

# THE SECRET VALLEY DIVIDED: ADMINISTRATIVE PROLIFERATION IN KERINCI VALLEY, JAMBI PROVINCE, SUMATRA, INDONESIA

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## ABSTRACT

After the fall of president Suharto Indonesia implemented sweeping decentralization reforms with the goal of rebalancing powers and responsibilities between the central government and the regions. Among the raft of new laws was legislation that allowed for increased proliferation (pemekaran) at the district/municipality and provincial level. In theory administrative proliferation would increase citizen participation and efficiency in governance. After 12 years the number of districts in Indonesia has nearly doubled, but there are indications that the performance of new regions is not living up to expectations. This paper examines one case: the creation of the administrative municipality of Sungai Penuh, which was split off from Kerinci District, Jambi Province, Sumatra, in 2009. I find that the process of new region creation in Kerinci has been dominated by local elites and has actually decreased unity within the district and has given rise to a movement to further sub-divide the district. The implementation of pemekaran created new tensions, and very likely will undermine the medium and long-term prospects for development in the region. © 2013 Journal of Rural Indonesia [JoRI] IPB. All rights reserved.

**Keywords:** administrative proliferation; decentralization; indonesia; elite capture; reformasi

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## Introduction

Kerinci valley in central Sumatra has long been known for its scenic beauty, cultural diversity, and agricultural productivity. The "Secret Valley" of Sumatra (Natividad and Neidel, 2003) is located between two branches of the Bukit Barisan mountains, a volcanic range that bisect the island. The valley is blessed by fertile volcanic soils, cool climate, and

abundant natural resources, including coal and gold deposits as well as geothermal resources. The area is also known for its history of interethnic conflicts (Andaya 1993, Kathirithamby-Wells 1986, Watson 1984) and its fractious and corrupt politics, but in the past few years things seem to have taken a turn for the worse. The district's recent birthday celebration was marked by student protests demanding an

end to corruption, collusion, and nepotism and the district's executive headman (*bupati*) has recently been reported to the central government's Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) for misuse of funds intended to aid disaster victims.

The politics of Kerinci *kabupaten* are a capsule of all of the growing pains associated with Indonesia's ongoing decentralization experiment. Though decentralization was meant to improve accountability, decrease corruption, and give citizens more control of their political destinies, the results have been the opposite in many places, including Kerinci. One particular aspect of decentralization, administrative proliferation (*pemekaran*), has played a key role in providing new opportunities for the emergence of local political machines and rent seeking as well as causing old inter-ethnic rivalries to come to the surface.

Since the onset of decentralization, *pemekaran* has played a major role in the redrawing of the Indonesian political landscape. The national law facilitating *pemekaran* (Government Regulation 129/2000) was part of the aforementioned series of decentralization reforms passed shortly after the end of Suharto's predatory *Orde Baru* (New Order) regime. The new regulation led to a mushrooming of new polities in Indonesia; *pemekaran* was so rampant that beginning in 2004 the central government took steps to limit the expanding powers of the regions and to slow the establishment of new regions (Bunte 2009). However by 2009 there were 33 provinces (*propinsi*) and 405 districts (*kabupatens*) and 97 administrative municipalities (*kotas*<sup>1</sup>), an increase of 7 provinces, 153 districts, and 31

administrative municipalities (Firman 2009) over the course of a decade, and in late 2012 the central government's moratorium on the creation of new regions was lifted, opening the door for a new round of administrative proliferation.

This article examines explores one case of *pemekaran*: the establishment of *kota* Sungai Penuh, which was split off from its "mother district" (*kabupaten induk*) of Kerinci in 2009. Though the official justification for the split was to increase the efficiency and provision of public services, the process has been marked by charges of corruption, collusion, and nepotism. Furthermore the resulting split has caused far more problems than it has solved; Kerinci *kabupaten* has experienced an increase in rent-seeking while the capacity of the government to serve its citizens has actually decreased. Old ethnic rivalries have resurfaced due to the fact that the political spoils of *pemekaran* have been unevenly distributed, and the door has been opened for still more administrative proliferation despite efforts on the part of the central government to reign in new district formation. I use media accounts, a review of policy documents, interviews with key actors in government as well as the media and non-governmental organizations (NGOs), and basic statistics to make the argument that *pemekaran* has run counter to the goals and aims of *reformasi*.

The broader conclusion is that turning to the local cannot be an end in itself, and decentralizing political and administrative control is not sufficient to guarantee the outcomes hoped for by decentralization optimists. Decentralization is fundamentally a realignment of power relations<sup>2</sup>. Decentralization changes who is

in charge, who makes the rules, who enforces them, and who benefits from them. Indonesia is an ideal “laboratory” for testing ideas on decentralization since the move to decentralize there has been so extreme, and the new political landscape of Kerinci kabupaten and kota Sungai Penuh are an instructive case study offering lessons for improving the decentralization reforms. Moreover, it has been more than a decade since the implementation of decentralization reforms was initiated; this article expands on theoretical arguments and prognostications to examine whether the promises of *reformasi* have been fulfilled.

### **Background**

*Desentralisasi* is the Indonesian expression describing the raft of legislative, fiscal, and administrative reforms forged in an attempt to create a new system of governance. The vertically-articulated networks of patronage that typified the Suharto regime have been targeted, and now, with the help of landmark legislation, Indonesia’s 400-plus kabupatens and kotas are theoretically freer and more responsive to their constituents. But though the fall of Suharto had been a long time in coming, the endgame was abrupt and caught many unprepared (Hadiz, 2004). Capacity building at the kabupaten level to prepare for new powers and responsibilities was negligible (Thornburn, 2002), and confusion as to the extent of the laws implementing decentralization marked *reformasi*’s first few years. Thus Indonesia’s decentralization experiment is unique in that it is in essence a reaction against decades of authoritarianism and corruption. More cathartic cleansing than charted course for reform the implementation of the reforms has been less than smooth, and the results have been

different than anticipated. Nowhere are the unintended results of decentralization more apparent than the Kerinci Valley.

Over the years scholars have debated the positives and negatives of decentralization. Proponents of decentralization argue that it can increase efficiency in governance and public participation whereas critics of the decentralization trend argue that there is scant evidence to suggest that decentralization reforms deliver what they promise. More nuanced views suggest that the success of decentralization reforms depends on numerous factors at different scales from the national to the local. Based on theoretical literature and empirical studies, several general prerequisites to successful decentralization have emerged. One of these is that decentralization must ensure downward accountability, i.e. those empowered by decentralization reforms must be accountable to their constituents rather than to those in higher echelons of government (Agrawal and Ribot, 1999). Rondinelli and Nellis (1986) assert that all levels of government must support the decentralization measures. This includes not only the legislative branch, which is responsible for passing the enabling laws, but also the executive branch, which must carry out the laws, and the judiciary, which is tasked with interpreting the law and mediating conflicts. They write that a tradition of local autonomy is an important factor as well. Lowry (2001) suggests that “implementation gaps” caused by friction between central and regional governments can lead to inefficiency in decentralization reforms, and so effective mechanisms to ensure good inter-governmental relations must be a central consideration in decentralization. Guess (2005) underscores

the importance of fiscal independence and the ability of local governments to exercise autonomy over budget matters. Guess also asserts that authority to make personnel decisions (hiring and firing) are an important aspect of effective decentralization.

The enthusiasm for this movement came from the *kabupatens* themselves, whereas the central government's acquiescence was at least in part a survival strategy on the part of those that had inherited the mantle of authority from Suharto<sup>3</sup> (Bunnell 2009, Charras 2005, Aspinall 2003). Shortly after Suharto's resignation, several landmark laws pertaining to decentralization were passed. Reformasi was based on two landmark laws: Law 22/1999 and Law 25/1999 regarding fiscal balancing between the regions and the central government. One further law of interest to this discussion is Government Regulation (Peraturan Pemerintah) 129/2000 (PP 129/2000: *Persyaratan, Pembentukan, dan Kriteria Pemekaran, Penghapusan, dan Pengabungan Daerah*), which regulated the creation of new provinces, *kabupatens*, and *kotas*<sup>4</sup>. Administrative proliferation is not a new phenomenon in Indonesia, but in the previous Suharto era, it was driven by a top-down approach characteristic of the regime's centralized control over the archipelago. With the fall of Suharto came a movement to empower lower levels of government, especially on the outer islands of Indonesia, where resentment towards the perceived Java-centric policies of the Orde Baru regime spurred calls for greater independence and autonomy. As Charras (2005:88) writes:

*Since the 1960s, Jakarta has acted as a colonizer of these outer regions. The main characteristics of this colonization have been:*

*the imposition of a unique administrative model by centre-based administrators; a top-down developmental approach; and a policy of economic extraction to benefit the development of the central region, that is Java. This has been possible mainly through denying cultural differences in favour of the culture of the centre—promoted to the rank of national culture—and by removing, little by little, all of the power of local traditional institutions.*

The new law was meant to identify new regions capable of supporting themselves (BAPPENAS 2008). In addition to defining procedures for the creation of new regions, the regulation also set out procedures for merging and termination of districts and provinces, but there are far fewer cases of administrative contraction than proliferation. PP129/2000 stipulates several channels for the creation of new polities. The first two originate in the parliament (Dewan Perwakilan Rakyat, DPR); both houses have the power to propose new regions. The third is through the interior ministry (Kementerian Dalam Negeri, Kemendagri). However, most new *kabupatens* and *kotas* have gone through parliament (Firman 2009), which suggests linkages between regional elites and the national assembly. 129/2000 also lays out ambiguous requirements for the creation of new regions: there has to be evidence of "political willingness" and "public support".

Law 129/2000 details several justifications for the creation of new regions: improving delivery of services to the public, promoting democracy, accelerating regional economic development, accelerating the mobilization of regional potential, strengthening security and order, and developing harmonious relations between the central government and the regions. The law explains in somewhat ambiguous language that autonomous regions (*kabupatens*, *kotas*,

and propinsi) have the authority to implement the priorities of local people according to their own initiatives based on their aspirations consistent with laws and regulations (*Otonomi Daerah adalah kewenangan Daerah Otonomi untuk mengatur dan mengurus kepentingan masyarakat setempat menurut prakarsa sendiri berdasarkan aspirasi masyarakat sesuai dengan peraturan-perundangan: Undang-undang 129/2000 Bab I Pasal 1:1*). The law lists seven considerations for creating new regions: 1) the ability of the region; 2) the potential of the region; 3) socio-cultural considerations; 4) socio-political considerations; 5) number of inhabitants; 6) the size of the region; and 7) other considerations that enable the implementation of regional autonomy. Implementing regulations describe procedures to be used to measure each of these and will be discussed further below.

There were two major waves of administrative proliferation after the fall of the Orde Baru. From 1999-2000, when the financial crisis was at its worst and while the Habibie government was trying to hold the nation together a number of new kabupatens, kotas, and propinsi were created in resource-rich areas with the aim of increasing the local share of revenues from primary commodity extraction (Oosterman, 2007). Then, between 2001 and 2005 the DPR approved the creation of three new provinces and 98 new kabupatens and kotas. After these booms in new kabupaten and kota establishment, the central government moved to slow the process down. New laws were passed to make the creation of regions more difficult. PP129/2000 was superseded by Government Regulation 78/2007, which increased from 4 to 5 the number of

subdistricts (kecamatan) required in districts and municipalities resulting from pemekaran.

Why did these booms take place? Oosterman (2007) points out that at the height of the financial crisis many new kabupatens were created in resource rich parts of the country seeking a larger share of revenues from the exploitation of natural resources, especially in Sumatra and Kalimantan. Fitriani et al (2005) suggest 4 broad motivations for the establishment of new regions:

1. Administrative Dispersion: Large regions have a hard time providing adequate services to a widely dispersed population.
2. Preference for Homogeneity: People prefer to live in areas among those that are similar in terms of ethnicity, language, religion, and income level.
3. Fiscal spoils: Pemekaran brings more money from the central government as well as a greater share of revenue from natural resources and other local sources.
4. Rent Seeking: New regions need new buildings and new civil servants. They also provide new opportunities for political parties to make inroads.

Other reasons for administrative proliferation include geographic isolation and ongoing neglect of certain areas by existing district governments (Fitriani et al 2005). The idea here is that underrepresented minority groups deserve to have their own representation, and the creation of new regions consistent with their territories will increase participation in governance (Kimura 2007).

However, administrative proliferation brings risk as well. As is the case with decentralization in general, pemekaran carries with it the risk of elite capture and an increase in corruption and rent-seeking

behaviors (Leo and Mohammad Agus 2010, Bunnell 2009, Hadiz 2005, Hadiz 2004a, Hadiz 2004b, Malley 2003). As Firman (2009:4) explains, "the most common risk in decentralization is the increase of barriers to entry due to collusion and corruption among local interest groups which could in turn [prevent] regions [from] developing optimally and worsen the inter and intra regional disparity". In decentralizing Indonesia locally-entrenched elites are thus able to mobilize local identities under the broad banner of "aspirasi masyarakat" (community aspiration) to push for new region creation. As Bunnell (2009:192) puts it, "in a context in which generations of Indonesians have been socialized into understanding the national territory as comprising a mosaic of regional cultures...the identification or imagination of territorialized cultural markers provide powerful resources for the construction of new regions". Leo and Mohammad Agus (2010) also assert that a resurgence of "ethnic nationalism" can drive pemekaran. Firman also points out that decentralization has led to a new tendency for local governments to exploit local resources and physical assets, and thus access to resources can be seen as another motivation for pemekaran.

### **The Costs of Pemekaran**

Aside from the official justifications, Fitirani et al (2005) argue that pemekaran is rooted in bureaucratic and political rent seeking. There is ample opportunity for corruption at the district level; Firman (2009) estimates that on average each new kabupaten and kota requires an average of 7 billion rupiah (US\$823,529) to establish the new government. Oosterman (2007) estimates that by 2007 the cost of pemekaran had reached at least 76 trillion

rupiah (US\$9 billion). Most of this came between 2001 and 2005 from two effects (Oosterman 2007):

1. The "Sticky Routine Expenditure Effect" in which the original districts do not reduce routine expenditures consistent with the smaller populations they have to serve. Since the allocations for each district from the central government through general and special transfers (*Dana Alokasi Umum*, DAU, and *Dana Alokasi Khusus*, DAK, respectively) have decreased due to the fact that there are more districts, the result is that less money overall is spent on development projects. In other words, although the number of "customers" (citizens seeking services) has decreased, many kabupatens have not adjusted the portion of the operating budget dedicated to staff and facilities downward to be more in line with the decreased workload.
2. The "lump sum effect": the central government annually distributes money to all of the kabupatens as general allocations (*Dana Alokasi Umum*, DAU). With more kabupatens, the share of each kabupaten decreases. Oosterman (2007) notes that in 2005 the central government allocated 4.23 trillion rupiah in total, with each kabupaten receiving 9.74 billion rupiah. However, if no new districts had been created between 2001 and 2005, the share of each kabupaten would have been 12.58 billion. Thus each kabupaten received 2.84 billion rupiah less.

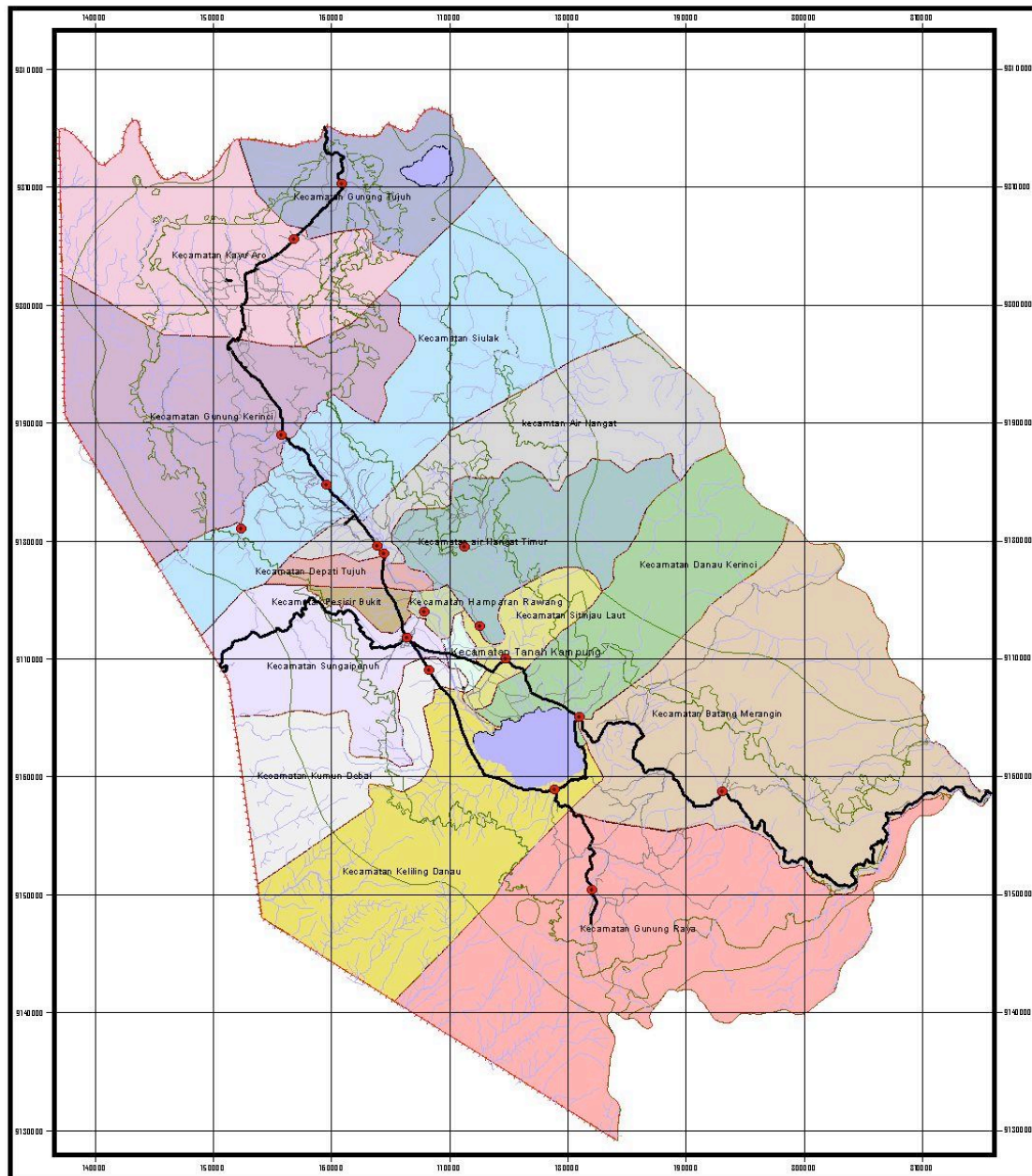
One can make the argument that even though the kabupatens received less money, bringing the government "closer to the

people" allows for greater accountability and thus a more efficient targeting of funds to actual needs. However, this has to be balanced against the loss of economies of scale in service provision. If the increase in services outweighs the increase in costs, then pemekaran can be seen as a success. Several studies have shown that increased service provision seems not to have materialized. A 2006 government survey of service delivery in 134 kabupatens and kotas shows that people in new regions are not as satisfied, and that new regions were far less likely to have poverty reduction programs in place or involve communities in planning. Moreover, a 2008 study by the national planning agency (BAPPENAS) and the United Nations Development Programme (UNDP) indicated that economic growth in new regions is unstable compared to the parent regions, and that new regions have been unable to close the gap with parent regions. Another study (Hidayat et al 2007) showed that among newly formed kabupatens and kotas in North Sumatra province, locally-generated revenue (*pendapatan asli daerah*, PAD) has increased in some, but there is a general pattern whereby the increase in PAD does not keep pace with the increase in overall spending. Bunte (2009) asserts that decentralization in general has led to the emergence of new patrimonial networks, administrative fragmentation, decentralization of corruption, and ethnic mobilization. All of these findings are consistent with pemekaran in Kerinci kabupaten.

### **The Case of Kota Sungai Penuh- Kabupaten Kerinci**

The Kerinci-Sungai Penuh example is what Oosterman (2007) refers to as a "rural-urban split". This means that an urban area is split off from a predominantly rural district to become an administrative municipality. In theory the idea is that the administration of cities and rural areas require different skill sets. In reality this case of pemekaran is an example of all of the potential pitfalls described above, along with some additional problems unique to the Kerinci valley.

Sungai Penuh, the former capital of Kerinci kabupaten, has just over 70,000 residents. The town was made the capital of Kerinci kabupaten when the latter was created in 1956. The town serves as regional hub, sitting at the intersection of the three roads that lead out of the Kerinci Valley. It is a center of banking, administration, and businesses serving the agricultural sector, which is the dominant industry in Kerinci Valley. The desire to create an autonomous municipality can be traced to the early 1970s, when local elites suggested that the town be split off from the surrounding kabupaten (Kerinci Membangun 2005). At that time, however, there was little support from upper levels of government. *Reformasi* and law 129/2000 removed some of the hurdles to pemekaran associated with the centralized Suharto regime, and in the early 2000 the leadership of Kerinci kabupaten, then under the rule of Bupati Fauzi Si'in (a resident of Sungai Penuh) moved quickly to set the pemekaran wheels in motion. The initial requirement that the proposed split be a manifestation of the "aspirations of society" (*aspirasi masyarakat*) was achieved by a socialization campaign aimed at local elites and the district assembly.



**Figure 1: Kabupaten Kerinci with Kecamatan**

The official reasons for pemekaran in this case were to increase the level of public service provision by enabling the government of the new administrative municipality (Sungai Penuh) to specialize in urban services and promoting the tertiary sector while allowing the kabupaten government (Kerinci) to focus more on rural services, including agricultural infrastructure. Unofficially pemekaran also would increase the number of civil service

positions, thereby creating more jobs (Fauzi Si'in, pers. comm). In order to secure approval from the Interior Ministry the kabupaten had to fulfill 4 requirements:

1. Develop a structural plan for Sungai Penuh for the term 2000-2010
2. Commission an independent academic and field study assessing the feasibility of pemekaran
3. Create several sub-districts (kecamatan) 5 both within the proposed administrative municipality and the kabupaten



4. Determine the borders between the two resulting polities.

All of these requirements could and were completed at the kabupaten level. Three new subdistricts were created in 2005 to meet the legal requirements in 129/2000 and the subsequent requirement that the new kota have at least 4 kecamatan. Only the second required outside involvement. To meet this requirement the kabupaten commissioned the Regional Management Research Institute of the Bangun Persada Periwé Foundation (LPMPD YBP<sub>2</sub>) in Bogor to execute a feasibility study. This extensive report uses statistical formulae to determine the readiness of each kecamatan within the kabupaten as well as the kabupaten in general for pemekaran. The study measures seven main criteria<sup>6</sup> laid down by law 129/2000 discussed above. Each of the seven criteria has a number of sub-indicators, each of which is scored and weighted according to a scale provided by the Home Affairs Ministry<sup>7</sup>. The scores are then aggregated, falling into one of 3 categories:

In addition to these three categories, an addition requirement (kriteria II) has been established by the Finance Ministry, the National Planning Bureau (BAPPENAS), the National Statistical Bureau (BPS), and the Home Affairs Ministry that the entire district must achieve an aggregate score of 2235. An interesting note about this process is that the 2950 threshold is supposed to be the average level for all regions across Indonesia. Thus the implementing regulations enable even relatively poorly performing regions to be eligible for pemekaran, presumably operating under the assumption that an administrative split would improve service provision and hence overall performance.

In other words, it might be implied from this that there is a general assumption that poor governance is not linked to lack of capacity or corruption, but rather results from poorly drawn administrative boundaries.

The study found that, among the 11 kecamatan in existence at the time, only one (Sungai Penuh) was rated as "capable" (*mampu*). The other 10 kecamatan scored between 2,110 (Kecamatan Hamparan Rawang) and 2,700 (Kecamatan Danau Kerinci). Based on the results of the study, Kerinci was placed in the *lulus bersyarat* category and provided with two policy options: 1) continue to develop until reaching the *lulus* category, or 2) implement pemekaran under the 5-year + 5-year framework, which entails a probationary period of five years followed by a comprehensive performance review. The kabupaten's leadership went with the second option. After the formation of several new kecamatan in 2005 and 2007 the areas (at the time of the 2004 study) in Hamparan Rawang and Sungai Penuh kecamatan were grouped together to form the new kota. Hamparan Rawang, which was the lowest scoring of all the kecamatan in the 2004 study, was included in the new kota because of geographical proximity but also to decrease the disparity between the new kota of Sungai Penuh and the rest of Kerinci kabupaten.

After the documents were filed, the process of splitting Sungai Penuh off from Kerinci went relatively smoothly, with the new kota being established in 2009 after the passage of law 25/2008 about the formation of Kota Sungai Penuh in Jambi Province (Undang-undang 25/2008 Tentang Pembentukan Kota Sungai Penuh di Provinsi Jambi). Consistent with the

regulations governing new region formation, a temporary mayor and vice-mayor were appointed from the existing power structure in the kabupaten. The new legislative assembly was appointed to mirror the makeup of Kerinci's DPR until elections could be held. Also consistent with the regulations, Kerinci kabupaten was to provide a subsidy of 14 billion rupiah (US\$1.64 million) over the course of three years to help the new administration get started and to fund the election of a new mayor, vice mayor, and assembly.

### **The Aftermath Of Pemekaran In Sungai Penuh And Kerinci**

Although the creation of the new administrative municipality proceeded relatively smoothly, the entire process has been marred by a significant decree of corruption. The former bupati of Kerinci, a wealthy Sungai Penuh resident that was the prime mover behind the administrative split, is now serving a four-year prison sentence for corruption stemming from pemekaran; he previously served a one-year house arrest sentence for other related charges. A key witness in the trial revealed that the kabupaten government borrowed Rp7.5 billion (US\$880,000) from private banks which was used to lobby the kabupaten and provincial assemblies, as well as the committee sent to investigate the feasibility of the administrative split. Members of the provincial assembly were said to have received as much as Rp15 million (US\$1,800) for supporting the split. The debt to the bank was partially paid by inflating expenditure numbers in several areas of kabupaten spending. This scandal along with several others tarnished the image of the bupati's political machine in the eyes of the public. Though the bupati had already served two terms as bupati and

was not a contestant in the municipal election, his former vice-bupati was running and had been seen as the favorite to be elected. The ex-vice-bupati was widely seen as a surrogate of the former bupati, and so the corruption charges against the former bupati eventually led to him losing the election. Thus a new power broker has emerged as mayor of the newly-created kota of Sungai Penuh. At the same time, after the bupati's second term of Kerinci ended in 2009, the leader of an emerging political machine unconnected to the former machine emerged, with a wealthy resident elected as bupati of Kerinci kabupaten. So although the administrative split was engineered so that associates of the former bupati would gain control of both the resulting new administrative municipality and the "mother" district, corruption associated with the process has opened up opportunities for new, unconnected elites to gain political and administrative power.

The establishment of the new municipality has created an additional arena for money politics as well. Almost all informants indicated that elections are now contested with money, which is seen in other instances of democratization/decentralization in Southeast Asia (Arghiros, 2001). Becoming bupati is an expensive proposition; Bunte (2009) estimates the costs at 1 billion rupiah. Djogo and Syaf (2003) estimated that in 2003, before the laws were changed to allow the direct election of bupatis, the cost of bribes to regional assembly members to secure election could range from 4-6 billion rupiah. However, the difference between Arghiros' seminal study of provincial and local politics in Thailand and what seems to be unfolding in Indonesia is that in the

former case political parties represent vertically articulated networks of patronage. In Kerinci (and elsewhere in Indonesia) potential bupati candidates court the various political parties in an ad hoc fashion to secure access to the party organization. This ad-hoc partnership is referred to as "menyewa perahu" (Leo and Mohammad Agus 2010); or "renting the canoe". Part of this is due to the fact that Law 32/2004, while making bupati and other regional heads directly elected (previously they had been chosen by regional assemblies), requires that candidates be associated with a political party. Though a subsequent modification of this law allows candidates to run without party sponsorship if they can collect signatures from 15% of the registered voters of their region, this is a significant obstacle and party sponsorship is still regarded as a *sine-qua-non* for effective campaigning given their organizational structures. It is widely acknowledged that significant resources are required to make a realistic campaign for the office of bupati; these resources come in the form of "tim sukses" ("success team") organizations and cash to pay voters for their support. It is an "open secret" (Leo and Mohammad Agus 2010) that the "rental fee" is beyond the reach of candidate bupati in many cases, and so to pay the party as well as the other costs that go along with becoming bupati candidates must turn to political investors who are in returned guaranteed positions or privileged access once the bupati is elected. As Leo and Mohammad Agus (2010:93) write: "*Kelak dengan menggunakan otorii formal yang dimiliki oleh calon kepala daerah, para investor politik akan mendapatkan pelbagai projek melalui tender fiktif--yang selama Orde Baru pun telah berlangsung dengan berleluasa.*" ("Eventually though the

exercise of formal authorities held by the candidate regional heads, political investors will receive several projects through false tenders, a practice inherited from the Suharto regime").

The dominance of money politics leads to elite capture. Although the former bupati's machine was defeated unexpectedly amidst widespread corruption charges, the new bupati of Kerinci is widely perceived to be even more corrupt than his predecessor. Numerous instances of misappropriation, misuse, and complete disappearance of public funds have arisen. Local corruption monitoring NGOs have reported the new bupati and his family members to the Corruption Eradication Commission (KPK)<sup>8</sup> at least two times. The most recent of these cases involves 107 billion rupiah dispensed by the central government to aid victims of a large earthquake in 2009. According to media and NGO reports, this entire sum was rechanneled into road construction projects from which the current bupati received a 10% kickback for contracts (Jambi Independent 11/21/11; Jambi Independent 11/23/11). In addition the tendering process for road construction projects has come under scrutiny; in one case a construction company owned by the current bupati's son was reported to the KPK for misappropriation of funds intended for the purchase of heavy equipment (Radar Kerinci 11/1/11).

One of the major spoils in the pemekaran sweepstakes is the ability to appoint civil servants. The bureaucracy in Indonesia has long been viewed as a method of job creation in Indonesia (Crouch 1979). Thus the solidification of political loyalties via the awarding of jobs within the bureaucracy is a legacy that has

been passed down from Sukarno to Suharto and now to heads of regions (Leo and Mohammad Agus 2010); when Suharto fell in 1998 the New Order left behind approximately 4.6 million civil servants (Schutte 2009) and that number has increased since. This is a strong motivation behind new region creation, as new regions require many new civil servant positions. These positions are highly desirable in the eyes of the average Kerinci folk (Radar Kerinci 11/15/11), and the cost of securing one of the coveted positions is said to range from 80-120 million rupiah, depending on the bureau and rank. According to informants in the public and NGO sectors the current bupati has tightly controlled civil-service appointments, and it is estimated that approximately half of the appointments over the past two years have been awarded to people from kecamatan Siulak<sup>9</sup> alone (GEGER, pers comm). In addition, the current bupati has reportedly proven very adept at seeking rents from the various government departments; in Indonesia it is a common tactic for bupatis to demand contributions from the various executive departments in the kabupaten. The bupati is reportedly has been open about these contributions, and frequently replaces heads of departments that refuse to play ball. In one case the head of a department was reportedly replaced 3 times in one year. This rapid turnover decreases continuity in decision making and strains relations with other levels of government.

In addition to this, contrary to the goal of increasing the level of services to the public, service provision in the kabupaten has actually decreased. In 2011 alone nine district offices were unable to spend even half of their annual allotment from the central government. These offices included

the department of education, which used approximately 15% of its allocation, the department of agriculture and food security, at 18%, public works at 25%, Forestry and plantations at 26%, the regional planning department at 36%, and the health department at 40% (Radar Kerinci 11/2/11). This created quite a stir with the vice-bupati, who is in charge of overseeing the performance of the various offices. The worry is that, if the departments fail to spend all of their allocation, the disbursement from the central government in the following year will be decreased. Sungai Penuh has had similar difficulties<sup>10</sup>. Interviews with civil servants suggest that the failure to adequately program expenditures stems from unqualified political appointees being installed in the upper positions in these departments; these appointees are placed in high positions as a reward for their support of the Bupati<sup>11</sup>.

Related to this is an apparent gap between long-term, professionally-planned policy objectives and the programs introduced by the current bupati and his followers. A review of short, medium, and long-range planning documents indicates development priorities focusing on the reform of the agricultural sector, with key objectives being increased access to technology, credit, and market information for farmers. Another key component is the development of the secondary and tertiary sectors, including downstream industries built upon Kerinci's rich agricultural produce. These plans, developed by professional bureaucrats, reflect a solid understanding of development principles as well as thorough analysis of the social and economic conditions of the kabupaten. They also include key roles for the department of public works in developing

and maintaining infrastructure and the department of education in strengthening human resources. On the ground implementation has been lacking, though, as is reflected in the expenditure figures discussed above. Professional bureaucrats complain that the political leadership lacks the skills needed to administer the department and implement development plans. At the same time, new plans publicized by the current bupati are not consistent with the established medium and long-term planning targets, focusing instead on agricultural extensification<sup>12</sup>.

Pemekaran has also led to a significant increase in overall government expenditures. Though decentralization laws charged kabupatens with increasing locally-generated revenue (PAD), most kabupatens still rely on the central government for most of their income. Funds from the central government come in a variety of forms, but the two most important sources are the General Allocation Fund (*Dana Alokasi Umum*, DAU) and the Special Allocation Fund (*Dana Alokasi Khusus*, DAK). In the 2007 kabupaten budget (*Anggaran Pendapatan Dan Belanja Daerah*, APBD) the DAK and DAU combined to account for a total of 401.7 billion rupiah (US\$47.2 million), or approximately 74% of the total budget.

Table 1:1 Budget Figures for Kerinci Kabupaten (billions of rupiah)

	APBD	PAD	%
2007	492.1	19.493	3.96
2008	Not available	Not available	Not available
2009	Not available	Not available	Not available
2010	510.53	22.556	4.41

Locally generated revenue, on the other hand, accounted for a mere 3.59%<sup>13</sup>.

Looking forward to 2010, total expenditures increased to 510.53 billion rupiah (US\$60.1 million). The DAK and DAU share fell to 371.6 billion rupiah (US\$43.7 million), or 63% of total expenditures<sup>14</sup>, while PAD rose only slightly to 4.41% of total expenditures. From these figures we can conclude that in the short run at least, pemekaran has not enabled the kabupaten to significantly increase the share of locally generated revenue in its budget.

As can be seen from the table above, the annual budget for Kerinci kabupaten has steadily increased despite the fact that a substantial portion of the population has been incorporated into the new administrative municipality. Even when inflation is taken into account there is no savings in the costs of governance. In addition, the ratio of locally generated revenue to overall expenditures has even increased very slightly. Below we find the figures for kota Sungai Penuh. As is obvious from the two charts, pemekaran has resulted in a significant increase in government spending in the Kerinci valley; the combined budget for Sungai Penuh and Kerinci in 2010 was 839 billion rupiah (US\$99 billion), compared 492 billion (2007) before pemekaran. This fact combined with the increased discretion over the budget granted by decentralization reforms suggests that the rewards of pemekaran are increased resources for political patronage and corruption.

Table 1:2 Budget Figures for Kota Sungai Penuh (billions of rupiah)

	APBD	PAD	%
2009	111.4	1.85	1.7
2010	328.6	1.5	.5

In addition to these results, the administrative split has resulted in two

building booms; one for the creation of the new kabupaten offices in Siulak (see map) and another for the construction of new facilities for the city government of Sungai Penuh. Many of the old kabupaten government facilities, located in the former capital of Sungai Penuh, are in the process of being vacated. The new offices for the city government are being constructed on a hill in a relatively sparsely-populated area west of town, whereas the kabupaten offices are being moved to the village of Bukit Tengah in Siulak kecamatan<sup>15</sup>. There is one road linking the new facilities in Sungai Penuh to the rest of the town, and to get to the new facilities one must travel 5 kilometers on a winding road in poor condition. The former facilities are located in the center of town in an easy-to-reach location. When the respective governments complete their moves, there were be numerous vacant buildings in the center of town.

There was also a heated dispute over the site for the new kabupaten offices, which will eventually be located in Bukit Tengah village in Siulak subdistrict. There is a lot at stake here, as estimates for the construction of a new regional capital range from 250 million rupiah to slightly more than 1 trillion rupiah. Initially a research team from the Bandung Technology Institute (Institut Teknologi Bandung, ITB) proposed four sites for the new capital; two of these were in Air Hangat subdistrict and one site each in Air Hangat Timur and Danau Kerinci subdistricts. As can be seen from the map, each of these locations is relatively central to the kabupaten. Each site had its own supporters and detractors, but late in the selection process Bukit Tengah was put forth as a potential site. The major argument in favor of the Siulak

site was that residents were willing to donate the 300 hectares of land that would be required to construct the facilities. This site was strongly supported by the current bupati (a resident and major landowner in Siulak) and was finally chosen. However, information emerged during discussions that residents of Sitinjau Laut subdistrict (see map) had previously sent a letter to the Bupati indicating their willingness to donate land. All other things being equal, the Sitinjau Laut site makes more sense from a geographic perspective because it is relatively central to the kabupaten. The current bupati claimed never to have received the letter, however. There have also emerged questions as to how "voluntary" the donation of land in Siulak actually was.

The 2004 study argues that the process of pemekaran would improve lines of communication between "society" (masyarakat) and the government:

*Perubahan luas wilayah atau batas-batas daerah membawa konsekuensi terhadap jangkauan komunikasi antara pemerintah dengan masyarakat karena peluang terjadinya gangguan pada saluran komunikasi dapat diperkecil. Dengan semakin dekatnya jarak antara wilayah kabupaten dengan kecamatan maupun antara kabupaten dengan desa/kelurahan maka informasi dari kabupaten akan cepat sampai kepada masyarakat baik di kecamatan maupun desa.kelurahan (Yayasan Bangun Persada Pertiwi 2004:28)*

In reality the opposite has occurred. The two kecamatan that were furthest away from the regional capital Sungai Penuh before pemekaran (Gunung Raya and Batang Merangin) are now actually *further* away from the new regional capital at Bukit Tengah. Residents of these subdistricts complain that previously they could make a trip to the district seat, handle their official business, and return home in a

day. The new location requires them to spend two days. The increased geographic distance has been accompanied by an increased identity distance as well. Residents of downstream Kerinci (*Kerinci hulu*, comprising kecamatan south of Sungai Penuh including kecamatan Batang Merangin, Gunung Raya, Keliling Danau, and Danau Kerinci) complain that residents of Siulak are being favored for coveted civil-servant positions. They also complain about the distance to the new kabupaten seat, as well as perceived neglect of infrastructure in their subdistricts. People in the valley seem to be increasingly identifying themselves with their village or kecamatan rather than as Kerinci people (*Orang Kerinci*).

Thus the results of pemekaran have not been as promised. In addition to the resurgence of sub-regionalism, money politics, and corruption, the relationship between the city and the kabupaten have been less than cooperative. There are ongoing conflicts over physical assets, with each side accusing the other of failure to live up to their obligations. The government of the kabupaten has gone as far as sending task forces into the city to seize equipment such as motorcycles and other vehicles that have not yet been surrendered by the city government (Radar Kerinci 10/7/2011). On the other hand, the government of Sungai Penuh claims that the kabupaten refuses to hand over physical assets (Radar Kerinci 11/2/11). There has also been a significant amount of confusion pertaining to personnel. The kabupaten government claims that part of its budgeting difficulties stem from the fact that many civil servants that transferred to the city are still receiving paychecks from the kabupaten; they are being double-paid.

### Looking Forward

The establishment of the new district capital at Bukit Tengah as well as the disproportionate elevation of Siulak residents to high positions within the district bureaucracy has created tension within the kabupaten. Traditionally there have been regional rivalries between the various "ethnicities" of the Kerinci Valley, and there are long-simmering tensions between people in Kerinci Hilir (downstream Kerinci) and Kerinci Hulu (upstream Kerinci). The capital at Siulak benefits the Hulu group, whereas the residents of the lower valley around the lake have found that they have to travel much further to access key government offices. These difficulties have led to outcry for an additional round of pemekaran, which would essentially split the valley in half along an east-west axis. In recent months the proposed pemekaran has been discussed in the regional assembly (*dewan perwakilan rakyat daerah*), and according to the speaker of the assembly approval has been secured from the Interior Ministry to implement the split in 2015 (Radar Kerinci 11/7/11; Radar Kerinci 11/11/11).

The current proposal to split Kerinci kabupaten further into two smaller kabupatens threatens to continue the trends described in this article. Kerinci kabupaten is not alone; several other kabupatens in the area, including Merangin and Pesisir Selatan, have set the wheels in motion to create new districts. If allowed to happen, pemekaran threatens the long term development prospects of Central Sumatra and the country as a whole since local elites are likely to focus on efforts to gain access to the rewards of political office by campaigning for ever-smaller districts.

## Conclusion

The case of pemekaran in Kerinci suggests that local elites have a significant role in steering new region formation and that increased opportunities for rent-seeking through the appointment of civil servants and the awarding of government contracts are among the principle drivers (and possibly the single most important motivation) for pemekaran. The combination of increased local freedom in developing the regional budget and increased funds from the central government provide an ideal environment for corruption, rent-seeking, and political patronage.

One of the major problems with pemekaran in Indonesia is that there is little to no oversight from the central government. The whole process is initiated at the kabupaten level and the central government has thus far failed to design an adequate system for measuring the feasibility of pemekaran. The implementing regulations allowing even below-average districts to apply and be approved for administrative splits. The ambiguous requirement that pemekaran embody the "aspirations of the people" (*aspirasi masyarakat*) creates a significant amount of latitude for local elites and power-brokers to organize coalitions to support the implementation of pemekaran. There is no metric for gauging "aspirasi masyarakat", and so the statistical studies that are commissioned to support the creation of new districts in fact provide little clue as to how new districts will perform.

Pemekaran has also provided an opportunity for the emergence of a new local political machine (the "Siulak group")

which thus far has proven to be more corrupt than the previous regime led by the previous bupati. It is widely known that corruption was rampant during the tenure of the former, but many residents of Kerinci Valley recall that regardless of the graft, development projects were completed and kabupaten offices were led by bureaucrats with experience and training consistent with their duties. The new regime is characterized by political appointees being placed in high positions for which they have little or no qualifications.

There is also little or no upward accountability in the new system, which is evidenced by local NGO efforts to bypass the kabupaten and provincial legal system and petition the KPK to investigate alleged abuses at the district level. According to NGO informants, the only hope for reform is outside intervention. At the same time pemekaran has resulted in eroding of public services and public trust. The two resulting polities have acrimonious relations as well as is evidenced by the seemingly petty disputes over physical assets.

The respective roles of both the former and current bupati indicate the dominant part played by the district executive in mobilizing pemekaran. It also indicates a lack of oversight on the part of the central government which has persisted for more than a decade irrespective of criticism from academia, NGOs, and multilateral institutions.

## Notes

--All dollar values based on exchange rate of IDR8500/US\$

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<sup>1</sup> Administrative municipalities or *kotas* (formally known as *kotamadya*) are urban administrative areas and are at the same level as the kabupaten in the administrative hierarchy.

<sup>2</sup> Hadiz (2004a:711) summarizes the results of decentralization: "decentralization and democratization in Indonesia have been characterized by the emergence of new patterns of highly diffuse and decentralized corruption, rule by predatory local officials, the rise of money politics, and the consolidation of political gangsterism".

<sup>3</sup> Suharto's vice president, BJ Habibie, was elevated to the post of President. Separatists pressures were at their peak at this time and the future of the Unified Republic of Indonesia (NKRI) was in doubt. In this climate it was important for the Habibie government to quickly reach compromises in the interests of decreasing regional and separatist tensions.

<sup>4</sup> Law 129/2000 was later superseded by law 78/2007 which increases the number of subdistricts (*kecamatan*) required for new region creation from 4 to 5.

<sup>5</sup> The sub-district or *kecamatan* is the level directly beneath the kabupaten in the administrative hierarchy.

<sup>6</sup> 1) Capacity of the region (*kemampuan daerah*); 2) Potential of the region (*potensi daerah*); 3) Socio-cultural (*sosial budaya*); 4) socio-political (*sosial politik*); 5) number of inhabitants; 6) physical area; 7) other consideration (*pertimbangan lain yang memungkinkan terselenggaranya Otonomi Daerah*)

<sup>7</sup> The scores are then aggregated, falling into one of three categoris: 1. Pass (*lulus*). If the aggregate score is above 2950 the region is deemed ready for pemekaran. 2. Probationary pass (*lulus bersyarat*). If the aggregate score falls between 1933 and 2950 the region may choose pemekaran after a five year development period, by which time the region is expected to have made significant progress towards preparing itself and the proposed new region for pemekaran. There is an additional 5-year grace period (*masa tenggang*) after which the regions are supposed to be reassessed. If the resulting regions do not score above 2950 they are subject to be recombined. 3. Not passing (*tidak lulus*). If the region scores lower than 1833 then it is not eligible for pemekaran.

<sup>8</sup> The KPK is a "superbody" with extraordinary powers established in 2002 to investigate and prosecute cases of corruption within all levels and branches of government.

<sup>9</sup> Siulak is a newly-created kecamatan and is the home and base of power for Bupati Murasman.

<sup>10</sup> At least 6 kota offices were unable to spend more than 50% of their allocations by December, 2011 (Radar Kerinci, 11/29/11, Jambi Independent 11/30/11)

<sup>11</sup> The head of the poorly-performing department of education is one of Bupati Murasman's sons.

<sup>12</sup> One example of this is the case of Rawa Bento, an ecologically important wetland areas that is located within the boundaries of Kerinci Seblat National Park. In 2010 the kabupaten began to formulate plans to drain more than 1000 hectares of wetlands to expand rice cultivation. In 2011 the kabupaten received 35 billion rupiah (US\$4.1 million) to implement the plan. However the project was suddenly halted when it was revealed that the proposed area was inside the park, and hence off limits to development. The bupati blamed the failure of the project on the national park, but the regional planning office (BAPPEDA), which has a comprehensive spatial database and is well aware of the borders of the park, was never consulted in the project's planning.

<sup>13</sup> 2007, like most years (including 2010), was a deficit year for Kerinci kabupaten, and so the 74% figure slightly underestimates the ratio of DAK and DAU to income.

<sup>14</sup> There are several interesting points about these figures. The decrease in DAU is a result of an increased number of kabupatens splitting the central government's DAU pool. The second is that the splitting off of Sungai Penuh seems not to be reflected in the budget; one would expect to see a dramatic decline in income and spending after 2009, but this appears not to be the case. One might also expect to see a decline in absolute PAD numbers since the municipality, which presumably would be a major source of income for the kabupaten, is split off. However, over the course of several years PAD figures have remained relatively constant.

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<sup>15</sup> Bukit Tengah and Siulak is the seat of power of Bupati Murasman