction of local governments (Hofman & Kaiser 2006, 15; Fedelino & Ter-Minassian 2010, 62). The implications of these administrative changes extend beyond mere organizational restructuring, with pronounced effects on the fiscal dimensions of governance.

The implementation of regional autonomy also led to many changes in Indonesia’s territorial organization, such as creating

(*pemekaran*) new provinces and municipalities as delineated by PP No. 129 of 2000. While these changes were partly driven by geography and culture, financial reasons were the primary motivation (Martinez-Vasquez & Boex 2004, 340; Turner 2006, 263; Hofman & Kaiser 2006, 24; Hefner 2011, 299). The rapid growth in administrative units due to *pemekaran* increased the financial burden on the central government. To manage this, a moratorium on creating new regions was introduced through the issuance of PP No. 6 of 2008. Still, it was lifted in 2014 under President Jokowi, allowing regional expansion to continue under new guidelines.

The second form of decentralization was fiscal decentralization, regulated by the introduction of Law No. 25 of 1999 to create a financial framework for local governments. However, as decentralization progressed, problems like unclear financial responsibilities and regional inequalities emerged. To address these, Law No. 33 of 2004 was enacted, refining the system to promote a more equitable distribution of resources and support for regional development. Law No. 25 of 1999 required the central government to allocate at least 25 percent of its revenue to local governments, significantly increasing government spending (Abimanyu 2003, 295; Hofman & Kaiser 2006, 15). Funds were transferred from the central government to local governments, mainly through the General Allocation Fund (DAU) and the Special Allocation Fund (DAK). The DAU replaced an older system from the Suharto era but faced criticism for exacerbating regional inequalities (Abimanyu 2003, 296; Alm & Indrawati 2004, 238; Shah & Thompson 2004, 326-7). More notably, much of the DAU was used to pay the salaries of civil servants transferred from the central government, leaving a minimal budget for local services (Alfada 2019, 2).

The government later adjusted the DAU formula to distribute funds more equitably (Fedelino & Ter-Minassian 2010, 67), but the reliance of many local governments on the DAU still poses a significant issue (Turner 2006, 268). To increase local revenue, local governments also introduced many new levies and taxes, which ultimately strained local economies. To control this, the central government passed Law No. 34 of 2000, allowing it to cancel local taxes that conflicted with national standards

(Suwandi 2004, 284). Another important source of revenue for local governments is the Shared Revenue Fund (DBH), which includes a share of taxes and natural resource revenues. Regions with abundant resources benefited, but overall disparities remain (Fedelino & Ter-Minassian 2010, 64). There were concerns about local governments managing their finances, especially with borrowing (Alm & Indrawati 2004, 237; Martinez-Vasquez & Boex 2004, 343-4). To prevent financial instability, strict rules were introduced, including withholding funds if debts were not repaid (Fedelino & Ter-Minassian 2010, 66). Under Law No. 23 of 2014, local governments can borrow money externally, but only with the central government's approval and within limits to ensure responsible borrowing.

The third and last form of decentralization was the political decentralization. In the Indonesian context, the political control previously centered in Jakarta under the New Order era has shifted to the local population. This change was formalized under the ratification of Law No. 22 of 1999, which allowed local legislative bodies (DPRD) to elect local leaders without interference from Jakarta. The process of political decentralization was further broadened to the local populations with the enactment of Law No. 32 of 2004, which established the framework for direct local elections. This move paved the way for widening and deepening political openness and participation, allowing local populations to elect leaders who represent their interests best directly. Political decentralization was refined over time by introducing two laws: Law No. 22 of 2007 governing general elections and Law No. 7 of 2017 introducing simultaneous local elections (*pilkada serentak*) to elect governors, mayors, and regents. These legal developments have significantly solidified the political participation of local constituents and the legitimacy of political agencies and bodies. Unfortunately, political decentralization is not without its drawbacks. It has prompted the rise of local political elites with considerable influence over local resources and power, eventually resulting in the proliferation of local political dynasties and patronage networks, exacerbating corruption practices.

Despite these challenges, decentralization has successfully enhanced political participation in Indonesia, especially at the local level. Securing citizens' right to elect their local leaders has

increased public engagement in the political process, enhanced political participation, and leveled the playing field for local governments by reducing the dominance of Jakarta. This shift has changed traditional power dynamics and strengthened the influence of grassroots populations, contributing to a more pluralistic and participatory political landscape. It has also been known to reduce the dominance of political parties and allow local governments to adopt policies that better suit their specific needs. It is also important to note that despite all the drawbacks of adopting the decentralization program, no major political or economic problems were caused (Nasution 2016, 2).

The key question in this research is whether decentralization has genuinely improved the quality of democracy in Indonesia or the contrary. A closer look at the specific characteristics of Indonesia's decentralization is necessary to understand these issues thoroughly. By analyzing the results of decentralization on the quality of local political participation, regional governance, and accountability, as delineated by Hofman & Kaiser (2006), this research aims to provide a broader picture of the situation of Indonesian democracy as an effect of decentralization.

The Impacts of Decentralization on Indonesian Democracy

Indonesia's decentralization, starting in 2001, allowed local communities to reclaim their cultural identities, which had been suppressed during the New Order era – Suharto enacted the Village Law No. 5 of 1979, which Charras (2005) describes as 'cultural obliteration,' as it enforced the imposition of 'Javanese-ness' across Indonesian localities. This transition reduced the dominance of Javanese culture in local politics and created a governance system more responsive to the diverse cultural needs across the country. With decentralization, local leaders became more accountable to their communities rather than to the central government in Jakarta, fostering a more localized and representative form of governance. However, the rapid implementation of decentralization left some issues unattended, allowing local power brokers and ethnic leaders to exploit the system (Barr et al. 2001; Choi 2009; Aspinall 2011; Choi 2011; Hefner 2011; Mudhoffir 2017).

One of the complications encountered by the decentralization process was the country's cultural diversity. Local governments face challenges in addressing the unique needs of their populations, especially when managing issues related to ancestral land (*tanah adat*) and customary law (*hukum adat*). Despite legal protections, the rights of indigenous communities are often neglected in favor of business and political interests (Purwanto 2005; Alting 2011; Fauzi 2022; Marbun 2021). Decentralization also highlighted the role of customary laws, but these laws sometimes clash with modern principles, mainly when they affect minorities and marginalized groups (Bourchier & Hadiz 2003, 174; Satriyo 2003, 222; Ardiansyah et al. 2015, 89; Mulyadi & Furqon 2021, 121).

The decentralization process was partly driven by the need to address secessionist threats from regions like Aceh and Papua. As an additional solution, special autonomy was granted to these regions to calm independence movements, especially following the separation of East Timor from the Republic (Antons 2017, 492). While Aceh was granted unique privileges, including the implementation of Sharia Law and the permission to have their local political parties compete in local elections, Papua continues to struggle with unrest despite its special status (Chauvel 2010, 328; Jones 2015, 27).

Political decentralization allows the local populace to elect leaders, but this also leads to problems like corruption and the rise of identity-based politics (Aspinall 2011, 308). The preference for local leaders, often based on ethnicity or religion, has increased regionalism and entrenched dynastic politics in some areas (Davidson 2005, 195; Bunnell 2009, 193; Aspinall 2011, 295; Buehler 2016, 105). In addition to the concern of primordial issues in electoral processes, patrimonial tendencies persist, often exacerbated by the vestiges of the New Order's policies, which are intertwined with local cultural and religious traditions that emphasize hierarchical, patrilineal leadership structures (Bräuchler 2015, 63). Furthermore, religion is crucial in Indonesia's decentralization, shaping national and local identity and governance. Fossati (2021) notes a difference in how democracy is perceived in Indonesia compared to Western societies. While decentralization in the West tends to support liberal values, in Indonesia, it has, contrarily, allowed

conservative Islamist groups to gain influence, especially after being marginalized during the three decades of Suharto's regime.

Interestingly, the growing influence of Islamism in society and politics did not translate directly into election results, as Islamic parties tend to earn meager votes during elections (Buehler 2016, 191). Despite their lack of electoral strength, these groups remain potent players in local politics, particularly after Suharto. The 2017 Jakarta gubernatorial election, in which Ahok, a Christian and ethnic Chinese governor with an approval rating exceeding 75 percent during his incumbency, lost his reelection bid primarily due to his identity, as well as a blasphemy accusation. This highlighted how deeply religion can affect local and national politics (Topsfield 2017).

Another side effect of decentralization is increased Sharia Bylaws, especially in regions with strong Islamic traditions (Mietzner & Parsons 2009, 190; Buehler 2016, 174-7). These laws often blend with or piggyback local customs and, in effect, potentially lead to discrimination against minorities (Satriyo 2003, 222; Hefner 2011, 301; Mujahadah et al. 2022, 394). Buehler (2016, 10, 191-3) provides a critical analysis of Indonesia's Sharia Bylaws, indicating that it is not solely the conservative Islamic parties but also ultra-nationalist and moderate Islamic parties that have played a pivotal role in the manufacturing and endorsement of these conservative bylaws across Indonesian regions. This phenomenon is further corroborated by studies from Hilmy (2010, 101), Hefner (2011, 302), and Kloos & Berenschot (2016, 187), who observe that the ratification of these bylaws is often rooted in pragmatic rather than ideological motivations. More often than not, the central government's weak oversight allows these conservative laws to pass, raising concerns about their impact on Indonesia's secular constitution and the rights of minorities (Mietzner & Parsons 2009, 195-200).

In this context, Indonesia, despite being a democracy, still shows undemocratic traits inherited from the Suharto era. Political power is concentrated among the wealthy and powerful, leading to corruption and nepotism (Choi 2009; Fionna & Tomsa 2017). Decentralization has empowered this extension to local governments, where, similar to the national level, local elites use

both formal politics and informal networks to maintain control (Fukuoka 2012; Mudhoffir 2017, 496). Democratization and decentralization not only oversee businesses that thrive at national and local levels and gain direct access to political resources but also a resurgence in the civil society movement (Fukuoka 2012, 81). However, the rise of civil society has paralleled the rise of “uncivil” groups, such as vigilante groups and militias, which thrive under the democratic system, often acting on behalf of political and economic elites (Mudhoffir 2017, 502, 507).

Cultural and religious revival has posed challenges, especially for women and minorities, who face barriers to political participation despite legal efforts to improve representation. Political parties are often personalistic, focused on their leaders rather than ideology, and frequently form alliances to maintain power, weakening opposition (Fionna & Tomsa 2017, 6, 11). Electoral policies are designed to favor established parties, creating challenges for new ones to succeed. This is proven by the stringent requirements stipulated in the latest Law of Political Party No. 2 of 2011, which presents a significant barrier to forming and establishing new political parties. To be recognized legally, political parties must meet exhaustive criteria, which are an escalation from the previous Law No. 2 of 2008. Despite this cynical electoral design, voter turnout remains high, and efforts to recentralize power have faced strong resistance, reflecting public support for decentralization (Siahaan 2024). If high voter turnout indicates the Indonesian population’s support for democracy, Indonesia’s democratic system can be considered robust.

Once a staunch opponent of decentralization, the military eventually adapted to the new structure by leveraging the democratic and decentralization framework to stay relevant. Despite losing its dual-function trump card from the New Order era, it has managed to dodge complete reform by maintaining its territorial command structure. This structure continues to play a significant role in Indonesia’s socio-political landscape, allowing the military to influence governance. Similarly, post-authoritarian Indonesia sees the nexus between business interests and state authority continues to shape the economic landscape, often leading to patronage and rent-seeking behaviors (Fukuoka 2012, 84). Decentralization was meant to spread opportunities to local

areas, but it has also increased corruption and political favoritism at the local level. While it boosted local investment, it often harmed the environment and precipitated more intra- and inter-regional inequality (Kirana 2014, 27-8). Although some regions have seen economic growth, others, particularly those rich in resources, have not benefited as expected (Mahi 2016, 121; Setiawan & Aritenang 2019). The COVID-19 pandemic exacerbated these challenges, hitting Indonesia hard and increasing unemployment and poverty, particularly in rural and remote regions such as Maluku and Papua. Despite overall improvements in human development, significant disparities remain, especially in the outer islands.

Decentralization has also led to more local corruption as officials misuse funds (Rinaldi et al. 2007; Silitonga et al. 2016; Alfada 2019, 2). In response, the central government has taken back control of certain sectors like forestry and infrastructure to improve coordination, reduce regional inequalities, and combat corruption (Malesky & Hutchinson 2016, 135-6; Amenan et al. 2022). The shift has shown from Law No. 32 of 2004 to Law No. 23 of 2014, centralizing functions such as managing land-based sectors such as forestry, spatial planning, and infrastructure. While local governments still manage most infrastructure projects, they often struggle with limited funding, forcing them to impose taxes and seek investments to develop their regions. Consequently, the recentralization of some land-based sectors is crucial for improving infrastructure and economic conditions in underdeveloped areas. Nevertheless, this move was widely seen as a move toward recentralizing control and revenue streams previously managed by local governments, shifting them to higher levels of government.

Conclusion

Indonesia's decentralization was intended to democratize governance by shifting power from the central government to local authorities, allowing for greater political participation and responsiveness to local needs. This process has successfully broadened political participation, enabling citizens to elect local leaders and shaping policies that reflect regional and cultural

contexts. However, it has also given birth to the rise of local elites and political dynasties that consolidate power through patronage networks, often resulting in corruption and weakening democratic principles. Additionally, decentralization has exacerbated regional disparities, with wealthier regions benefiting more while poorer areas, particularly the outer islands, have struggled to keep up, threatening national unity and social cohesion.

Culturally and religiously, decentralization has empowered local identities but also led to the enactment of Sharia-based bylaws in some regions, raising concerns about minority rights and the secular nature of the state. The rise of identity politics along ethnic and religious lines has deepened societal divisions, challenging the inclusivity trait essential for a healthy democracy. Furthermore, although less directly involved in governance, the military has preserved its influence by maintaining its territorial command structures. While decentralization has made headways in further democratizing Indonesia, the concentration of power among local elites, persistent corruption, regional inequalities, and identity politics presents significant challenges to the quality of democracy that must be addressed.

Despite these issues, Indonesia's democracy has become more vibrant with the introduction of decentralization. Decentralization has also contributed to developing and improving previously marginalized regions, especially the outer islands. However, it has also posed numerous challenges that could potentially undermine the quality of Indonesia's democracy. While there is strong public support for democracy, the quality of Indonesia's democracy still has significant room for improvement.

Acknowledgment

This work was supported by the 2022 Ministry of Science and Technology Award for Outstanding Doctoral Dissertations in the Humanities and Social Sciences (111年國科會獎勵人文與社會領域博士候選人撰寫博士論文), grant number 111-2424-H-004-014-DR.

About the Author

Yenny Chandra (Jenny) is a PhD Candidate in the International Doctoral Program in Asia-Pacific Studies at National Chengchi University, Taipei, Taiwan. Her research interests focus on politics, specifically Indonesian democracy, and political dynamics. She holds an MBA from the National Taiwan University of Science and Technology, Taipei, Taiwan. Additionally, she holds double bachelor's degrees: Sarjana Ekonomi from Petra Christian University, Surabaya, Indonesia, and Bachelor of Economics from Inholland University, Diemen, the Netherlands. She can be reached via email at scydy4@gmail.com.

References

Book and Book Chapters

- Abimanyu, Anggito, 2004. "Decentralization and the Challenge for Indonesian Fiscal Sustainability", in Alm, James et al. (eds.), 2004. *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Edward Elgar Publishing eBooks.
- Alm, James, and Sri Mulyani Indrawati, 2004. "Decentralization and Local Government Borrowing in Indonesia", in Alm, James et al. (eds.), 2004. *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Edward Elgar Publishing eBooks.
- Antons, Christoph, 2017. *Geographical Indications, Heritage, and Decentralization Policies: The Case of Indonesia*. Cambridge: Cambridge University Press.
- Bourchier, David, and Vedi R. Hadiz (eds.), 2003. *Indonesian Politics and Society: A Reader*. London: Routledge.
- Bräuchler, Birgit, 2015. *The Cultural Dimension of Peace: Decentralization and Reconciliation in Indonesia*. Palgrave Macmillan.
- Buehler, Michael, 2016. *The Politics of Shari'a Law: Islamist Activists and the State in Democratizing Indonesia*. Cambridge: Cambridge University Press.
- Charras, Muriel, 2005. "The Reshaping of the Indonesian Archipelago after 50 Years of Regional Imbalance", in Erb,

- Maribeth et al. (eds.), 2005. *Regionalism in Post-Suharto Indonesia*. Routledge.
- Chauvel, Richard, 2010. "Electoral Politics and Democratic Freedoms in Papua", in Aspinall, Edward and Marcus Mietzner (eds.), 2010. *Problems of Democratisation in Indonesia: Elections, Institutions and Society*. ISEAS.
- Choi, Nankyung, 2011. *Local Politics in Indonesia: Pathways to Power*. Routledge.
- Davidson, Jamie S., 2005. "Decentralization and Regional Violence in the Post-Suharto State", in Erb, Maribeth et al. (eds.), 2005. *Regionalism in Post-Suharto Indonesia*. Routledge.
- Hefner, Robert W., 2011. "Indonesia: Shari'a Politics and Democratic Transition", in Hefner, Robert W. (ed.), 2011. *Shari'a Politics: Islamic Law and Society in the Modern World*. Indiana University Press.
- Hilmy, Masdar, 2010. *Islamism and Democracy in Indonesia: Piety and Pragmatism*. ISEAS.
- Hofman, Bert, and Kai Kaiser, 2006. "Decentralization, Democratic Transition, and Local Governance in Indonesia", in Bardhan, Pranab and Dilip Mookherjee (eds.), 2006. *Decentralization and Local Governance in Developing Countries: A Comparative Perspective*. The MIT Press.
- Jones, Sidney, 2015. "Yudhoyono's Legacy on Internal Security: Achievements and Missed Opportunities", in Aspinall, Edward et al. (eds.), 2015. *The Yudhoyono Presidency: Indonesia's Decade of Stability and Stagnation*. ISEAS.
- Kloos, David, and Ward Berenschot, 2016. "Citizenship and Islam in Malaysia and Indonesia", in Berenschot, Ward et al. (eds.), 2016. *Citizenship and Democratization in Southeast Asia*. Brill.
- Lane, Max, 2014. *Decentralization and Its Discontents: An Essay on Class, Political Agency and National Perspectives in Indonesian Politics*. ISEAS.

- Malley, Michael S., 2009. "Decentralization and Democratic Transition in Indonesia", in Bland, Gary and Cynthia J. Arnson (eds.), 2009. *Democratic Deficits: Addressing Challenges to Sustainability and Consolidation Around the World*. Woodrow Wilson International Center for Scholars.
- Martinez-Vaquez, Jorge, and Jameson Boex, 2004. "The Current State of Decentralization Reform in Indonesia: A Postscript", in Alm, James et al. (eds.), 2004. *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Edward Elgar Publishing eBooks.
- McCarthy, John et al., 2006. "Origins and Scope of Indonesia's Decentralization Laws", in Barr, Christopher et al. (eds.), 2006. *Decentralization of Forest Administration in Indonesia*. CIFOR.
- Purwanto, Semiarto A., 2005. "Forest Resource Management and Self-Governance in Regional Autonomy Indonesia", in Erb, Maribeth et al. (eds.), 2005. *Regionalism in Post-Suharto Indonesia*. Routledge.
- Satriyo, Hana A., 2003. "Decentralisation and Women in Indonesia: One Step Back, Two Steps Forward?", in Aspinall, Edward and Greg Fealy (eds.), 2003. *Local Power and Politics in Indonesia: Decentralization and Democratisation*. ISEAS.
- Shah, Anwar, and Theresa Thompson, 2004. "Implementing Decentralized Local Government: A Treacherous Road with Potholes, Detours and Road Closures", in Alm, James et al. (eds.), 2004. *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Edward Elgar Publishing eBooks.
- Silitonga, Mala S. et al., 2016. "Institutional Change and Corruption of Public Leaders: A Social Capital Perspective on Indonesia", in Holzhacker, Ronald L. et al. (eds.), 2016. *Decentralization and Governance in Indonesia*. Springer
- Suwandi, Made, 2004. "The Indonesian Experience with the Implementation of Regional Autonomy", in Alm, James

et al. (eds.), 2004. *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Edward Elgar Publishing eBooks.

Journal and Online Journal

- Alfada, Anisah, 2019. "Does Fiscal Decentralization Encourage Corruption in Local Governments? Evidence from Indonesia", *Journal of Risk and Financial Management*, **12**(3): 118.
- Alting, Husen, 2011. "Penguasaan Tanah Masyarakat Hukum Adat (Suatu Kajian Terhadap Masyarakat Hukum Adat Ternate)", *Jurnal Dinamika Hukum*, **11**(1): 87-98.
- Aspinall, Edward, 2011. "Democratization and Ethnic Politics in Indonesia: Nine Theses", *Journal of East Asian Studies*, **11**: 289-319.
- Bunnell, Tim, 2009. "Human Geographies of Decentralized Indonesia", *Indonesian Journal of Geography*, **41**(2): 189-200.
- Choi, Nankyung, 2009. "Democracy and Patrimonial Politics in Local Indonesia", *Indonesia*, **88**: 131-164.
- Fauzi, Ahmad, 2022. "Reformasi Agraria dalam Kerangka Otonomi Daerah", *Jurnal Bina Mulia Hukum*, **6**(2): 218-233.
- Fossati, Diego, 2021. "When Conservatives Support Decentralization: The Case of Political Islam in Indonesia", *Regional and Federal Studies*, **33**(2): 209-233.
- Fukuoka, Yuki, 2012. "Politics, Business and the State in Post-Soeharto Indonesia", *Contemporary Southeast Asia*, **34**(1): 80-100.
- Mahi, B. Raksaka, 2016. "Indonesian Decentralization: Evaluation, Recent Movement and Future Perspectives", *Journal of Indonesian Economy and Business*, **31**(1): 119-133.

- Malesky, Edmund J. and Francis E. Hutchinson, 2016. "Varieties of Disappointment: Why Has Decentralization Not Delivered on Its Promises in Southeast Asia?", *Journal of Southeast Asian Economics*, **33**(2): 125-138.
- Marbun, Mangapul, 2021. "Kedudukan Hukum Hak Ulayat Masyarakat Hukum Adat Dihubungkan dengan Otonomi Daerah (Studi di Kecamatan Harian Kabupaten Samosir)", *Jurnal Darma Agung*, **29**(1): 125-134.
- Mietzner, Marcus, and Nicholas Parsons, 2009. "Sharia By-Laws in Indonesia: A Legal and Political Analysis", *Australian Journal of Asian Law*, **11**(2): 290-217.
- Mudhoffir, Abdil Mughis, 2017. "Islamic Militias and Capitalist Development in Post-Authoritarian Indonesia", *Journal of Contemporary Asia*, **47**(4): 495-514.
- Mujahadah, Arifatul et al., 2022. "Implikasi Penerapan Perda Syariah terhadap Pluralism di Indonesia", *DIKTUM: Jurnal Syariah dan Hukum*, **20**(2): 383-398.
- Mulyadi, Edi, and Eki Furqon, 2021. "Sistem Pemerintahan Masyarakat Hukum Adat Baduy Dalam Kerangka Sistem Otonomi Daerah", *Ajudikasi: Jurnal Ilmu Hukum*, **5**(2): 165-178.
- Setiawan, F, and A.F. Aritenang, 2019. "The Impact of Fiscal Decentralization on Economic Performance in Indonesia", *IOP Conf. Ser.: Earth Environ. Sci.*, **340**.
- Turner, Mark, 2006. "From Commitment to Consequences", *Public Management Review*, **8**(2): 253-72.

Working Paper

- Ardiansyah, Fitriani, et al., 2015. "Forest and Land-Use Governance in a Decentralized Indonesia", *CIFOR*, No. 132.
- Barr, Christopher, et al., 2001. "The Impacts of Decentralization on Forests and Forest-Dependent Communities in Malinau

District, East Kalimantan”, *CIFOR*.

Fedelino, Annalisa, and Teresa Ter-Minassian, 2010. “Making Fiscal Decentralization Work: Cross-Country Experiences”, *International Monetary Fund*, No. 271.

Fionna, Ulla, and Dirk Tomsa, 2017. “Parties and Factions in Indonesia: The Effects of Historical Legacies and Institutional Engineering”, *ISEAS*, No. 01.

Kirana, Glenys, 2014. “Decentralization Dilemma in Indonesia: Does Decentralization breed Corruption?”, *Independent Study Project (ISP) Collection*.

Nasution, Anwar, 2016. “Government Decentralization Program in Indonesia”, *Asian Development Bank Institute*, No. 601.

Rinaldi, Taufik et al., 2007. “Fighting Corruption in Decentralized Indonesia”, *The Local Government Corruption Study (LGCS)*, *The World Bank*.

Official Documents

Penetapan Presiden Nomor 6 Tahun 1959 tentang Pemerintah Daerah, 1959. Jakarta: Pemerintah Pusat.

Peraturan Pemerintah Nomor 129 Tahun 2000 tentang Persyaratan Pembentukan dan Kriteria Pemekaran, Penghapusan, dan Penggabungan Daerah, 2000. Jakarta: Pemerintah Pusat.

Peraturan Pemerintah Nomor 20 Tahun 2001 tentang Pembinaan dan Pengawasan Atas Penyelenggaraan Pemerintahan Daerah, 2001. Jakarta: Pemerintah Pusat.

Peraturan Pemerintah Nomor 25 Tahun 2000 tentang Kewenangan Pemerintah dan Kewenangan Propinsi Sebagai Daerah Otonom, 2000. Jakarta: Pemerintah Pusat.

Peraturan Pemerintah Nomor 6 Tahun 1959 tentang Kewenangan Pemerintah dan Kewenangan Propinsi Sebagai Daerah Otonom, 2000. Jakarta: Pemerintah Pusat.

Peraturan Pemerintah Nomor 6 Tahun 2008 tentang Pedoman Evaluasi Penyelenggaraan Pemerintahan Daerah, 2008. Jakarta: Biro Hukum.

Undang-Undang Republik Indonesia Nomor 1 Tahun 1957 tentang Pokok-Pokok Pemerintahan Daerah, 1957. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 18 Tahun 1965 tentang Pokok-Pokok Pemerintahan Daerah, 1965. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 2 Tahun 2008 tentang Partai Politik, 2008. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 2 Tahun 2011 tentang Perubahan atas Undang-Undang Nomor 2 Tahun 2008 Tentang Partai Politik, 2011. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 22 Tahun 1999 tentang Pemerintahan Daerah, 1999. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 22 Tahun 2007 tentang Penyelenggara Pemilihan Umum, 2007. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 23 Tahun 2014 tentang Pemerintahan Daerah, 2014. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 25 Tahun 1999 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah, 1999. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 32 Tahun 2004 tentang Pemerintahan Daerah, 2004. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 33 Tahun 2004 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah, 2004. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 34 Tahun 2000 tentang Perubahan atas Undang-Undang Republik Indonesia Nomor 18 Tahun 1997 Tentang Pajak Daerah dan Retribusi Daerah, 2000. Jakarta: Mahkamah Agung RI.

Undang-Undang Republik Indonesia Nomor 5 Tahun 1974 tentang Pokok-Pokok Pemerintahan di Daerah, 1974. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 5 Tahun 1979 tentang Pemerintahan Desa, 1979. Jakarta: Pemerintah Pusat.

Undang-Undang Republik Indonesia Nomor 7 Tahun 2017 tentang Pemilihan Umum, 2017. Jakarta: Pemerintah Pusat.

Online Articles

Amenan, Amrozi, et al., 2022. "Jokowi Builds 1,700 km Toll Roads, 2.1 Times the Length of the Previous Era" [online]. in <https://www.pwc.com/id/en/media-centre/infrastructurenews/september-2022/jokowi-builds-1700-km-toll-roads-2-1-times-the-length-of-the-previous-era.html>

Siahaan, Mona, 2024. "Voters Turnout of the National Election Indonesia 2024" [online]. in <https://www.statista.com/statistics/1452255/indonesia-voters-turnout-of-2024-national-election/> [accessed at 24 April 2024].

Topsfield, Jewel, 2017. "Battle for Jakarta: Ahok Under Siege Despite High Approval Rating in Office" [online]. in <https://www.smh.com.au/world/the-battle-for-jakarta-governor-ahok-under-siege-despite-high-approval-rating-in-office-20170210-gu9y9i.html> [accessed at 23 April 2024].