

# [Governance, transparency and accountability : study chase indonesia revenue shari...](https://assignbuster.com/governance-transparency-and-accountability-study-chase-indonesia-revenue-sharing-mechanism/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/)

1. Background. Decentralization is a tool to achieve one purpose of the state, especially in order to provide better public services and creating public decision-making process more democratic. Decentralization can be realized with the devolution of authority to the levels of government under it. Indonesia’s fiscal decentralization policy initiated in early 2001 has provided a variety of both national and regional implications. At the regional level, this policy is an effort to empower local independence of the available resources.

Policy of implementation of fiscal balance execute through budget allocations to areas including equalization funding. Accordingly, in addition intended to assist regional affairs and finance various governmental authorities that has been assigned, transferred or assigned to the regions, the allocation of equalization funds also aim to reduce the funding gap between central and local governments, as well as reduce the gap between local government funding. Balance Fund is also known a intergovernmental transfer system.

The system in Indonesia comprises three basic types of scheme: Revenue sharing Fund (Dana Bagi Hasil/DBH), General Purpose grant (Dana Alokasi Umum/DAU), and Grant for Specific Purpose (Dana Alokasi Khusus/DAK). Even though fiscal decentralization has been implemented nearly ten years, Indonesia’s achievements continue to be clouded by widespread concerns about transparency, accountability and governance.

This lack of accountability, transparency and governance leads to arbitrary and non-participatory decision-making, in efficient project execution and rampant financial corruption in public bodies. . Assessing Revenue sharing Mechanism This section addresses the role of revenue sharing mechanism from three different perspectives: a) Decentralization or Fiscal decentralization theory provides the basic criteria for analyzing revenue sharing mechanism in terms of transparency, accountability and governance. b) The New Public Management (NPM) approach has generated guide-lines for public sector reform, emphasizing the introduction of private sector management tools and incentive structures.

The evaluation of revenue sharing mechanism can be considered a reform very much inspired by this approach.

From a public management perspective we would regard to deep-rooted problems of effectiveness, efficiency and transparency in revenue sharing administration. c) Recently, contributions to revenue sharing mechanism have studied from a different angle, stressing their importance in regional development program. From this perspective we would consider revenua sharing to be important factors of change in the relationship between central government, local government and citizens. . 1. Fiscal Decentralization.

In Indonesia, decentralization has generally been interpreted as regional autonomy. Although “ decentralization” and “ regional autonomy” describe distinct phenomena, these terms are often used interchangeably (Simarmata 2000). Autonomy and decentralization policy are strategic way in two fields. First, the policy is to respond of domestic problem of Indonesia such as disintegration, poverty, imbalance development, low quality life of people and human resource problems.

Second, autonomy and decentralization are as a step to go economic globalization era (Halim, 2001). In addition, greater economy may be achieved by allowing citizens a freer choice within the market place ‘ either by breaking up the monopolies that traditionally have provided most public services or through increasing the wherewithal of citizens to exercise among service options, (Dollery, B.

E. and McLoughlin, 2007). The decentralization concept refers to the transfer of responsibilities and functions, as well as appropriate resources, to Provincial, District, and Community levels.

According to Turner and Hulme (1997) transfers can be based on territorial or functional considerations. Territorial considerations reflect the desire to place authority at a lower level in a territorial hierarchy with a view to ensuring geographical closeness of both service providers and recipients. Fiscal Decentralisation involves the devolution of taxing and spending powers to lower levels of government.

It covers two interrelated issues. The first is the division of spending responsibilities and revenue sources between levels of government (national, regional, local etc. The second is the amount of discretion given to regional and local governments to determine their expenditures and revenues (both in aggregate and detail). Fiscal decentralisation, therefore, constitutes the public finance dimension to decentralisation in general, defining how and in what way expenditures and revenues are organised between and across different levels of government. With the autonomy of local governments would be easier to identify the specific shape and contour, the representation problem in their own country or region by examining how the problem can be represented differently in other places (Bacci, 2009).

Decentralized provision of public services will be more efficient than a centralized provision. Decentralized systems provide public services more efficiently, because they are better suited to respond to geographically diverse preferences of citizens or local collectivities, thus reducing over or underconsumption. Also, the transaction costs linked to information, contract monitoring and accountability may be lower in decentralized systems because of the proximity of citizens (as “ principals”) and public authorities.

Fiscal decentralization brings government closer to the people and a representative government works best when it is closer to the people (Stigler, 1957). The theoretical argument for fiscal decentralization is formulated as “ each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision, intergovernmental transfer system is not formula based and the central government decides on the amount of transfer on a discretionary basis.

Greater political decentralization might make governments more honest and efficient by bringing officials “ closer to the people”, forcing them to compete for mobile capital, and facilitating the satisfaction of diverse local tastes suggest that states which have more tiers of goverment tend to have higher perceived corruption, and may do a worse job of providing public services.

Decentralization is not a panacea; many studies have documented the failures of decentralization in achieving its stated objectives (Rondinelli and Cheema 1983, World Bank 1997, Ribot 2002, FKKM 2003).

Another arguments, which support decentralization, are stated by Tiebout (1956), Oates (1972), Tresch (1981), Breton (1996), Weingast (1995), as being quoted by Litvack et al (1998) say that the public service will be most efficient if it is held by the authority managing small territory because : a. Local governments fully understand need the people; b. The decisions of local governments are very responsive toward people need so those will push local governments to do efficiency in finance management; . Competition among local governments in public service will motivate local governments to increase innovation. Developing countries are turning to decentralization to escape from the traps of ineffective and inefficient governance, macroeconomic instability, and inadequate economic growth (Bird and Vaillancourt, 1999).

The key element underlying the interest in fiscal decentralization is to achieve these objectives by increasing efficiency, transparency, and accountability in the public sector.

In current years regional autonomy and fiscal decentralization in Indonesia has evolved to reflect its response to increasing demand in good governance, where the development and implementation of public sector accounting as a tool to create transparency and public acoountability is acknowledged as a matter of urgency. Decentralization is also meant to promote accountability and reduce corruption in the government (Ostrom, Schroeder, and Wynne 1993).

Moreover, decentralization also means to support good governance, which promotes participation and improves the controlling function held by the lower levels of the political system (Hedenius: 2003). Furthermore, McIntyre (2006) argues that systemic governance is a process of matching services to needs and ensuring participation by users or people concerned about issues affecting life, death and future generations.

Democratic decentralization can be a promising means of institutionalizing and “ scaling up” popular participation which can make community-based natural resource management more effective and accountable to local people.

However, decentralization can also lead to conflict, particularly when it involves the transfer of ownership and use of valuable natural resources (Ribot 2002). Decentralization can be assessed through the degrees to which it is democratic and accountable.

The accountability of power-holding actors to their constituencies are important indices of democratization as this broadens popular participation (Agrawal and Ribot 1999). According to Robbins (1998), power relates to the potential or capacity possessed by individuals or institutions to influence others’ behavior, while authority is comprised of regulated or legally founded functions, mandates, jurisdictions, tasks, or responsibilities of an organization or official.

One criteria of good governance is accountability (ADB 1997).

Accountability concerns the mechanisms through which those who are affected by decentralized power can exercise countervailing powers. Accountability mechanisms are required as instruments in shaping or controlling the process for bringing about positive outcomes, and they are combinations of electoral, financial, economic, social, environmental, internal and external accountability (World Bank 1989, Asian Development Bank 1997, Herdman 2000, Ribot 2002).

In line with the efforts of regional autonomy and the realization of good governance, it is fitting to pay attention to the problem of accountability. In the context of the government bureaucracy, accountability is an embodiment of the obligation of government institutions to account for the success or failure of implementation of the mission of the institution in question (LAN and BPKP, 2000).

The nature of regional autonomy should be reflected in financial management areas starting from planning, implementation, administration, reporting, accountability and financial control. Decentralized systems provide public services more efficiently, because they are better suited to respond to geographically diverse preferences of citizens or local collectivities, thus reducing over- or underconsumption 2.

2. New Public Management

The main mission of decentralization harmony with New Public Management (NPM) which emphasizes to make downsizing and decentralization of decision, give customer satisfaction, make servicing organizations compete, use market mechanisms to solve problems, initiate entrepreneurship and cost recovery, empower employee and stream the budget process and manage the decentralization of personnel (Siddiquee : 2006). The basic idea was to improve the efficiency and quality of public administration by introducing private sector management tools.

NPM, management techniques and practices drawn mainly from the private sector, is increasingly seen as a global phenomenon. NPM reforms shift the emphasis from traditional public administration to public management.

Key elements include various forms of decentralizing management within public services (e. g. , the creation of autonomous agencies and devolution of budgets and financial control), increasing use of markets and competition in the provision of public services (e. g. contracting out and other market-type mechanisms), and increasing emphasis on performance, outputs and customer orientation (Larbi : 2005).

NPM is a new pattern of governance associated with the use of a wide range of different “ tools” and with a reliance on third parties to manage and deliver government services. The central feature of NPM is the attempt to introduce or simulate, within those sections of the public service that are not privatized, the performance incentives and the disciplines that exist in a market environment.

The assumption is that there are benefits in terms of efficiency and effectiveness in exposing public sector activities to market pressures and in using markets to serve public purposes, and that government can learn from the private sector despite contextual differences (Metcalfe and Richards, 1990: 155). Some observers have argued that there are convergent trends (Kickert and Beck Jorgensen, 1995: 501) or . iffusion of reforms (Halligan, 1997) or a globalization of public sector management (Flynn, 1997) as an increasing number of crisis and non-crisis states in Africa, Asia and Latin America are also embracing elements of the new public management approach.

A noticeable trend in public sector reforms, in the context of economic crisis and structural adjustment, is that a wider range of administrative functions and the delivery of public services are being subjected to the approach (Bienefeld, 1990; Mukandala, 1992). NPM reforms have been driven by a combination of economic, social, political and technological factors.

A common feature of countries going down the NPM route has been the experience of economic and fiscal crises, which triggered the quest for efficiency and for ways to cut the cost of delivering public services. The crisis of the welfare state led to questions about the role and institutional character of the state. In the case of most developing countries, reforms in public administration and management have been driven more by external pressures and have taken place in the context of structural adjustment programmes.

With its focus on internal decentralization, institutional diversification and case-by-case modernization, NPM prescriptions come in handy to promote efficiency and accountability and improve performance in public services. Good governance, it is argued, cannot be achieved without efficient and effective public administration and management systems. Although the approach has sometimes been criticized for its strong emphasis on public sector downsizing and privatization (Minogue, 2001), its key contribution to public sector reform refers to the fundamental change from bureaucratic input control to management by results.

In addition to this, NPM has contributed to lowering the barrier for outsourcing public service delivery and introducing private sector management tools. In terms of the general guidelines of public sector reform, NPM has led to a new vision of public administration. 3.

Fiscal Decentralization and Revenue sharing in Indonesia The autonomy process in Indonesia needs a long period. Beginning in period 1980’s, through study and discuss that were carried out by the central and regional agency.

The purpose of autonomy sped up a realization of welfare community through increasing services, empowerment, and community’s participation (Darise 2006). Autonomy in Indonesia is based on Law 22/1999 that was revised by Law 32/2004 about Regional Government, and Law 25/1999 that was revised with Law 33/2004 about Fiscal Decentralization. Regional autonomy can not run without being accompanied fiscal decentralization, those laws complement each other (Ismail, 2002).

If fully implemented, these laws promise to transform intergovernmental fiscal relations in Indonesia.

Many would see decentralization as a long overdue structural reform in Indonesia, and many would also see decentralization as a necessary response to the political situation. However, many details of the program have not yet been worked out, and there is even some question about the overriding goals that the government wants to achieve with its decentralization policy. In the era of autonomy, there was a shift of authority and responsibility in allocating resources from central government to local governments. New shift in terms of accountability is still not fully complete (World Bank, 2003).

Decentralization “ bing bang” may have left the device checks and balances that have not been adequate; something that does not consider capacity in various ways (Kaiser and Hofman, 2002). In many ways, it remains unclear whether local constituency has really reflected the real public desire (Usman, 2001). Revenue sharing Revenue sharing is one of fiscal balance components that is right of local upon management of national revenue resources which are created by each region. Its number is determined by potency of local government. The principle valid for all revenue sharing components, except fishery of evenue sharing which divided flatten to all local governments. According to the source of revenues, revenue sharing for local governments can be categorized into two types: one for property based taxes and one for natural resources revenue (non-taxes).

Revenue sharing from taxes comprises of sharing of revenue Territory and Building Tax (Pajak Bumi dan Bangunan/PBB), entitlement Land and Building Transfer Fee (/Bea Perolehan Hak atas Tanah dan Bangunan/ BPHTB) and Personal Income Tax (PIT/ Pajak Pph). While the revenue from natural resources, it consists of shared revenues from forestry, mining, fishery, oil, and gas.

The Law 33/2004 has stipulated additional shared revenue from geothermal energy and reforestation fund. The latter is formed as an earmarked grant for rehabilitating forests in originating local governments. Pressures during the drafting of the new law on Central and Local Fiscal Balance, particularly from rich natural sources regions, has resulted such changes.

As in many countries, some major taxes remain at the central level, for instance, PIT and Property Tax. Until recently Property Tax is still administered at the central level.

However, almost all the money obtained from Property Tax collection is allocated to local governments through revenue sharing. According in law No. 28/2009, authorities a part of Property Tax (Rural Sector and Urban Sector), its management will be fully handed by local government. In addition, the new law also mandates additional percentage on the revenue sharing from oil and gas.

According to this, sub national governments will receive an additional 0. 5 percent from oil and gas to fund expenses in education. Of this amount, 0. 1 percent goes for provinces, 0. 2 percent belongs to originating local governments, and the rest 0. percent is divided equally to all local governments in the same province.

Other than these two main changes, the other mechanism on revenue sharing remains the same with the previous scheme in law 25/1999. A more detail of revenue sharing percentage is suggested below: Table 1. Percentage of Revenue sharing Based on Law 25/1999 and Law 33/2004 (in percentage) | The Previous Law (Law 25/2999) | The Current Law (Law 33/2004) | | Revenue-| CG | | shared | | sources | | | NO | Name of DIPA | Amount | Date | |  |  |  |  | | 1 | Property tax phase I & II | 1, 036, 767, 117, 785 | 9 March 2007 | | 2 | Land & building transfer fee phase I & II | 808, 484, 998, 847 | 9 March 2007 | | 3 | PIT phase I & II | 4, 483, 224, 000, 000 | 9 March 2007 | | 4 | Forestry: resource rent phase I | 30, 318, 098, 264 | 13 June 2007 | | 5 | Forestry: land-rent phase I | 7, 398, 361, 520 | 13 June 2007 | | 6 | Oil Phase I | 2, 750, 292, 766, 859 | 13 June 2007 | | 7 | Gas Phase I | 2, 074, 439, 061, 931 | 13 June 2007 | | 8 | Fishery Phase I | 26, 006, 572, 684 | 25 June 2007 | | 9 | Mining: Land-rent Phase I | 170, 587, 254, 579 | 25 June 2007 | | 10 | Mining: Royalty Phase I | 426, 285, 841, 953 | 25 June 2007 | | 11 | Pay less Forestry: resource rent Phase I | 179, 015, 882, 498 | 26 June 2007 | | 12 | Pay less Forestry : land-rent Phase I | 12, 035, 219, 193 | 26 June 2007 | | 13 | Pay less Mining: Land-rent Phase I | 35, 320, 817, 841 | 28 June 2007 | | 14 | Pay less Mining: Royalty Phase I | 509, 639, 233, 224 | 27 August 2007 | | 15 | Oil phase II | 2, 589, 945, 697, 793 | 31 July 2007 | | 16 | Gas Phase II | 2, 141, 804, 618, 266 | 31 July 2007 | | 17 | Fishery Phase II | 11, 610, 764, 000 | 16 August 2007 | | 18 | Forestry: resource rent phase II | 126, 793, 224, 250 | 15 August 2007 | 19 | Forestry: land-rent phase II | 17, 381, 897, 880 | 15 August 2007 | | 20 | Forestry: reforestation phase II | 182, 182, 737, 933 | 11 September 2007 | | 21 | Mining: Land-rent Phase II | 176, 401, 586, 148 | 28 August 2007 | | 22 | Mining: Royalty Phase II | 530, 713, 914, 947 | 28 August 2007 | | 23 | Fishery Phase III | 28, 338, 208, 800 | 5 Nopember 2007 | | 24 | Oil phase III | 3, 167, 671, 708, 885 | 5 Nopember 2007 | | 25 | Gas Phase III | 2, 110, 170, 316, 845 | 5 Nopember 2007 | | 26 | Mining: Land-rent Phase III | 445, 263, 314, 038 | 5 Nopember 2007 | | 27 | Mining: Royalty Phas III | 171, 549, 526, 358 | 5 Nopember 2007 | | 28 | Forestry: resource rent phase III | 118, 558, 094, 459 | 1 Nopember 2007 | | 29 | Forestry: reforestation phase III | 106, 775, 956, 491 | 1 Nopember 2007 | | 30 | Fishery Phase IV | 16, 516, 792, 160 | 10 December 2007 | | 31 | Oil phase IV | 3, 679, 345, 654, 699 | 10 December 2007 | | 32 | Gas Phase IV | 2, 573, 272, 516, 218 | 10 December 2007 | | 33 | Forestry: resource rent phase IV | 85, 011, 634, 112 | 13 December 2007 | | 34 | Forestry: reforestation phase IV | 89, 119, 915, 673 | 13 December 2007 | | 35 | Forestry: land-rent phase IV | 21, 300, 395, 000 | 13 December 2007 | | 36 | Forestry: resource rent phase IV | 424, 786, 581, 062 | 18 December 2007 | | 37 | PIT Phase III | 3, 458, 187, 182, 946 | 18 December 2007 | | 38 | Pay less PIT 2005 and 2006 | 43, 247, 880, 423 | 18 December 2007 | | 39 | Property tax phase III | 1, 243, 002, 482, 215 | 19 December 2007 | 40 | Land & building transfer fee phase III | 2, 627, 201, 153 | 19 December 2007 | | 41 | ESCROW Fishery | 77, 527, 662, 356 | 28 December 2007 | | 42 | ESCROW oil and gas | 3, 370, 055, 298, 506 | 28 December 2007 | | 43 | ESCROW Forestry | 734, 359, 691, 458 | 28 December 2007 | Source: Directorate of Budget Execution, DG Treasury, Ministry of Finance Indonesia 2008 As reveal in table above, until the end of 2007, the central government can only distribute PBB and BPHTB timely, while others are still experiencing some problems /delays. For instance, Personal Income Tax/PIT (PpH) still found the lack of transfer to local in 2 years a row, in 2005 and 2006, amounting to Rp. 3, 247, 880, 423.

Moreover fisheries, oil and gas, and forestry can not be disbursed until fiscal year is almost over. This is because there is no reconciliation between the technical ministries, local governments producing and Directorate General of Fiscal Balance Ministry of Finance. Furthermore, because our budget system does not allow the budget last year released to the following year, the central government adopted a policy  to remove and retain such funds in escrow account. For instance, fisheries sector amounted to Rp. 77, 527, 662, 356, oil and gas sector amounted to Rp.

3, 370, 055, 298, 506 and forestry sector amounted toRp. 734 359 691 458.

The government has sought to do the remodel mechanism as efforts to improve public services by changing the distribution of phase one. In the model, phase one can be done without waiting for the 20 % from realization as in previous years. As shown in figure 3, almost all revenue sharing funds could be distributed early, except for forestry and fisheries.

The forestry sector distribute in May, while the fishery sector until the end of fiscal year 2007 still many who have not been channeled. Unfortunately, the accuracy of channeling only occurre at the beginning of the year, the next period still delays and mistake in the distribution. This delay usually occurs in the sharing of natural resources, while the error count is usually in tax issue, especially PIT.

Another observation refers to the fact that some of revenue sharing still not fully distributed. According MoF Rule number 162/PMK. 07/2009, there are many fund from geothermal sector still not fully spent to 2005, 2007 and 2008, while MoF rule number 164/PMK.

07/2009 pronounce oil and gas section 2008 is also still exist that have not been disbursed. Various problems in quartely distrubution causing regional development do not go smoothly. Furthermore it opens opportunities for local officials of corruption citing the late funds receipt. Mass media have revealed a number of local governments that holds their revenue sharing funds in Indonesian Bank Certificates (SBI) and do not improve their public service delivery. 4.

3 Governance

Decentralization has been a major topic in development policy and research, but given the high dependency of local governments on central state transfers, my research have paid more attention to good governance central-local fiscal relations, especially in revenue sharing administration. The fund balance administration still shows a weakness, especially in natural resources, which resulted a budget balance is not correct and incorrect account number. The effects of delay in disbursement shows that a government’s does not desire to ensure the delivery of adequate public services in an efficient, effective, and transparent manner is the driving force behind the adoption and subsequent implementation of genuine decentralization efforts.

In other words, a government that is not committed to efficiency, effectiveness, and transparency in public service delivery is less likely to initiate decentralization efforts, especially in the form of devolution. The transfer of revenue sharing, especially natural resources, is often not timely.

Local government complaint that a model of natural resources is not transparent where they can not know how the mechanism of production, cost of production and sale of natural resources. In this regard, local authorities are still suspicious that the central government is not fully supporting the process, and when the process is considered as a failure in the future, there will be a recentralization process.

On the other hand, the central government feels that they have managed the drastic change quite well but at the same time admits that they are still worried about the future and many have to be done in order to direct the decentralization on the right path. The local governments, however, admit that they have experienced a “ freedom” that did not exist during the centralized era, and gradually, the learning process of managing and administering the local governments is working. Furthermore, in a deep research I found that public data policy and practice did not clear. It is difficult for local government released data how and when the data collect and share.

In the other word, no acces for local government and citizens to see how decisions are being made and their opportunities for influencing them. Local government and Citizens need information to suggest new ways of doing things and to get involved. With the slow economic recovery process and acute corruption, it is quite ironic that Indonesians still give the opportunity for wasting the economic resources and for creating more corruption through the formation. A final set of arguments focuses on what I have called resource decentralization. Some people argued that local governments and officials may be more susceptible to corruption than their central counterparts.

There is relieving trend nowadays when many central official government include members become the suspect in the local corruption cases, and some of them have even stayed in the prison. Methodology and Procedures In order to understand the fiscal decentralization in relation to governance and transparency, mechanism of revenue sharing will be selected and studied in comparative terms. Secondly, the proposed research would attempt to document relevant developments and initiatives since 2001, including the instances of various errors and ultimately results in delay of delivery revenue sharing. Thirdly, the research into the fiscal decentralization would be further complemented by insights gained from the civil society sector.

This would be done by using a range of methods including a limited survey, interview methods and review of their own researches and work.

This would ensure the incorporation of civil society perspectives, and help improve the quality and relevance of policy recommendations. Most importantly, the international best practices, especially the ones from the developed countries such as Australia which has similar territory with Indonesia, would be studied and analyzed for their relevance and incorporation in the policy recommendations. Conclusion The fiscal decentralization appears to be an interesting approach to elevate Indonesian development process, but it should not be taken as a panacea.

They are certainly no panacea for every fiscal problem that may arise in the development process. Indonesia, have so much revenue sharing between the central and local government that the pool of funds available from which to achieve equalisation is not large enough to overcome the impacts of these other policies. .

However, the coverage of the survey and sampling procedure reflect the reality how the governments pay little attention to the quality improvement of public service delivery. One important indicator of regional autonomy is failure. The local governments might not have the capability to find their own sources of revenue and to reduce the dependence to the transfer.

The many failures to transfer the decentralization fund to the local government were a good example on how difficult an old paradigm shifts to the new paradigm. However, the new paradigm of decentralization will move toward the more transparent, accountable and governance The previous section has shown that the one of fiscal decentralization, revenue sharing, method was able to importance role in regional development, but lack of transparency, accountability and governance make disruption of basic public service delivery.

Furthermore many Indonesians, nowadays, are quite skeptic about the decentralization process simply because they have not seen what they expected when the decentralization took place in 2001, a better local basic public service delivery.

Some claimed that they do not feel any impact of the process, while some others felt only the negative impacts. Current revenue sharing mechanism in Indonesia undoubtedly needs evaluation and improvement. Uneven legislations produce unequal treatment among various types of revenue sharing. Some groups of revenue sharing can be disbursed on time and local government can use optimal to local develop, while the others have to be comfortable receiving small benefits. A unified revenue sharing system is desirable to replace currently fragmented system.

The new system is expected to guarantee to all revenue sharing system. Such a system needs to be carefully crafted as it may create potential burden for the state. It as to be sustainable by design and easily implemented. Furthermore, it should not discourage both central government and local government including community. However, Indonesia has had experience of revenue sharing , but lessons from overseas experience also helps shed some light on the choice to redesign revenue sharing mechanism or redesign future financial arrangements in the Indonesia.

References : Agrawal, A. and Ribot, J. 1999. Accountability in Decentralization: A Framework with South Asian and African Cases. Journal of Developing Areas, Vol.

33, pp. 473-502 Bacci, C. 2009. Analysing policy: What’s the problem represented to be? Pearson Longman Australia.

Darise, N.

2006. Pengelolaan Keuangan Daerah. Jakarta: PT Indeks. Hadenius, A. 2003.

Decentralisation and Democratic Governance Experiences from India, Bolivia and South Africa, Stockholm, Sweden : Uppsala University P. O. Box 45022. SE-104 30 Hardjosoekarto. 2002. Hubungan Pusat dan Daerah dalam Kerangka Kebijakan Desentralisasi dan Otonomi Daerah.

Jurnal Administrasi Negara Vol II No. 2 Halim, A. 2001. Bunga Rampai Manajemen Keuangan Daerah, UPP. AMP.

Yogyakarta : YPKN Herdman, P. A. 2002. Understanding the Basic Bargain: A Study of Charter School Accountability in Massachusetts and Texas. HarvardUniversity.

Chapter 3. Hofman, B and Kaiser, K. 004 The Making of Big Bang and its Aftermath : A Political Economy Perpective. Georgia : Andrew Young School of Policy Studies Georgia State University. Ismail, M. 2002.

Pendapatan Asli Daerah Dalam Otonomi Daerah. Malang : FE Unibraw Kuncoro, M. 2004. Otonomi Daerah : Reformasi, Perencanaan, Strategi dan Peluang. Jakarta : Erlangga. Litvack, J.

, Ahmad J. , and Bird, R. 1998. Rethinking Decentralization. Washington, DC: World Bank. Lembaga Administrasi Negara dan BPKP.

2000. Akuntabilitas dan good governance. McIntyre-Mills, J. 2006. Systemic Governance and Accountability: Working and Re-Working the Conceptual and Spatial Boundaries. New York, USA: Springer.

Ostrom, E. , Schroeder, L. , and Wynne, S. 993, Institutional Incentives and ustainable Development: Infrastructure Policies in Perspective. Boulder, CO: Westview. Ribot, J.

2002. Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation, DC: World Resources Institute. Robbins, S. 1998. Organizational Behavior. New York: Prentice Hall.

Siddiquee, N. 2006. Public Management Reforms in Malaysia: Recent Initiatives and Experiences. International Journal of Public Sector Management. Bradford, U.

K. Vol. 19 No. 4. 2006. Simarmata, R.

2002. Regional Autonomy and Character of Local Government Laws and Regulations: New Pressures on the Environment and Indigenous Communities.

A Preliminary Diagnosis. International Association for the Study of Common Property. 9th Biennial Conference.

Victoria Falls, Zimbabwe. Siregar, R. , 2001. Survey of Recent Development. Bulletin of Indonesia Economic Studies, Vol 37, No. 3 Desember 2001 Usman, S.

2001. Indonesia’s Decentralizing Policy : Initial Experiences and Emerging Problems. Jakarta : Semetu Working Paper. Wallis, J. , Dollery, B. ,.

and McLoughlin, L. 2007. Reform and Leadership in the Public Sector: A Political Economy Approach, Cheltenham, Edward Elgar, ix + 196. World Bank. , 2003.

Decentralizing Indonesia : A Regional Public Expenditure Review Overview Report. Report No. 26191