

INTERGOVERNMENTAL DYNAMICS IN INDONESIAN PUBLIC WORKS SECTOR: A STUDY OF CENTRAL-REGIONAL RELATIONS

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Abstract

This study investigates the efficacy of the division of central and local government affairs within Indonesia's public works sector, focusing on the fiscal capacity of local governments to manage devolved responsibilities. Employing a qualitative approach, the research examines the dynamics of this division across three diverse provinces: Jakarta, East Java, and Maluku, representing varied regional characteristics. Data were collected through structured interviews with 26 informants, including central and local government officials, practitioners, and experts in regional autonomy, conducted between June and December 2024. A desk study of relevant documentation supplemented the interview data. Findings reveal a disconnect between devolved responsibilities and local fiscal capacity, hindering effective service delivery. Furthermore, the study identifies limitations on local autonomy due to stringent central government oversight. The research concludes by recommending that regional capacity, particularly fiscal capacity, be a key criterion in future divisions of governmental affairs.

Keywords: Decentralization; Division of Affairs; Local Government; Public Works; Local Capacity

Introduction

Decentralization is widely recognized as a crucial element in promoting good governance and sustainable development (White, 2011). Proponents of decentralization argue that local governments are better positioned to understand and address the unique needs of their constituencies due to their proximity and accessibility (Ahmad et al., 2006). Furthermore, decentralization facilitates efficiency and accountability in local governance. Conceptually, decentralization involves the transfer of responsibility and authority for public functions from the central government to regional or local levels (Todes & Williamson, 2008). This transfer of authority grants regions autonomy in decision-making, allowing them to formulate and implement policies that are responsive to local circumstances.

Decentralization in Indonesia has encountered numerous obstacles that impede the realization of its intended objectives. Among the most prominent challenges is the delineation of responsibilities between the central and regional governments. This issue is underscored by (Hoessein et al., 2021), who argue that the division of responsibilities is particularly complex due to the inherent disparities in the roles and functions of the central and regional governments. This complexity is further underscored by (Maryanov, 1958), who emphasizes the intricate nature of dividing governmental duties. The underlying issue is the discrepancy between the characteristics of tasks ideally suited for central versus regional management. This frequently leads to scenarios where responsibilities that should fall under regional jurisdiction are still executed by the central government, or conversely, to instances of overlap and ambiguity in responsibility for specific governmental functions.

The existing literature on decentralization in Indonesia has extensively examined its various facets, including impacts on regional capacity (Setiawan et al., 2022), budget delay (Vidyattama et al., 2022), corruption (Yunan et al., 2023), human development improvement (Siswidiyanto & Sahputri, 2023), artificial intelligence (AI) policy (Wadipalapa et

al., 2024). However, scholarly attention to the division of responsibilities between central and regional governments has been comparatively limited. While (Ferrazzi & Rohdewohld, 2017) provide valuable insights, their work primarily adopts a macro-level perspective. This research endeavors to bridge this gap by examining the division of responsibilities at both macro and micro levels, specifically during the transition from Law No. 22 of 1999 to Law No. 23 of 2014. This focus on the public works sector offers a novel contribution, as previous research has predominantly concentrated on education decentralization policy (Thoha et al., 2023).

Literature Review

Decentralization, a concept applicable to both unitary and federal systems, involves the transfer of power and authority from central to local governing bodies (Brian C. Smith, 2012). This transfer manifests in three primary forms: deconcentration, delegation, and devolution. In Indonesia, the implementation of decentralization policies is deeply rooted in the historical evolution of central-regional relations. The post-reform era, particularly following the 1997-98 Asian Financial Crisis, saw a rapid and extensive expansion of decentralization efforts, often described as a "big bang" (Hofman & Kaiser, 2004). This transformation was driven by Law Number 22 of 1999, enacted on May 7th, which aimed to address the long-standing tensions between the central government and regional entities regarding economic and political power. The subsequent two-year transition period (1999-2001) allowed the central government to formulate a comprehensive strategy for restructuring these dynamics, including the redistribution of governmental responsibilities.

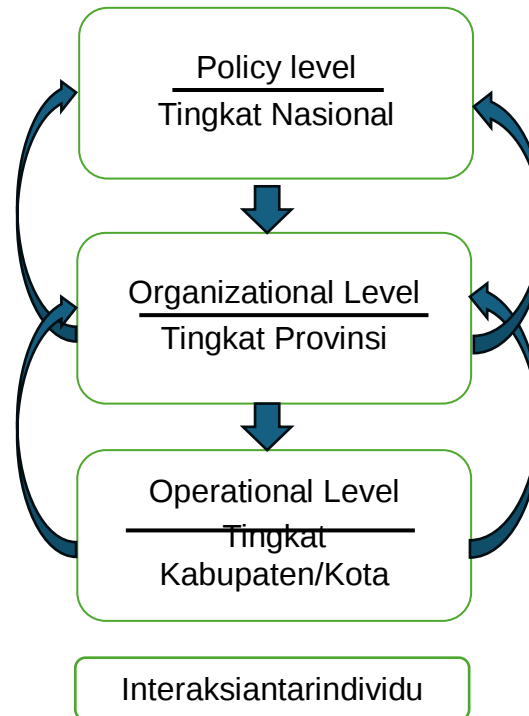
The delineation of governmental responsibilities in Indonesia has undergone a process of legislative refinement. Initially, Law No. 22 of 1999, Article 7(1), broadly conferred jurisdictional authority to regional governments across all sectors, with specific exceptions. These exceptions included foreign policy, defense and security, the judiciary, monetary and fiscal policy, religious affairs, and other designated areas. This framework was subsequently amended by Law No. 32 of 2004, which clarified mandatory functions and established a detailed inventory for regencies and cities. The evolution of this legislative framework culminated in Government Regulation No. 38 of 2007, which provides a comprehensive delineation of governmental functions among the central, provincial, and regency/city levels, establishing a more detailed system of governance. Further reinforcing this structure, Law No. 23 of 2014 revised the distribution of governmental responsibilities, mirroring the framework established in Law No. 32 of 2004. Notably, Law No. 23 of 2014 introduced the concept of concurrent governmental affairs, as delineated in Article 9. This framework necessitates a shared approach to public administration, with responsibilities for these concurrent affairs distributed among the central, provincial, and regency/city levels.

Methods

Employing a qualitative research design, this study explores the ways in which individuals construct meaning concerning social and human problems. This methodological choice is predicated on the belief that an inductive approach, which prioritizes individual interpretations and contextual understanding, is essential for capturing the multifaceted nature of social phenomena (Creswell, 2015). The research timeline is situated within the post-reformasi era (1998–present) and is being conducted concurrently with the researcher's doctoral program (2023–2025). The geographical scope of the study encompasses eight autonomous regions, selected to provide diverse perspectives. These include the provinces of Jakarta, East Java, and North Maluku, as well as the regencies of Sidoarjo, Banyuwangi, and Jember (East Java), and the city of Ternate and the regency of East Halmahera (North Maluku).

The research utilizes a hierarchical framework of analysis, as delineated by (Bromley, 1989). This approach, widely used in social science, distinguishes research targets based on their scale, location, and scope. The framework comprises three interconnected levels: policy, organizational, and operational (Figure 1). The policy level is concerned with the processes of national policy formulation and the associated institutional arrangements. The organizational level examines the allocation of responsibilities and functions within provincial structures. The operational level, at the base of the hierarchy, analyzes the distribution of responsibilities at the district level, with particular attention to the interactions between individuals and the government in the context of public service provision.

Figure 1. Level of Analysis Framework



Source: adapted from (Bromley, 1989)

Informant selection for this study was strategically driven by the need to capture diverse perspectives on the division of governmental functions between central and regional levels. A multi-tiered sampling approach was employed to achieve this goal. This strategy prioritized expertise in central-regional functional allocation and encompassed four key groups: (1) policymakers at the institutional level responsible for shaping the division of central-regional responsibilities; (2) practitioners at the national, provincial, and district levels involved in implementing these divisions; (3) academics with direct involvement in the development of policies pertaining to central-regional affairs; and (4) academics specializing in decentralization and regional governance, offering an independent perspective. This stratified sampling ensured representation from both policymaking and implementation levels, as well as incorporating expert academic viewpoints. The informant pool for this study comprised the following individuals:

Table 1. The number and attributes of informants

Level	Province	Number of informants	Informant's attributes/position
Central Government	Jakarta	10	Director of Road Development of the Ministry of PUPR (1 informant), Head of Sub-Directorate of Public Works, Director of Synchronization of Government Affairs Regional II (2 informants), Central and Regional Financial Analysts Junior Expert sub-coordinator of region IVB (2 informants), young expert policy analyst in the sub-directorate of regional evaluation IIB of the Directorate General of Regional Autonomy (1 informant), academic bureaucrats and regional autonomy experts (3 informants), executive director of KPPOD (1 informant).
Provincial Government	East Java and North Maluku	6	Regional Secretary of East Java Province (1 informant), Head of Infrastructure and Territory of the Regional Planning Agency of East Java Province (2 informants), Secretary of Binamarga of East Java Provincial Government (1 informant), Head of the general and personnel subdivision of Bina Marga of East Java Provincial Government (1 informant), Intermediate Expert Policy Analyst of the Bureau of Government and Regional Autonomy of North Maluku Province (1 informant).
Government	Sidoarjo Regency, Banyuwangi Regency, Jember Regency, Ternate city, east halmahera regency	10	Regent of Jember (1 informant), Head of Public Works Bina Marga Cipta Karya Banyuwangi Regency (2 informants), Head of Bappeda Sidoarjo Regency (2 informants), Head of Section Ternate City (3 informants) Head of Spatial Planning Ternate City (1 informant), Head of Section East Halmahera (1 informant).

Source: processed by researchers

Results

Works Sector Issues

The legal framework governing road management in Indonesia is defined by a system of concurrent jurisdiction. Law No. 23 of 2014 mandates this shared responsibility for public works, specifically roads, between the Central and Regional Governments as a fundamental aspect of basic service provision. Law No. 2 of 2022 concerning Roads further structures this division of responsibility by classifying public roads based on their administrative status: National, Provincial, Regency, City, and Village. This administrative classification then serves as the basis for allocating management authority. The Central Government, through

the Ministry of Public Works and Housing, assumes responsibility for National Roads. Provincial Governments are charged with the management of Provincial Roads. Finally, Regency/City Governments hold jurisdiction over roads within their respective administrative boundaries. This tiered system ensures a clear delineation of responsibilities while acknowledging the shared nature of road infrastructure management.

Data from the 2020 Performance Report of the Directorate General of Regional Development, Ministry of Home Affairs, highlight critical variations in Minimum Service Standards (MSS) compliance across sectors. Of the 542 regions, 484 (89.30%) submitted MSS reports, enabling a comprehensive analysis of performance. The data reveal a concerning trend of underachievement in the public works and public housing sectors, with average compliance rates of 48.65% and 43.13%, respectively. This contrasts sharply with performance in education, health, public order, and social affairs, indicating a need for targeted interventions in these lagging sectors. Complementary data on road infrastructure feasibility from the Central Statistics Agency (BPS) (Table 2) provides additional context for understanding the challenges related to meeting minimum service standards in these areas.

Table 1.4 Road Length Detailed by Road Condition and Level of Authority Year 2021 (Km)

Road Condition	Level of Authority			Total
	National	Province	District-City	
Good	16.790	28.996	186.858	232.644
Medium	26.378	12.840	99.956	139.174
Broken	2.646	6.330	78.478	87.454
Severely Damaged	1.203	6.385	79.256	86.844
Total	47.017	54.551	444.548	546.116

Source: BPS land transportation statistics 2021

A comprehensive analysis of the 2021 BPS data on land transportation in Indonesia reveals a concerning state of its road infrastructure. While the total road length reaches 546,116 kilometers (excluding toll roads), the condition of these roads raises concerns. Specifically, regency/city roads, which constitute the largest proportion (444,548 kilometers), exhibit significant deterioration. The data indicates that 16.01% of these roads are classified as damaged, while an additional 15.9% are categorized as severely damaged. This translates to a substantial 87,454 kilometers of damaged roads and 86,844 kilometers of severely damaged roads, primarily concentrated within the regency/city road network (78,478 km and 79,256 km, respectively).

Dynamics of the Division of Central and Local Government Affairs in the Public Works Sector

Central Government Level

The delineation of responsibilities between central and regional governments within the public works sector has evolved significantly. Initially, Law No. 22 of 1999, concerning regional governance, broadly defined regional authority in Article 7(1) as encompassing all governmental domains with specific exceptions, including foreign policy, defense and security, justice, monetary and fiscal affairs, religion, and other designated areas. This framework, coupled with Law No. 25 of 1999 on Fiscal Balance between Central and Local Governments, established the pre-regional autonomy context and subsequently ushered in the era of regional autonomy. A key consequence of this shift was the devolution of

infrastructure management authority to local governments, raising crucial considerations regarding local capacity in financing, planning, implementation, and oversight.

Law No. 22 of 1999 concerning Regional Government suffers from a critical ambiguity regarding the division of authority within the Public Works sector. This lack of clarity is corroborated by Wida Nurfaida, S.T., M.T., Director of Road Development at the Ministry of PUPR, who stated in an interview that:

"...the law does not sufficiently clarify the division of responsibilities between the central and local levels, resulting in continued central control over certain aspects of public works. This, in turn, has fostered regional dependence on central directives, potentially hindering the responsiveness of local public works projects to specific local needs and conditions, and creating administrative and policy obstacles...."

Professor Djohermansyah Johan, an academic, bureaucrat, and expert on regional autonomy, corroborates this assessment, describing a "tug of authority" between central and local governments. Professor Johan contends that:

"The central government ministries, such as those responsible for mining and public works, continue to favor centralized control, a tendency manifested in the formulation of Government Affairs Division Regulation PP 129 of 2000, which ultimately preserved significant central authority."

Law No. 32 of 2004 represents a significant departure from the decentralized governance model established by Law No. 22 of 1999, as detailed in Government Regulation (PP) No. 25 of 2000. The subsequent implementation of Law No. 32 of 2004, through PP No. 38 of 2007, delineates a clear division of authority between the central government and regional levels. Specifically, the authority of provinces, regencies, and cities is defined residually, encompassing all areas not explicitly designated as belonging to the central government or the province. This framework precludes central government intervention in matters assigned to provinces, regencies, and cities, and similarly restricts provincial involvement in the affairs of regencies and cities.

The legal foundation for Indonesian road management is established by Law No. 38 of 2004 concerning Roads. This law grants the government authority over road organization and national road management, including regulatory, guidance, developmental, and supervisory functions (Article 14, paragraphs 1 and 2). The law also classifies public roads based on administrative status (national, provincial, district, city, and village) in Article 9, paragraph 1. National roads, as defined in paragraph 2, include arterial and collector roads within the primary network, connecting provincial capitals, national strategic roads, and toll roads. However, as observed by Wida Nurfaida S.T., M.T., Director of Road Development of the Ministry of PUPR, points out:

"...Despite this affirmation, Law No. 32/2004 maintains a centralized approach to Public Works, potentially restricting local autonomy despite the apparent decentralization implied by the road classifications. This centralized control may lead to policy decisions being heavily influenced by central government directives..."

This period was characterized by attempts to achieve equilibrium between the central government and regional authorities, a dynamic significantly shaped by the regulation of concurrent government affairs. In the context of Indonesian governmental structures, "concurrent" affairs describe those areas of responsibility shared across multiple levels of government. The challenge lies in balancing regional autonomy within the framework of a unitary state. Even with increased regional autonomy, the central government maintains a vital function in these shared domains. Specifically, and in accordance with the President's

constitutionally defined responsibilities (1945 Constitution), the central government's role centers on establishing and enforcing norms, standards, procedures, and criteria (NSPC). These NSPC provide a framework for the implementation of concurrent affairs, ensuring consistency and coherence across the nation.

A persistent challenge in Indonesian governance is the tension between central and regional authority, a conflict exacerbated by the proliferation of sectoral laws. These laws frequently modify the allocation of responsibilities originally established in Government Regulation No. 38 of 2007, which implements Law No. 32 of 2004 concerning Local Government. As I Made Suwandi M.Soc.Sc. Ph.D. noted in an interview that:

"...this has resulted in overlapping authority and confusion regarding regional guidance and supervision. The authority granted by Government Regulation No. 38 of 2007 is often superseded by sectoral laws due to the latter's higher legal standing. This disparity highlights the need to embed the division of affairs not only within government regulations but also within the Local Government Act itself. Such an inclusion would provide greater stability, requiring coordination with the Ministry of Home Affairs, the principal guardian of the Local Government Act, whenever sectoral law modifications are proposed."

Law No. 23 of 2014 concerning Regional Government, echoing its predecessor Law No. 32 of 2004, employs a substantive (or *ultra vires*) approach to delineate the responsibilities of central, provincial, and regency/municipal governments. This legislation categorizes governmental functions into absolute, concurrent, and optional affairs, with the distribution of responsibilities predicated on established criteria for allocating governmental powers. Article 13 of Law No. 23 of 2014 articulates these criteria as encompassing principles of accountability, efficiency, externality, and strategic national interests. However, challenges arise from the inherent tension between these principles. As noted by Dr. Halilul Khairi M.Si in an interview, the principles of externality, efficiency, and accountability can be mutually exclusive.

"... It turns out that the principles of externalities, efficiency and accountability are sometimes not aligned with each other. If you choose efficiency at the expense of externality and vice versa, the same accountability is also who is closest..."

The public works sector, particularly road management, exemplifies these jurisdictional complexities. The classification of roads as national, provincial, or district, each under the purview of a specific government level, creates operational difficulties and potential conflicts. Dr. Heri Susanto, Head of Sidoarjo Regency Bappeda, highlighted this issue, noting that:

"...public awareness of road classifications is often limited, leading to public expectations that local governments will address road damage regardless of ownership. This creates a situation where provincial authorities may cite budgetary constraints as justification for inaction, while local governments face public pressure to intervene, especially during emergencies, to maintain essential services. However, such interventions, while addressing immediate needs, expose local governments to potential scrutiny from the BPK, who may deem these expenditures irregular due to the roads' extra-jurisdictional status..."

This jurisdictional fragmentation extends beyond road maintenance to encompass broader infrastructure development. Dr. Susanto further noted the challenges posed by sanitation projects, where pipeline construction traversing multiple road classifications necessitates navigating a complex licensing process. He noted that:

"... the difficulty in obtaining permits for pipelines traversing national and provincial roads, further complicated by the requirement for traffic impact analyses. This fragmented licensing structure, with its attendant costs—national licensing for national roads and provincial licensing for provincial roads—has incentivized some companies to relocate to countries like Cambodia and China, where licensing processes are more efficient..."

The financing of road infrastructure projects faces constraints due to budget limitations. A comparative analysis of the 2022 and 2023 Regional Revenue Work Plan (RKPD) and Regional Budget (APBD) demonstrates a considerable decline in public works budget allocations across all Indonesian provinces and regencies/cities. As stated by Abdul Aziz, S.ST, Head of the Sub-Directorate of Public Works, Directorate of Synchronization of Regional Government Affairs II, Directorate General of Regional Development:

"A deviation occurred between the RKPD budget ceiling established with the Regional People's Representative Council (DPRD) for 2022 and 2023, and the subsequent APBD ceiling, which experienced further reductions. This discrepancy necessitates further investigation to understand the underlying causes. Potential factors include budget reallocation for COVID-19 mitigation in 2023 and resource allocation for the 2024 general election. While these shifts do not necessarily indicate flaws in the planning and budgeting processes, they do require justification to ensure transparency and accountability ".

Table: 2
RKPD and APBD for Public Works All Provinces and Districts / Cities
Year 2022 and 2023

SUB- SESSIONS	PAGU RKPD 2022 (Rp.)	APBD 2022 PAGU (Rp.)	PAGU RKPD 2023 (Rp.)	APBD 2023 (Rp.)
Arrangement of the building and environment	3.619.101.017.390	3.369.435.173.143	3.938.819.059.964	2.592.657.591.438
Building	16.919.584.310.384	12.063.637.149.389	13.097.634.598.673	8.719.195.066.324
Waste water	3.565.050.673	2.175.871.145.589	2.730.330.563.644	1.478.169.377.300
Drainage	6.303.584.229.799	4.385.536.587.694	5.258.398.408.175	3.148.155.588.305
Drinking water	7.314.027.791.239	5.700.911.862.487	5.737.067.411.120	2.701.331.288.939
Water resources	19.210.016.517.769	8.638.221.142.813	12.143.273.927.511	5.908.054.741.578
Construction services	305.682.466.711	181.201.821.683	309.124.860.871	181.482.817.630
Settlements	5.121.860.555.362	3.970.945.098.502	3.466.967.591.577	1.746.289.842.053
Waste	1.204.563.587.499	410.134.080.518	795.507.300.170	1.408.260.000
Go to	102.504.141.108.909	63.408.863.990.961	70.984.902.803.143	34.316.339.815.719
Total	166.067.612.258.656	104.304.758.052.779	118.462.026.524.848	60.793.084.389.286

Source: SIPD RI 2024

The data presented in Table 4.2 demonstrate significant budget reductions for nearly all public works sub-agencies between 2022 and 2023. Even road sub-affairs, which received

the largest budget allocation, experienced substantial cuts. In 2022, the budget for road sub-affairs was reduced from 102 trillion (RKPD ceiling) to 63 trillion (APBD ceiling). The following year, the reduction intensified, with the 2023 RKPD ceiling of 70 trillion being halved to 34 trillion in the APBD. This 50% decrease in allocated funds for road projects had a nationwide impact, affecting all provinces and regencies/cities in Indonesia.

Presidential Instruction (Inpres) No. 3 of 2023, mandating accelerated improvements to regional road connectivity, has encountered implementation challenges. While the policy, as clarified by Minister of Public Works and Public Housing Basuki Hadimuljono, targets damaged non-national roads and enhanced regional road stability through national budgetary support. During a parliamentary hearing with the Director General of Highways, House of Representatives Commission V member Hamka B Kady raised concerns regarding resource allocation. Kady specifically questioned:

"...the use of fiscal indicators by the Ministry of Finance in determining budget allocation. Furthermore, prioritizing regions with strong fiscal positions, such as Jambi and Lampung, for Inpres funding creates an inequity, particularly given that other regions with demonstrably worse road conditions may be overlooked. After all, the increased visibility of damaged roads, often coinciding with presidential visits, has fueled public expectations for road improvements across Indonesia."

Data from the Indonesian Central Statistics Agency (BPS) reveals a critical need for road repair across the nation, with 170,000 kilometers currently classified as damaged. This substantial figure raises questions regarding the Ministry of Public Works and Housing's (PUPR) prioritization of road repair initiatives. Prudent allocation of central government funds is essential to address this issue equitably, avoiding potential regional disparities and the perception of inequity in resource distribution. Furthermore, as Professor Djohermansyah Johan suggests:

"...financial resources are a key determinant of political influence, with those dependent on funding becoming subordinate to the funder. President Jokowi's ability to organize political activities is attributed to his command of substantial funds, distributed through various channels, including the expanding use of Inpres across multiple sectors. the Inpres themselves may not be inherently negative, they are characterized as instruments that can be utilized for political manipulation. The potential for leveraging financial influence over regional leaders, such as governors, to achieve specific electoral outcomes is identified as a significant concern, highlighting the potential for systemic corruption and abuse of power..."

Provincial Government Level

The development of regional autonomy in Indonesia, initiated by Law No. 22/1999, has presented ongoing challenges to intergovernmental relations. While this law empowered local communities to manage their own affairs based on local needs, it also established a complex system of governance. Provinces, operating in a dual capacity as both autonomous regions and administrative arms of the central government, required governors to act as both elected regional leaders and central government representatives. This dual role shaped provincial authority, focusing it on macro-level regulatory functions that extended across regional and municipal boundaries. These functions encompassed the development of standardized procedures and support structures to guide districts/cities in their exercise of autonomous powers. For instance, provinces established standards for managing cross-district/city surface water resources and provided guidance in the forestry and plantation sectors, including forest management, forest area reconstruction and demarcation, plantation

zone organization, agricultural nursery income standards, and facilitating inter-district agricultural cooperation (Djohanet *al*, 2024).

Critically, Law No. 22/1999 did not establish a clear hierarchical relationship between autonomous regions and upper levels of government, fostering a structural basis for intergovernmental conflict. This lack of hierarchy undermined guidance and supervision mechanisms, frequently evidenced by the reluctance of regents and mayors to adhere to guidance from governors acting on behalf of the central government. Further decentralization, implemented through Law No. 32/2004 and Law No. 33/2004, further complicated these dynamics. These laws transferred a substantial number of governmental functions, primarily public services such as health, education, and infrastructure, directly to municipalities and districts, often circumventing provincial authority. Provinces were relegated to a coordinating role, while residual responsibilities, those not explicitly defined, were assigned to local governments.

The distribution of governmental authority, as stipulated in Law No. 23 of 2014 concerning Local Governments, delineates responsibilities for cross-regional and inter-regional affairs and services. Article 13, paragraph 1 of this law establishes the division of governmental affairs among the national government, provincial governments, and regency/city governments. This division is predicated on the principles of accountability, efficiency, externality, and national strategic interests, while also emphasizing harmonious intergovernmental relations. Within the public works sector, specifically road management, this principle is reflected in the allocation of authority: national roads fall under the purview of the central government, provincial roads under provincial governments, and district roads under regency/city governments.

The administration of public works, specifically road infrastructure, is characterized by a complex dynamic of intergovernmental relations. A notable trend is the devolution of district road authority to higher levels of government, including provincial and, in some cases, national jurisdictions. The Sukodadi-Sumberwudi road section in Lamongan serves as a case in point (lamongankab.go.id/pubm). This transfer of authority is primarily driven by the fiscal constraints faced by district governments, which often lack the resources necessary for adequate road maintenance and repair. As Dr. Bobby Soemiarsono, S.H., M.Si., Regional Secretary of East Java Province, noted,

"... Districts/cities relinquished control of district roads due to limited locally generated revenue (PAD), hindering their capacity to maintain and improve road quality. Consequently, these responsibilities were transferred to the provincial government, relieving districts/cities of associated maintenance costs. This trend reflects a broader urgency among districts/cities to divest themselves of this financial burden. Conversely, provincial governments rarely transfer road authority to the central level, with exceptions typically limited to strategically important routes that warrant central oversight..."

According to Arif Endro Utomo, ST, MT, Secretary of Bina Marga, East Java Province, the transfer of district/city roads to the provincial network is contingent upon adherence to specific criteria. While numerous proposals are received, acceptance is primarily determined by alignment with the provincial road network development plan. A critical consideration is the fundamental network system and its operational efficacy, as a robust system is deemed essential for effective road management. Furthermore, prospective roads must meet provincial standards, including a minimum width and a stability rating before transfer is approved. As Mr. Utomo explained,

"District and city administrations may submit proposals for road transfers. However, we require a minimum provincial road standard: a 6-meter width with 1.5-meter

shoulders and a drainage channel of at least 60 cm to 1 meter on each side. These criteria must be met before acceptance. Road stability must also be at least 70%; roads with stability between 60% and 70% may be considered, but below that threshold, transfer is not feasible, as it would compromise the overall stability of the provincial road network..."

Budgetary constraints pose a significant challenge to effective road management. While the central government's Presidential Instruction on Regional Roads aims to address the issue of deteriorating regional road infrastructure, its implementation raises concerns regarding jurisdictional authority. This program allows the central government to allocate resources for the repair of roads that fall under the purview of regional administrations, potentially infringing upon established lines of authority. As Arif Endro Utomo, ST, MT, of the East Java Provincial Bina Marga Office, explained,

"... Limited budget availability may incentivize higher levels of government to intervene in road projects outside their designated authority. The Regional Road Inpres program exemplifies this trend, where central government funds, in addition to transfers through DAK, are utilized for the construction of roads that fall under district and provincial jurisdictions. Consequently, the central government's involvement extends beyond national roads to encompass both district and provincial road networks..."

North Maluku province faces similar challenges, where budgetary constraints are compounded by the region's unique geographical characteristics. The archipelagic nature of the province, with its dispersed islands and vast span of control, creates significant logistical and financial burdens for local governance. Mr. Taufik Marosa Besi, Head of the Regional Autonomy Section, noted that:

"...The extensive territory and numerous islands present obstacles for local governments in governance, development, and community activities. The scale of needs is disproportionate to the resources available, given the wide span of control..."

The expansive geographical scope of North Maluku Province presents a significant challenge to local governance, particularly concerning span of control. This broad jurisdiction creates a substantial operational burden on local governments, necessitating considerable fiscal resources to support development initiatives. This fiscal demand, however, is frequently unmet due to limited revenue generation, thereby impeding the provision of essential infrastructure and the adequate addressing of critical social needs within the community.

District Government Level

Budgetary limitations pose a significant challenge to road infrastructure development and maintenance at the district level, illustrating the intricate dynamics of central-regional fiscal relations. In Banyuwangi Regency, Dr. Suyanto Waspo Tondo Wicaksono, M.Si, Acting Head of the Public Works Office of Bina Marga Cipta Karya, articulated the financial strain:

"... Banyuwangi Regency's road network spans 3,500 kilometers, excluding central roads, leaving 2,800 kilometers under regency responsibility. With an infrastructure budget of approximately 600 billion Rupiah, projections indicate insufficient funding to address the existing road damage over a five-year cycle. Allocating the entire budget solely to road infrastructure would necessitate the cessation of investments in other critical sectors such as healthcare and education..."

Similarly, Jember Regency faces comparable challenges, as explained by Regent Ir. H. Hendy Siswanto, ST, IPU.ASEAN.Eng:

"...from 2022 to the present, 1,900 kilometers of road infrastructure have been developed, adding to the existing network. However, 375 kilometers remain in disrepair due to funding shortfalls. The regency's Regional Budget (APBD) is insufficient, with expenditures on salaries exceeding locally generated revenue (PAD)..."

Lumajang district faces significant challenges regarding its road infrastructure. In addition to a limited road network, the district has struggled to meet the Minimum Road Service Standards (SPM), particularly concerning road stability. This difficulty stems from frequent use by heavy vehicles exceeding the roads' designed capacity, resulting in rapid deterioration. As Lumajang Regent Dr. H. Thoriqul Haq, S.Ag., M.ML., M.MB explained:

"The district's road infrastructure is constrained by limited budgetary resources, which prioritize maintenance over new construction. Furthermore, the prevalence of overloaded vehicles compromises road stability, hindering the district's ability to achieve SPM compliance..."

Public dissatisfaction with the deteriorating road conditions in Puger Sub-district, Jember Regency, culminated in a demonstration involving the burning of tires on the Puger highway. This action underscores the perceived lack of governmental attention to the issue. Residents have long complained about the damage, which is attributed to heavy truck traffic exceeding the road's designed capacity. This provincial road, a crucial artery connecting Puger, Balung, and Rambipuji, also serves as a link to the Jember-Lumajang national highway. Beyond the structural damage, the accumulation of slippery mud further exacerbates the hazardous conditions, particularly for two-wheeled vehicles. The resulting increase in accidents, including fatalities involving motorcyclists and trucks, highlights the urgent need for infrastructure repair and traffic management solutions. (<https://kumparan.com/kumparannews/jalan-rusak-diduga-akibat-dilewati-truk-warga-di-jember-demo-bakar-ban-2424EXrzEwh/1>).

Regional autonomy in Indonesia faces multifaceted challenges, including both fiscal constraints and the centralization of governmental authority. The recentralization of mining licenses exemplifies the latter, creating significant implications for regional development. As articulated by the Regent of Jember, Ir. H. Hendy Siswanto, ST, IPU.ASEAN.Eng,

"The centralized, online system for issuing mining permits operates without adequate consultation with local governments. This disconnects between central authority and local context results in land allocation decisions that disregard the specific needs and circumstances of the region. Furthermore, the environmental consequences of mining, such as infrastructure damage caused by overloaded trucks, are borne disproportionately by the affected regions, while the distribution of mining dividends does not adequately compensate for these negative externalities..."

The centralization of authority in Indonesia extends beyond the mining sector to encompass water resource management, creating significant licensing challenges, particularly in industrial hubs like Sidoarjo Regency. This region, characterized by a high concentration of industrial areas and micro, small, and medium-sized enterprises (MSMEs), has experienced difficulties following the implementation of the water resources regulation. As Dr. Heri Susanto, SH, MH, Head of the Sidoarjo Bappeda, noted,

"The shift in permitting authority from the provincial level to the Ministry of Energy and Mineral Resources has introduced complexities. While a centralized system is in place, operational challenges and system malfunctions necessitate ongoing coordination, further complicating the process. This centralization has impacted hundreds of MSMEs in Sidoarjo Regency, spanning diverse sectors such as cracker, luggage bag, and processed food production, hindering their operations due to licensing delays and difficulties."

Furthermore, recent regulatory developments reveal a trend towards centralized financial governance, thereby curtailing regional autonomy. The implementation of Permendagri No. 70 of 2019, followed by Permendagri No. 90 of 2019 and subsequent revisions, exemplifies this shift, indicating a diminution of fiscal autonomy for regional governments. This observation is corroborated by Dr. Susanto, who argues that,

"...the SIPD system, reinforced by KPK Circular Letter No. 2 of 2024, mandates adherence to central directives in all planning, budgeting, and execution processes. Non-compliance is subject to scrutiny and potential allegations of impropriety. Consequently, financial governance has become increasingly centralized, with the central government exerting considerable influence over regional expenditures and even the selection and utilization of financial management systems..."

The current governance system presents challenges to regional autonomy and self-governance. Centralized policy decisions restrict the capacity of regional authorities to tailor programs to specific local needs and priorities. This limitation on regional flexibility is corroborated by Dr. Suyanto Waspo Tondo Wicaksono M.Si, Head of the Public Works Office of Bina Marga Cipta Karya Banyuwangi Regency. Dr. Wicaksono contends that:

"...the policy commitment appears inconsistent, where responsibilities are devolved to regions but not comprehensively. The fluctuating nature of authority, noting the abrupt recentralization of certain affairs, which disrupted regional planning and implementation. While some regions, like DKI Jakarta, Padang, and Banda Aceh, possessing pre-existing customary frameworks, adapted more readily to such shifts, other regions, such as Banyuwangi, faced greater difficulties due to the absence of such established structures..."

Discussion

The division of public works responsibilities between central and local governments in Indonesia has been marked by persistent ambiguity and operational challenges. Successive legal frameworks, including Law No. 22 of 1999, Law No. 32 of 2004, and Law No. 23 of 2014, have failed to establish a clear and effective distribution of authority. While Law No. 22 of 1999 and Law No. 32 of 2004 perpetuated central control, Law No. 23 of 2014 introduced a problematic set of criteria for dividing responsibilities. The inherent conflict between externality, efficiency, and accountability makes practical application difficult, often requiring trade-offs that undermine overall effectiveness. The current road management system, which assigns responsibility based on road classification, further exacerbates this issue by frequently separating authority from the location of the problem, hindering effective regional responses.

The management of public works, particularly road infrastructure, is marked by significant challenges at both the provincial and district levels. At the provincial level, the transfer of district roads to higher levels of government (provincial and national) is a common occurrence, often driven by the limited fiscal capacity of local governments to maintain these roads. This issue is compounded by geographical factors, as exemplified by

the archipelagic nature of provinces outside Java, such as North Maluku, which face greater logistical challenges in governance. At the district level, the core problem remains limited budget allocations for road maintenance, directly attributable to low regional fiscal capacity. As highlighted by the BPK (2019), a significant proportion of regions in Indonesia (8/34 provinces and 497/458 districts/cities) are not yet fiscally independent, relying heavily on central government transfers. This dependence, coupled with significant inter-regional disparities in fiscal capacity, as evidenced by the BPK's fiscal independence index, creates a substantial impediment to effective road infrastructure management.

Recentralization trends in Indonesian governance have significantly impacted regional autonomy. The enactment of Law No. 22 of 2022 on Job Creation exemplifies this shift, transferring previously devolved authority to the Central Government. This policy shift is particularly evident in the water resources (SDA) sector, a key component of public works. The resulting recentralization of water resources licensing has generated numerous challenges for regional governments. This study's findings reveal an ineffective division of central and local government affairs, characterized by limited local fiscal capacity to support public services and restricted regional authority to manage local affairs. Furthermore, stringent central oversight further constrains regional autonomy, contradicting the fundamental principle that decentralization should empower regions to manage their own affairs in accordance with local needs and interests.

Conclusion

The division of central and regional affairs is significantly constrained by two key factors: regional fiscal capacity and the criteria used for division. First, limited local fiscal capacity hinders regional governments' ability to fund essential public services, such as road infrastructure. This reinforces the need for asymmetrical decentralization models that account for regional disparities. Second, the current symmetrical approach to dividing governmental responsibilities is inadequate, as it fails to consider the varying capacities of regions. Incorporating capacity as a central criterion is crucial for effective decentralization, as demonstrated by (Kuhlmann et al., 2022), who link insufficient local government capacity to suboptimal decentralization outcomes. Therefore, both fiscal capacity and division criteria must be addressed to optimize the relationship between central and regional governance.

The efficacy of Law No. 23 of 2014 concerning local government in achieving meaningful decentralization in Indonesia is demonstrably limited. Two primary factors contribute to this shortfall. First, the criteria employed for dividing governmental affairs between central and regional levels are inadequate, neglecting the crucial aspect of regional capacity. Future frameworks must prioritize a robust evaluation of regional capabilities, acknowledging the heterogeneous nature of Indonesia's regions. The contrast between Java's mainland characteristics and the archipelagic nature of regions like Maluku exemplifies this diversity, highlighting disparities in infrastructure, fiscal capacity, and social capital. Second, concurrent with this capacity deficit, a trend of recentralization has emerged, eroding regional autonomy. The central government's increasing control over local government powers restricts regional flexibility and undermines the principles of decentralization. To address these issues, a two-pronged approach is required: the development of differentiated regulatory frameworks that align with the specific characteristics of each region, and a commitment to devolving greater autonomy to local governments, empowering them to manage their own affairs effectively.

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