A Study on Implementation of Decentralized Rural Development in Indonesia: Case of Three Villages in Purbalingga District, Central Java Province

Following the fall of New Order regime, Indonesian government launched the policy of decentralization in 2001. It transferred power, financial resources as well as personnel to district government. Rural development has become the responsibility of district government, especially to allocate the budget, to implement the program as well as to monitor and evaluate. Decentralization laws also mandated rural development based on principle of diversity, participatory and community empowerment.

While the administration has systematically applied decentralized system, several macroeconomic indicators shows that decentralization has not completely led to successful rural development. GDP growth as well as the decline in poverty rate was getting slower under decentralization (BPS, Bappenas, & UNDP, 2001). World Bank (2007), which conducts panel data analysis on several development sectors in Indonesia, concludes that there is still no clear trend resulted from Indonesian decentralization on the quality of public service.

This study aims to analyze the reasons why Indonesian decentralization has not completely created successful rural development. It focuses on district budgeting process, community social capital, capacity of village government, community participation and impact of decentralization on poverty alleviation. A case study is conducted in Serang, Kedarpan and Sumilir villages in Purbalingga district, Central Java province. Data are collected through observation, interview, questionnaire and documentary study, and analyzed through both qualitative and quantitative approach. Multidisciplinary approaches are applied, mainly from the perspective of local politics, public administration and economic at village level.

With regard to the district budgeting, it is found that expenditure for rural development in Purbalingga district is low, especially for agriculture and infrastructure sector. The transferred financial resources from central government are spent more for recurrent expenditure due to the enlargement of civil service and the inefficiency of district government agencies. Low willingness of district government to share budget information has hindered public participation. In addition, district parliament lacks requisite capacity to analyze the budget. Thus, participatory budgeting just becomes the formality where rural people still cannot influence the decision making.

This study finds that social relations within the study villages mainly occur within informal institutions. Various types of rural institutions exist and are active in conducting periodical meeting and addressing common livelihood problems. However, although social capital exists, it is not well utilized to execute decentralization. Village government is still monopolized by several formal institutions namely village officers, village parliament and village development committee. The informal institutions are given no opportunity to enter the
village political arena, somehow implying to lack of empowerment to the villagers during the implementation of decentralized system.

Indeed, capacities of village government are good enough. Their members come from relatively better human resources within the village, and they have good understanding on administration matters, regulations as well as technical skill to implement village budget. However, despite these good skills, weak coordination is a major problem hampering the realization of capacity to address local problems. Village head is still very dominant and blocking the capacity of other institutions.

With regard to community participation, this study finds that the spirit of participatory development mandated by national regulations is deviated by some locally made regulations. The existing local regulation in Purbalingga district does not guarantee the rights of informal institutions as well as marginal groups to participate in village decision making. In general, community is involved more in project execution, but less in planning and in evaluation. Involvement in planning is just for deliverance of information, and resource mobilization is often coercive. Community has no power to access budget report and to hold the village government accountable. Village head is still orientating its accountability to district government.

At district level, decentralized system does not result in significant improvement in agriculture sector. In infrastructure, education and health sector, larger part of indicators in these sectors was improved though in various degree. At household level, lack of budget for rural development makes poverty alleviation programs suffer from under coverage. Program of Health Insurance for the Poor (Askeskin) and Program of Poor House Renovation (PPHR) are the programs suffering from serious under coverage. Further, some programs distributing kinds in hand like program of Rice for the Poor (Raskin) and Program of Woman Saving Group (PWSG) suffer from leakage because the kinds are distributed to almost all villagers. Under coverage as well as leakage of the programs makes them not able to achieve their objective to alleviate poverty. Only rural infrastructure development significantly improves respondent’s access to some selected public service.

To improve the effectiveness of decentralization in rural development, this study recommends the government to strengthen legislations on decentralization. It should issue regulations setting a minimum portion of district budget to be allocated for agriculture and rural infrastructure sectors, to improve district budgeting process, to conduct workload analysis to determine the ideal size of district government agencies as well as the number of civil service, and to guarantee the rights of informal institutions as well as marginal groups in the decision making related to rural development. The government should also not impose any national standard to identify the program beneficiaries strictly, rather, it should involve the community in identifying the poor. Further, capacity development should be delivered to village parliaments and development committee so that they can take a balance position with the village head traditionally very dominant in rural areas.