

# Sustainable Regional Expansion Model in Order to Increase the Regional Potency: Case Study in Indonesia

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**Keywords:** Local Government, Unitary States, Regional Expansion.

**Abstract:** As the consequences of applying decentralization system, Indonesia –as a unitary state-, gives bigger authority for autonomous region is the government obligation to fulfill public demands over public services improvement and as the implementation of democratic local government. On the other hand, regional autonomy generates new demands for the government to shorten the relation between the government and its people. From geographical aspect, the condition of local government is far from the central government control, thus regional expansion can give contribution in acceleration over public services. In fact, regional autonomy causes other demands, such as the autonomous region formation request which is known as regional expansion. Referring to the Data from Ministry of Foreign Affairs, during the period of 1999 to 2009, there are 205 new regions which consist of 7 provinces, 164 regencies, and 34 municipalities. And the government needed to spend 300 billion for each region. The Government needs to take serious measure over regional expansion request increments. This paper is intended to analyze and formulate sustainable regional expansion in order to increase region's potential.

## 1 INTRODUCTION

Regional expansion in the context of regional autonomy is considerable, since regional expansion is potentially able lead one state to maximize regional development equity. The paradigm of regional development needs to be well directed in order to accelerate the development, facilitate public service for society and finally accelerate public welfare. In post reform regime, there was opportunity for region to propose state to form new autonomous region in Indonesia, this chance was given through Law Number 23 Year 2014 regarding Local Government. Through this regulation, it is expected that regional expansion should be more attentive to the law process which is fairer for the society.

This research is based on 2 main legal issues, first, *ratio legis* of regional expansion arrangement under Indonesian law and regulation. Second, legal consequence of regional expansion in regard with regional potential enhancement. Based on those legal issues, it is expected that sustainable regional expansion model can be obtained in order to increase region potential.

## 2 MATERIALS AND METHODS

This research is based upon 2 approaches, both are statute approach, and conceptual approach. On the one hand, Statute approach examines laws and regulations which are related with the discussed issue. On the other hand, Conceptual approach is based on doctrines and point of views which develop within legal study.

In addition, legal materials which are becoming the ground of this research are divided into; Primary legal materials that consist of related laws and regulations, and secondary legal materials which consist of literature studies to find concept, theory, legal opinion or legal discoveries that are relevant to prescribed legal issue. Not only legal materials, non-legal sources added in this research are interview and FGD's result regarding stakeholders' perception related to the region expansion law and regulation and the implementation of it.

### 3 RESULTS AND DISCUSSION

#### 3.1 Regional Expansion in the Context of Republic of Indonesia as Unitary State

Unitary state has different diametrical basic assumption with federal state. The formation of unitary state was declared on Independence Day by Indonesia's founding father by claiming that the entire territory as part of this country. There is no approval from local authorities or states, because it was assumed that all of region at its territory are not independent region. Thus, State form regions which afterwards were given authority by central government to manage society needs and interest. It can be assumed that state is the source of it's authority (Al Chaidar, 2000).

Pursuant to Article 1(1) The 1945 Constitution of The Republic of Indonesia, it is mentioned clearly that Indonesia is a unitary state in the form of Republic. Consequently, Central Government is the holder of supreme power over entire state affairs without any delegation of authority to the Local Government (Lubis, 1983). In unitary state, theoretically speaking, there is principle that prohibits the distribution of power related to the management of state affairs between Central and Regional Government, thus state affairs in the concept of unitary state remain *eenheid* and the holder of supreme power in state is The Central Government.

In unitary state, also, Central Government is still responsible for the governmental affairs. However, following Indonesia use the principle of decentralized unitary state model, there are several matters which can be managed by regional government. This decision will create reciprocal relation which causes legal relation between authority and supervision function.

Moreover, Unitary state concept becomes the limitation ground of autonomy fundamental understanding. Based upon that limitation, a ruling mechanism in which resembles a balance level between unitary and autonomous region demands. Both demands, thus, may be able causing a situation from which "tugging" be created (Manan, 1993). Despite the situation of tugging create a new stage, it is common to face this stage, however. Further observing, this stage is naturally experienced in countries' administration matters. In other words, constitutional and administrative cycle of a state are connected automatically with its people, either its citizens or residents.

Every unitary state (*eenheidsstaat*) can be arranged based on centralization principle, it can be conducted wholly-by and from single centralized government or by central altogether with its organ which are distributed in regions. Centralization which is accompanied with distributed who carry out central government authority partially is called as de-concentration (*centralisatie men deconsententie*). Decentralization can be obtained if the authority to manage state affairs are not solely conducted by central government, but it is also conducted by lower independent government entities (*zelfstanding*), which is autonomous both territorial or functional (Manan, 1994).

On the other hand, the relationship model between Central Government and regional government is not only limited on autonomy and federation model. According to Ismail Suny, there are 5 levels of relation between Central and Regional Government. First, unitary state with limited autonomy. Through Law Number 5 Year 1974 concerning Principle Government in Region (hereinafter referred as Law 5/1974), Indonesia is one of the example of a state that use limited autonomy concept. In other words, theoretically speaking, during the process of regional autonomy delegating stage, only specific authorities will be distributed (Hoessein, 1993). Consequently, it remains giving huge authority for central government in numerous aspects of state administrative.

Second, Unitary state with broad autonomy. Based on economic point of view, this autonomy should be supported by wealth and good finance condition. Also, financial balance between Central and Regional Government is needed. Financial balance is not conducted solely to give Central Government authority to manage regional wealth and financial matter.

Third, Quasi Federal State that equipped with province which based on central government "Kindness". The characteristic of this state is the authority of central government to decide whether regional decision is valid or not. This kind of state is called as quasi federal.

Fourth, Federal State with federal government, such as the USA, Australia Canada, Switzerland, are states that

Fifth, Confederation State. At the most extreme stage, a country can be classified as a Confederation State model if Central Government has fully trusted over members of confederation state or commonwealth member state's goodwill.

According to that complexity, there are several criteria that must be applied to measure the

decentralization efficacy in a country. These criteria measure how far does decentralization implemented within state (Nellis, 1986):

1. Giving contribution to the political achievement
2. Increase administrative or governmental effectivity
3. Increase economical and managerial efficiency
4. Increase government sensibility towards different needs and demands.
5. Increasing confidence among region's groups and organization which represent legitimate political interest
6. Develops appropriate ways to plan and implement regional development program and project

Goebler postulated that from the implementation of governmental function, decentralization or autonomy, it is showed that (Goebler, 1993):

1. Decentralization (autonomy) units are more flexible in coping with various change that occurred rapidly.
2. The decentralization units can conduct their affairs effectively and more efficient.
3. The decentralization units are more innovative.
4. The Decentralization units encouraging moral enhancement, higher commitment and create more productive units.

However, under decentralization and autonomy development process, there are at least two criteria that need to be considered. First, decentralization units are given authority to make decision regarding their region's matters. Second, decentralization units are given freedom to control and divert various potential sources in their region. From those criteria, the first criterion is mostly followed by countries. Meanwhile, the second criterion starts to be left behind. It is impossible to implement the second criterion fully in Indonesia since equity principle over condition, potential and natural resources which are different to each region, reaching balanced regional growth and archipelago insight are fundamental things that need to be satisfied in order to achieve the purpose of autonomy which are granted to the head of region, which is in line with Indonesian principle as unitary state. Thus, most of financial sources which come from region centrally collected by central government, after that it will be returned to region partially. Broad autonomy was used to be considered as a threaten of our nation integration, however we

believe that autonomy can strengthen integration to date. There is no single state that destroyed because of the application of regional autonomy, on the one hand. On the other hand, the downfall of state mostly happens because the state is using centralism governmental model (Kaunda, 1999).

Even if the valuation of decentralization showing good side, the government need to be cautious when they aim to implement broader decentralization or when they want to delegate the implementation of regional development. There is no passive result from the assessment over decentralization; however, the conditions that affect the implementation of decentralization program can be certainly discovered. The condition that affect decentralization implementation are (Nellis, 1986, p. 21): (i) some of central government and central bureaucracy officials support decentralization and support organs which are given responsibility to do decentralization; (ii) to what extent do the dominant act, behavior and culture supporting decision making of decentralization; (iii) to what extent do the policies and programs are designated and implemented appropriately in order to increase decentralization of decision making and management; (iv) to what extent do financial, human and physically sources that are available for the organization which were given responsibility to conduct decentralization.

In the context of unitary state, the regional expansion during regional autonomy era is urgently needed. The regional expansion is not conducted in order to be separated from the main state but it is conducted to reach effectivity and efficiency of society development in region. This is in line with philosophical point of view of regional expansion which is conducted in order to fulfill people prosperity. The regional expansion will shorten control range between state and its people especially for some regions which has not received facilities properly. It is also conducted in order to create equal development among its regions. Natural resources might be transferred to the underdeveloped region.

### **3.2 The Ratio *Legis* of Regional Expansion Arrangement under Indonesian Law and regulation**

In the history of regional government implementation in Indonesia, the regional expansion regulation was started since the promulgation of Law No. 22 Year 1999 regarding Regional government (Law No. 22/1999) jo Government Regulation No 129 Year 2000 regarding the requirement and the criteria of regional formation and expansion, abolition of region

and regional unification (PP No. 129/2000). Before this law was enacted, it doesn't mean that there is no regional expansion in Indonesia. Referring to data compiled by Ministry of Internal Affairs, there was fact that there was regional expansion during old regime in Indonesia. The regional expansion happened mostly outside The Java Island. Regional expansions were considered to be conducted in Sumatera, Kalimantan and Sulawesi since those islands have larger geographical area.

The data of regional expansion which are happened during Indonesian old regime can be seen on this table (Herawati, 2011) :

Table 1: Regional Expansion Data of Indonesia: Old Regime.

Year	Main Region	New Expanded Region
1950	Sumatera Province	North Sumatera Province (including Aceh), Central Sumatera, South Sumatera
1956	Kalimantan Province	West Kalimantan Province, South Kalimantan province and East Kalimantan province.
1957	Center Sumatera	Jambi Province, Riau Province, West Sumatera province
	North Sumatera	Aceh Province
1959	Sunda Kecil (Lesser Sunda Islands)	Bali Province, West Nusa Tenggara Province, East Nusa Tenggara Province
	South Kalimantan Province	Central Kalimantan province
1960	Sulawesi	North Sulawesi Province, South Sulawesi province
1963		West Irian joined Indonesia
1964	South Sumatera Province	Lampung Province
	North Sulawesi Province	Central Sulawesi Province
	South Sulawesi Province	South East Sulawesi Province

In the following new order, regional expansions were also happened even if the total expansion were not big. The regional expansions that were happened during this era is the formation of 3 new provinces. The formation of region was mainly conducted in the form of formatting municipalities as a result of rural urbanization. This process were started by the formation of administrative city as administrative region, which later on formatted to be municipality as autonomy region. The regional expansions were Top Down and dominated by technocratic administration. Here is the data of regional expansion during new order era (Herawati, 2011):

Table 2: Regional Expansion Data of Indonesia: New Regime.

Year	Main Region	New Expanded Region
1967	South Sumatera Province	Bengkulu Province
1969	West Irian become 26 <sup>th</sup> province of Indonesia	-
1976	East Timor become 27 <sup>th</sup> province of Indonesia	East Timor conducted separation in 1999

According to Article 5 paragraph (1) Law No. 22/1999, it mentioned that "Region is formatted based on the economic ability, region's potential, socio-culture, socio-politic, total of population, how big the area is and other consideration which make regional autonomy can be conducted". It is explained further under article 6 paragraph (1) and paragraph (2) Law No. 22/1999 which regulates that every region can be omitted or merged with other region, and autonomous region can be expanded to be more than 1 region based on the development of the region itself. This law gives highest chance for the formation of new autonomous region. This law is supported by Government Regulation No. 129/2000 which is delegated legislation from Law No. 22/1999.

From normative point of view, regional expansion according to article 16 of Government Regulation No. 129/2000 consists of these actions:

1. There is political willingness from regional government and its people
2. Regional formation should be supported by initial research which is conducted regional government

3. The suggestion to form municipality or regency is conveyed to the Government cq Minister of Internal Affairs and Regional Autonomy through Governor, which is completed by an attachment of regional research result and approval from municipality or regency house of representative which is stated under Provincial House of Representative's Decision.
4. Minister of Internal Affairs and Regional Autonomy doing further process and assigning unit to observe the region, the result of this observation will be a recommendation for Regional Autonomy Advisory Council.
5. Regional Autonomy Advisory Council assigning Regional Autonomy Advisory Council's secretarial technique team to do further research
6. If the Regional Autonomy Advisory Council meeting result agree upon regional formation suggestion, Minister of Internal Affairs and Regional Autonomy as the head of Regional Autonomy Advisory Council proposing the regional formation suggestion and proposing the Regional Formation Law Draft to the President.
7. If the President agrees on that suggestion, the Regional Formation Law Draft will be conveyed to The House of Representative in order to get an approval.

Referring to those normative regulations, it seems very easy for the region to propose regional expansion, since it basically only needs the approval from Regional House of Representative and they don't need the approval from the society. The ratio *legis* of those regulations is encouraging the formation of new regions, thus the regional potential can be maximized. Furthermore by the existence of regional expansion, regional formation, abolition of region and merger between region, it is expected that it can increase people's prosperity through: a. Improvement of public service; b. acceleration on development of democracy; c. acceleration on regional financial development; d. acceleration on region's potential management; e. improvement on public security and order; f. improvement of harmonious relation between central and regional government.(Article 2 Government Regulation No. 129/2000)

Regional Expansion according to Law No. 22/1999 jo Government Regulation No. 129/2000 is no longer applicable since there is new regulation, it is Law No 32 Year 2004 regarding Regional Government (Law No. 32/2004) jo Government Regulation No 78 Year 2007 concerning the Procedure of Formation, Abolition, and Regional Merger (Government Regulation No. 78/2007). Under Law No. 32 /2004, Government regulates strict and firm regulation over regional expansion. This can be seen from the provisions regarding regional merger that have been expanded if it cannot meet the minimum standard of work's result that should be conducted. Even if it has been regulated under formal juridical form, there is no regional merger which is conducted by central government. The addition of autonomy region is the only thing that has been implemented as the result of certain region separation.

Government Regulation No. 78/2007 is stricter compared to Government Regulation No. 129/2000. Government Regulation No. 129/2000 is less strict thus it is easier for region to purpose regional expansion. For instance, under Government Regulation No. 78/2007 it is regulated that the province that would be expanded need to be minimum 10 years old, meanwhile the municipality or regency that want to be expanded need to fulfill 7 years of requirement. This provision is different compared to Government Regulation No. 129/2000 which regulates that the expanded region can directly be expanded if it is needed. The other significant chance under this regulation is the minimum amount of municipalities or regencies that can be transformed as New Province and the minimum amount of districts that can be transformed as new municipality or regency. Referring to Government Regulation No. 129/2000, to form new province it is needed at least 4 municipalities or regencies, meanwhile under Government Regulation No. 78/2007 it is needed at least 5 municipalities or regencies. Under Government Regulation No. 129/2000, in order to form new regencies, it is needed at least 4 districts, meanwhile Government Regulation No. 78/2007 require at least 5 districts. In order to form new municipalities, it is needed at least 3 districts, meanwhile Government Regulation No. 78/2007 requires at least 4 districts. Government Regulation No. 78/2007 has provided legal basis to merge new region which is a result from separation or unification of region that is considered unable to govern its autonomy privilege. It means that if the expanded region could not maximize its potential, it would be evaluated by central, thus it is expected that

the region expansion would not cause economic, social and political excesses in that region.

By the promulgation of Government Regulation No. 78/2007, the Government wants to suppress regional expansion suggestion. Therefore, it would not be as easy as when Government Regulation No. 129/2000 was applied. Up to 2008, however, regional expanding remained experienced in a lessen number compared to previous years, mentioned in data table below (Agency, 2017) :

Table 3: Regional Expansion Data in Indonesia: Reformation era to 2008.

Year	Month	New Provinces	New Autonomous Cities/Municipalities	Total
1999	October	-	27	27
2000	June	2	-	2
	October	1	-	1
	December	2	1	3
2001	June	-	12	12
2002	April	-	22	22
	October	1	-	1
2003	February	-	12	12
	April	-	17	17
	May	-	12	12
	December	-	23	23
2004	October	1	-	1
2007	January	-	16	16
	March	-	1	1
	August	-	8	8
2008	January	-	6	6
TOTAL		7	157	164

Furthermore, during the period of 2010 – 2025 Ministry of Home Affairs along with House of Representative do moratorium by designing of new autonomous region arrangement by limiting the total of province and municipalities or regencies into maximum 44 Provinces and 546 municipalities or regencies. It means the chance to do regional expansion during this period will be limited to 11 new provinces and 54 new municipalities or regencies which can be approved by Central Government.

### 3.3 The Legal Consequences of Regional Expansion in Relation to the Enhancement of Region's Potential

Aforementioned under article Article 2 Government Regulation No. 129/2000, the regional expansion intends to give prosperity for its people. Up to 2017, the latest data collected by the National Law Development Agency (BPHN, hereinafter), this regional expansion is becoming more favourable solution overcoming public matters under local democracy and impacting national democracy circumstances (Agency, 2017). By enhancing local democracy, particularly for the sake of new expanded region, it can create the development of equality, liberty, and local responsiveness. In other words, local's responsiveness towards national legal reform thus supports national legal enforcement, at least aiming it towards. For example, local people may be able to supervise and control policies and other legal products from which national level regulation will be affected, vice versa. Ideally speaking, moreover, under Central Government's perspective, the regional expansion policy becomes a good solution to encourage economics activities and accelerate economics development around national border region. Not only supporting economics development, three other aspects are possibly enhanced, such as: 1) National Identity, and 2) the Defense Mechanism of Outer National Border Region (Agency, 2017).

To add, practically speaking, there are several impacts (advantages and disadvantages) of regional expansion mentioned as follows (Pratikno, 2008):

1. Socio - politic aspect.  
Referring to this aspect regional expansion can lead into egosentrism for the region which further can cause horizontal or vertical conflict. The regional expansion creates several new regions which means that the government will face inefficiency in managing regional governments
2. Socio – economic aspect  
The expanded region is expected to contribute more for the development of state however on certain point the expanded region is tend to rely on central government, thus it is giving more burden for state economic condition.
3. Socio-cultural  
On certain point it can create cohesiveness among its people, but from external point of view it can be seen as regional egosentrism
4. Increase public service quality
5. Economic development

Poverty area is given chance to get more subsidy from the government which can improve their percapita income (PCI)

6. Regional expansion can be seen as one of the cause of the separation which likely happens within the unitary state. It also can be seen as a threat for state to form federal state.

In the regional expansion practice field, the logic consequences that happened are there will be change in governmental structure, regional budget, region's border will be decreased and region's name will be changed, and distribution of regional revenue resources should be conducted (Muqoyyidin, 2013).

According to further studies, the ideal goals' achievement of regional expansion is threatened by several factors, such as: 1) Performance of Local Public Servants, 2) the Duration of Regional Expanding, 3) the Loophole under Local Government Regulations in Indonesia, and 4) Miss-conceptual understanding of Local People towards Regional Expansion Aims (Rebellious Action upon Main Region inability to provide equality) (Sabarno, 2008, p. 117)

From the research that has been conducted in several expanded regions, it is found that the new region which is a result of regional expansion has no better economic condition compared to the main region. The economic development on those new regions are more fluctuate compared to the main region. Even if the poverty is successfully reduced in the main region, the expanded region is not merely affected.

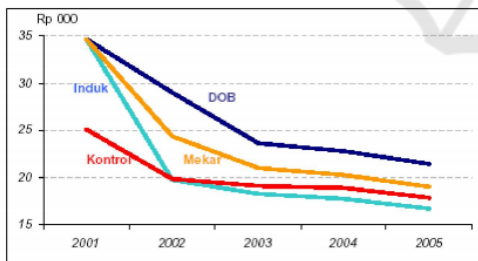


Figure 1. Poverty Level: Home Affairs Department Data 2008.

By 2008, generally speaking, main region economic development remained stable at 5-6% per year, whilst new expanded region seemed more fluctuative depending on natural resources ownership and management (Affairs, 2008).

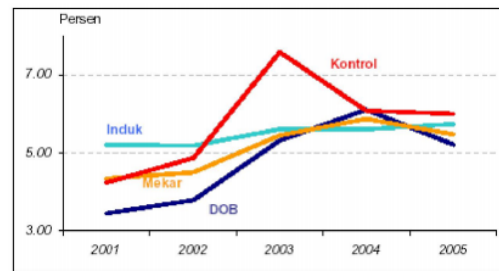


Figure 2. Economic Development: Home Affairs Department 2008.

Following Sabarno, the factual situation is grounded in those threats of new expanded region governing ability. Moreover, unstable of economic development was also triggered by the fact many local people who experienced economic level disparity tent to move out from New Expanded Region to Main Region. For instance, local people of Bengkayang Municipality moved out towards Singkawang City. This migration is also experienced in North Aceh Municipality from which lowers its Regional-Owned Source Revenues (Ratnawati, 2009) & (Affairs, 2008).

It is expected that the regional expansion will be leading the development, increasing economic level, shortening the relation between the government and its people within the particular region. In contrast, factually speaking, it can be shown that the expanded region tends to have lower economic level and slower development in several aspects due to the lack of comprehensive consideration in terms of planning. This issue may be solved if the planning of expanding region has been thoughtfully considered by authorised bodies.

## 4 CONCLUSIONS

The spirit of regional expansions which is regulated under Law No.22/1999 jo Government Regulation No. 129/2000 which is replaced with Law No. 32/2004 regarding Regional Government jo Government Regulation No. 78/2007 concerning the Procedure of Formation, Abolition, and Regional Merger are to bring prosperity for their people. The regional expansion is intended to improve public service, accelerate the development of democracy, financial development, region's potential management, improve public security and order and improve the harmonious relation between central and regional government. However, in fact, the expanded region remains placed on lower level of development

both in economic and services compared to the main region. Thus, the regional expansion should be planned wisely and there should be fair distribution of financial sources between the regions in order to create sustainable regional expansion.

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