

Leaders, Elites and Coalitions: The Politics of Free Public Services in Decentralised Indonesia

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What factors have shaped the way district governments in Indonesia have responded to their newly acquired responsibilities with respect to the delivery of basic education and health services?

This paper explores this question, focusing on the issue of user fees for these services. Since decentralization was implemented in Indonesia in 2001, district governments have had primary responsibility for education and health policy. Many have done little with this authority to support the provision of free basic education and health services in their districts, but a small number have adopted well-funded programs with this objective. By focusing on the role of leaders and how they work politically to advance their careers, this study seeks to explain this cross-district variation in four Indonesian districts and to assess the policy implications for donors and other development actors interested in improving access to basic education and health services.

Main Findings

- The key determinant of district governments' responses to the issue of free public services has been the nature of district leadership—in particular, the nature of *bupatis*' (district heads') strategies for maintaining and advancing their political careers.
- Where *bupati* have pursued strategies of 'political entrepreneurship'—that is, where they have sought to develop a popular base among the poor—and become dependent upon their electoral support to remain in power, district governments have been more likely to promote free public services than where political leaders have focused on consolidating patronage networks.
- *Bupati*'s choices in relation to their political strategies have in turn reflected the incentives created by their respective personal networks, alliances, and constituencies.
- Where *bupati* have been relatively autonomous of predatory interests or more closely aligned with other groups in society, they have incorporated political entrepreneurship into their strategies because it has helped them generate the popular support needed to promote their political careers and bolster their positions *vis-à-vis* local parliaments, political parties and elites.
- By contrast, where *bupati* have relied on the backing of predatory business and criminal interests, they have been more likely to pursue strategies of patronage distribution because of their need to provide special favours to these elements and use party machines and patron-

age networks to mobilise votes.

Evidence

To support this argument, we analyse the politics of free public services in two pairs of Indonesian districts: Jembrana and Tabanan in Bali, where we focus on the issue of free health care, and Sleman and Bantul in the Special Region of Yogyakarta, where we focus on the issue of free basic education.

We show that:

- There has been significant variation in the policies adopted in these districts *vis-à-vis* free public services.
 - In Tabanan, there has been minimal interest or investment in providing free health services outside of national programs that are subsidized by the central government. Government priorities and resources have instead been focused upon contentious 'international standard' hospital project.
 - Likewise, in Sleman, the district government was until recently unwilling to invest significant resources in providing for free basic education and was resistant even to endorsing the notion of free basic education.
 - By contrast, the government of Jembrana adopted an innovative and well-resourced local health insurance scheme that provided significant benefits for the poor; while the government of Bantul pumped substantial resources into providing free basic education to poor children.
- In all of these cases, predatory elements associated with the bureaucracy, military, privately-owned business groups, and/or criminal gangs have dominated politics, suggesting that these policy differences have not reflected differences in the structure of power and interest within these districts. Nor have they reflected differences in the nature of political institutions—i.e. the formal laws and regulations governing the policy-making process—because these have been constant across all cases, reflecting the fact that they have been set via changes to the country's 1945 Constitution and national laws and regulations. Finally, they cannot be explained in terms of the ideological differences of ruling political parties since, in all four cases, the Indonesian Democratic Party of Struggle (PDI-P), has dominated the local parliament and been the main base of support for the *bupati*.
 - Rather, the key determinant of policy differences across districts has been the nature of *bupati's* strategies for advancing their political careers which in turn have reflected the nature of their personal networks, alliances and constituencies. In short, politics and agency have shaped their different strategies.
 - In Tabanan, Adi Wiryatama, a shady figure with links to protection racket gangs and local toughs who provide security in the markets and parking zones in Tabanan city, has pursued a strategy centred on the cultivation of clientelist networks and the building up of the local arm of the Indonesian Democratic Party of Struggle (PDI-P).
 - Similarly, in Sleman, Ibnu Subianto, a former accounting professional and lecturer with close links to local business groups, has pursued a strategy of patronage distribution founded on providing business with privileged access to government licenses and contracts. In neither case have these strategies allowed much room for policies of free public services.
 - By contrast, Idham Samawi in Bantul and Gede I Winasa in Jembrana have pursued strategies of political entrepreneurship, reflecting, in the former's case, the fact that he has had some autonomy from predatory interests by virtue of backing from the Sultan of Yogyakarta and his own personal wealth and, in the latter's case, his

base of support among lower caste Jembranans, NGOs, and ethnic and religious minorities. In both cases, the provision of free public services has been a key element of their attempts to develop a mass base among the poor in their districts.

Policy Implications

- Much recent analysis on the issue of user fees for public services in developing countries has suggested that eliminating these fees is largely a question of funding and management. For instance, health economists have argued that the key to providing free health services in developing countries is to ensure that the removal of legal user fees is accompanied by a larger package of reforms that includes increases in funding to public health facilities and measures that prepare health workers for the consequences of increased utilisation rates in order to prevent the emergence of new illegal fees. This research, by contrast, suggests that providing free public services in fact is primarily a matter of politics and, in particular, the nature of political leaders' strategies for promoting their careers and, in turn, their personal networks, alliances, and constituencies.
- Specifically, the report suggests that proponents of free public services in developing countries need to find ways of encouraging the political leaders to incorporate political entrepreneurship into their respective strategies for promoting their political careers.
- We suggest that democratization will not be enough on its own to ensure political entrepreneurship because the incentive for leaders to pursue this strategy may be outweighed by competing incentives to engage in patronage distribution, particularly where they rely on the backing of predatory elements in business, the military, the bureaucracy and criminal gangs.
- However, our cases suggest three ways in which proponents of free public services in developing countries, including donor organizations, can potentially promote political entrepreneurship in these countries without breaching sovereignty, breaking international law, or running the risk of being thrown out of the country by governments for over-stepping the mark:
 - Promoting awareness of 'success stories'—i.e. cases where leaders have introduced free public services to their political benefit—among the political elite so that leaders casting for policy ideas to inform a strategy of political entrepreneurship will include free public services on their menu of options.
 - Donor support for anti-corruption NGOs and agencies by providing them with adequate funding to carry out their activities.
 - Domestic proponents of free public services need to collaborate with such NGOs and agencies to produce the evidence required to bring down leaders who pursue strategies of patronage distribution. The removal of one 'bad' leader does not guarantee that the next one will be 'good,' particularly if s/he too is backed by predatory business or other elements. However, 'good' leaders cannot emerge until 'bad' leaders are gone, so there is potentially something to be gained by pursuing the former for corruption.
- In addition, our analysis suggests that proponents of free public services and, in particular donor organizations, should be selective about where they put their effort and money and draw on political analysis in determining whether to engage in particular countries or regions. The point here is that some countries or regions are more likely to be receptive to attempts to promote free public services than others and their degree of receptivity will in turn reflect the nature of their leaders' political strategies.
- Accordingly, to get the biggest development bang for their buck, proponents of free public

services need to carry out analyses of potential recipient countries/regions' political contexts, focusing on leaders' political strategies, and in turn build these analyses into their decision-making and planning processes.

- For donor organizations, the most obvious times to do this are when preparing country or sector strategies. However, the constantly changing nature of politics and, in particular the fact that political leaders come and go and change their strategies over time as new threats and opportunities arise, means that it will be necessary to carry out such analysis on a routine basis.
- There is thus a need for a much more professional and extended capacity for political analysis by both domestic and external development agencies of the key players, contexts, constraints and opportunities in these sub-national districts and sectors.

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