

# Governance and Poverty: The Governance Crisis of The Local Government

Gregorius Sahdan<sup>1</sup>  
{[gsahdan@yahoo.com](mailto:gsahdan@yahoo.com)<sup>1</sup>}  
STPMD "APMD" Yogyakarta<sup>1</sup>

**Abstract:** This paper departs from the problem that poverty and corruption are still the biggest problems in the governance of local government in Indonesia. Since the reformation in 1998, the government has carried out various agendas to encourage the transformation of local governance both through changes in institutional models of local governance from institutional models that are rich in poor structure functions to a more streamlined institutional model. Local governments also through legislation products on local government, have been encouraged to carry out bureaucratic reform and even the Permenpan No.11 of 2015 concerning the Road Map of Bureaucratic Reform has explicitly had a road map for bureaucratic reform as a key agenda for improving local governance, but so far the results have not had an impact on reducing corruption which impedes the realization of public welfare. Poverty remains a ghost that surrounds the administration of local government in Indonesia. The question posed in this paper is "how are local governance in Indonesia? To what extent does the influence of local governance in Indonesia affect poverty and corruption reduction? The results of the study show that local governance has not been fully implemented in accordance with the 1998 reform agenda, especially in combating corruption and poverty. These findings indicate that our local governance is still facing a crisis, has not been able to eradicate poverty and corruption.

**Keywords:** Governance, Governance Crisis, Local Government, Poverty

## 1 Introduction

Decentralization having been carried out since 2001 and local leaders election (Pilkada) which have been carried out since 2005 do not always contribute to the better initiatives of the local governance. In many regions, decentralization and Pilkada find obstacles that arise from serious internal and external problems [1], [2]. In the local government, decentralization deals with the corruption that hampers the efforts to eradicate poverty. From the external factors, decentralization is related to the indecisiveness of the central government to divide and formulate clear and detailed authority regarding the basic functions of the central government in encouraging governance of the local government, especially how the control and coordination between the central government and the local governments work.

Control and coordination are the instruments that enable the central government to direct and encourage development progress, local economic growth and ensure that the local governance works well. Jakarta's frustration with the poor governance of the local government

considered threats by the Coordinating Minister for Political, Legal, and Security Affairs, Luhut Binsar Panjaitan, towards Papua Local Government, should not have occurred if the central government had strengthened the control and coordination properly . Nevertheless, Jakarta's frustration is a big framework for the weakness of Jakarta's power in dealing with the local government. The only key to control the authority of the central government is to control the transfer of the budget from the state to the regional budget, especially in the regions which are poorly managed. On the other hand, the central government can also cut the authority chain and encourage the transformation of governance at local government based on the strengths and initiatives of the government, communities and business groups in the region. This is a trigger for the regions to perform better governance.

In the local democracy which is carried out in the form of direct local elections (simultaneously in 2015 in 269 regions) , it does not always produce passionate leaders who are able to carry out the mandate. Since the last 11 years (2004-2015), based on the records and publications of the Corruption Eradication Commission (KPK), there were around 56 local leaders (Provinces and Districts / Cities) imprisoned . In average, they were ensnared by corruption cases committed a deviation of authority, both in budget and in asset governance, and in licensing. However, there were also local leaders caught in bribery cases. The involvement of the local leaders in corruption cases becomes a popular phenomenon in the wider community, especially on how the practice of power abuse is firmly rooted in government, including that in democratically elected governments. For the central government, this case is a bad precedent for the commitment to realize good governance, starting from the regions. The followings are some local leaders imprisoned due to corruption cases. See table.

**Table 1**

No	Local Leaders	Case
1	Abdullah Puteh-Governor of NAD	Procurement of the NAD Government-owned Mi-2 Helicopter aircraft
2	Suwarno Abdul Fatah, Governor of East Borneo	The implementation of the one-million-hectare oil palm plantation development program in East Borneo followed by the issuance of timber utilization permits in 1999-2002
3	Abubakar Ahmad, Regent of Dompu	Expenditures or use of funds not in accordance with the allocation of funds for unexpected Dompu District Budget 2003-2005
4	Sjahril Darham-Governor of South Borneo	Use of funds not in accordance with the designation of the local head post budget in South Borneo for 2001-2004
5	Hendy Boedoro, Regent of Kendal	Utilization of authority for the use of APBD in 2003, unexpected funding for the general allocation fund and the local loan fund in Kendal that are not in accordance with the applicable provisions
6	Syaukani HR - Regent of Kutai Kertanegara	The implementation of the airport development project in Samarinda Kutai Kertanegara East Borneo in 2003-2004
7	Baso Amiruddin Maula-Mayor of Makassar	Procurement project of Tohatsu fire extinguisher Type V-80-ASM in Makassar Government APBD in 2003 and 2004
8	Abdillah-Mayor of Medan	Procurement project of Morita fire extinguishers in Medan Government APBD in 2005 and in 2002-2006

9	Ramli-Deputy Mayor of Medan	Procurement project of Morita firefighting cars in Medan APBD 2005
10	Tengku Azmun Jaafar-Regent of Pelalawan	Utilization of Licensing in the issuance of HHK-HT /IPK IUP 2001-2006 in Pelalawan which is not in accordance with the provisions
11	Agus Supriadi, Regent of Garut	Misuse of Garut APBD in 2004-2007
12	Vonnie A. Panambunan - Regent of North Minahasa	Utilization of Minahasa APBD
13	Iskandar-Regent of West Lombok	Ransacked land and the former building of West Lombok Regent's office in 2004
14	Deny Setiawan - Former Governor of West Java	Procurement of fire trucks, ambulances, stoomb walls and dump trucks by the Government of West Java 2003
15	Armen Desky-Regent of Southeast Aceh	Governance of Southeast Aceh APBD in 2004-2006
16	Jimmy Rimba Rogi-Regent of Manado	Disbursing Manado APBD in 2006
17	Samsuri Aspar-Deputy Regent of Kutai Kertanegara	Utilization of social assistance budget in Kutai Kertanegara in 2005
18	Ismunarjo-Regent of Situbondo	Utilization of Situbondo APBD in 2005-2007
19	Syahriial Oesman - Former Governor of South Sumatra	Involvement in giving funds to civil servants or state administrators in relation to the process of requesting the conversion of protected forests of Air Telang Beach in South Sumatra
20	Jules F. Warikar-Regent of Supiori	Central Supiori market development activities, main terminal, official echelon housing and Supiori central market renovation for Bank Papua branch offices using Supiori APBD in 2006-2008
21	Hamid Rizal-Former regent of Natuna	The utilization of Natuna APBD in 2004 not in accordance with the allocation and cash disbursement without complete and valid evidence
22	H. Daeng Rusnadi- Regent of Natuna	Misuse of APBD in 2004 not in accordance with its allotment and incomplete and legal cash disbursements
23	Arwin AS-Regent of Siak	Issuance of business licenses for utilization of timber products in 2001-2003
24	Ismeth Abdullah-Governor of Riau Islands	Procurement of Morita firefighters in 2004-2005
25	Indra Kusuma-Regent of Brebes	Land acquisition for markets in Brebes district government in 2003
26	Yusak Yaluuwo-Regent of Boven Digoel	Utilization of APBD and OTSUS 2006-2007
27	Syamsul Arifin, Governor of North Sumatra	Utilization and governance of local treasury in Langkat APBD in 2000-2007
28	Jefferson Sooleiman Montesqieu Rumajar-Mayor of Tomohon	Misuse of Tomohon Government APBD in 2006-2008
29	Mohchtar Mohamad-Mayor of Bekasi	Governance and financial accountability of Bekasi APBD in 2010
30	Binahati B. Baeha - Regent of Nias	Nias natural disaster governance funds in 2007
31	Robert Edison Siahaan - Former Mayor of Pematang Siantar	Regional secretariat social assistance governance APBD in 2007

32	Fahuwusa Laila-Regent of South Nias	Rewards to state employees or state officials
33	Murman Effendi-Regent of Seluma	Promises to give rewards to civil servants
34	Soemarmo Hadi Saputro-Mayor of Semarang	Rewards to the civil servants and Semarang secretary
35	Amran Batalipu-Regent of Buol	Receiving rewards regarding the governance of HGU plantations on behalf of PT. Cipta Cakra Murdaya and PT. Hardaya Inti Plantation, Central Sulawesi
36	Muhammad Hidayat Batubara - Regent of Mandaling Natal	Rewards to civil servants using Local Aid Fund (DBD) in 2013
37	Dada Rosada-Mayor of Bandung	Rewards from Bandung Social Assistance fund
38	Hambit Binti, Regent of Gunung Mas	Rewards to judges in order to influence the decision of the case for the dispute over the Pilkada in Gunung Mas, Central Borneo
39	Rusli Zainal, Governor of Riau	Ratification of the work plan for plantation forest product utilization
40	Ratu Atut Chosiyah-Governor of Banten	Rewards to judges in connection with the dispute over Pilkada in Lebak Banten in 2013 at the Constitutional Court
41	Ikmal Jaya-Mayor of Tegal	Implementation of land swap between Tegal government and private sector in 2012
42	Ilham Arief Sirajuddin-Mayor of Makassar	Collaborative work of rehabilitation, governance and transfer of water treatment plants between Makassar PDAM and private sectors for the period of 2006-2011
43	Rachmat Yasin - Regent of Bogor	Receiving gifts or promises related to giving recommendations for exchanging forest areas in Bogor on behalf of PT. Bukit Jonggol Asri
44	Romi Hertton-Mayor of Palembang	Rewards to judges to revise the court's decision in the Constitutional Court in 2013
45	Yesaya Sombuk-Regent of Biak Numfor	Civil servants at the PDT ministry for the TALUD project in Biak Numfor, Papua
46	Ade Swara-Regent of Karawang	SPPR approval on behalf of PT. Tattar Kertabumi in Karawang
47	Raja Bonaran Situmeang-Regent of Central Tapanuli	Rewards to a judge named M. Akil Mochtar in the 2011 on the case of Pilkada
48	Amir Hamzah, Regent of Lebak	Rewards to influence the Constitutional Court's decision in 2013
49	Zaini Arony, Regent of West Lombok	Obtaining licenses related to the development of tourist areas in West Lombok 2010-2012
50	Fuad Amin-Regent of Bangkalan	Receiving rewards related to the sale and purchase of natural gas for power plants in Gersik and East Gili Bangkalan Madura, East Java
51	Barnabas Suebu, Governor of Papua	Detail Engineering Design (DED) of Memberamo River Hydroelectric Power Plant and Urumuka River in 2009-2010
52	Annas Maamun-Governor of Riau	Civil servants related to the submission of revisions to the transfer of forest functions in Riau to the Ministry of Forestry in 2014
53	Marthen Dira Tome-Regent of Abu Raijua	Misuse of the authority in using the school outdoor education funds in East Nusa Tenggara

54	Budi Anton Aljufri, Regent of Empat Lawang	Education and Culture Sub-Department in 2007 Rewards to judge to influence decisions related to disputes in Pilkada 2013
55	Rusli Sibua-Regent of Moroati Island	Rewards to judge to influence the Constitutional Court's decision on the case of Pilkada dispute in 2011
56	Gatot Pujo Nugroho-Governor of North Sumatra	Rewards to Medan State Administrative Court judges and clerks related to social assistance funds and subordinate regional assistance (BDB), school operational assistance (BOS) and the detention of disbursement of profit sharing funds (DBH) conducted by the governor of North Sumatra at the PTUN.

Source: Several sources.

The data in the local governance in the last 11 years, especially when the decentralization in 2001 and the local leaders election have been held since 2005, shows that corruption is a major obstacle to the governance of local government in realizing the welfare of local communities. The types of corruption appear to be more various and involve many actors. Corruption networks are not only created within the government but also spread to the judiciary as a law enforcement institution and it even involves businessmen in the private sectors.

## 2 Method

The method used in this research is a descriptive qualitative method that attempts to describe local governance in Indonesia based on data sources from documents, books, media news and journals that are used as material to strengthen analysis. The analysis technique used is interpretive analysis by trying to provide interpretation in accordance with the research interests and based on existing data.

## 3 Result and Discussion

### 3.1 Decentralization, Local Democracy and Corruption

States that corruption is a deviant behavior of state officials carried out to obtain personal benefits by violating the law or legislation. Regardless of the types of corruption that occur in the regions, corruption is clearly an example of poor governance practices. Corruption causes local government to get difficulty optimizing the use of Regional Budgets (APBD) in realizing community welfare. Jacob Chikuhwa [3] in his book "The crisis of governance: Zimbabwe" states that corruption is not only a proof of poor governance but also seen as the biggest barrier for people to access the regional budgets to meet the basic needs of the citizens. The central government, according to Chikuhwa, is supposed to provide access to the citizens, especially the poor to get the regional budgets. However, corruption in the government clearly makes it troublesome. Studies conducted by various institutions, including UNDP in 2011, indicate that decentralization has not fully brought benefits to the strengthening and development of the governance of the local government in a tangible goal. Decentralization still gets problems in the local government and in its relations with the central government. The following table gives an overview of the problem in both sides. See the following table.

**Table 2.** Decentralization Program in Indonesia

No	Local Program	Problems related to the central government
01	Decentralization produces local leaders who loot local government programs. The programs are used to maximize people's welfare, but are looted by government elites who cooperate with business groups.	The central government has not got the instruments to control the implementation of local government programs through <i>Pilkada</i> .
02	Local governments exploit local resources to restore expenditures in local elections - Problematic mining permits becomes a crucial issue of intergovernmental relations with local communities	Local resource governance permits granted by the central government to local governments are not properly controlled in their implementation, so the regions freely manage resources that lack economic benefits to local communities.
03	The local government bureaucracy takes APBD more than the budget for the poor. In some regions, even the bureaucratic spending budget reaches more than 50% compared to the budget for the poor.	The central government bureaucracy reforms agenda created by the Ministry of Administrative and Bureaucratic Reform does not solve the bureaucratic problems in the regions. The bureaucracy in the region tends to waste the public budget for internal bureaucracy.
04	The local leaders hold an enormous authority as a consequence of <i>Pilkada</i> , while with such an authority, the inclusion and expansion of local democracy in the form of substantive access and public participation in government policies are still very closed. Some regions with very limited democratic inclusion are Maluku, Papua and West and East Nusa Tenggara. In those regions, local leadership needs to be encouraged to strengthen the inclusion of local democracy.	The central government gets difficulty in controlling the local leaders because they consider that they come from a different political party support base. The central government also has less power to consolidate local governments, especially in mobilizing local governments to go hand in hand with central government policies.
05	Local communities in some regions with leadership that is less visionary, have apathy and do not even care about the governance of local government. They tend to assume that the governance of the local government is not part of their responsibilities.	The central government has not provided access and opportunity to the public to be a subject in the governance of the local government. The central government policy tends to limit the involvement of local communities in the governance, for instance the case of problematic mining, local people are subject to criminal law for their activities against government policies.

Source: Several sources

Decentralization and local leaders election is supposed to encourage better governance, but in fact, in some decentralized and local democracies it is such a hardship to achieve prosperity. It happens because the principles of good governance are often ignored and considerably not based on local culture. Disregarding the principles of good governance is sometimes the reason and chance for the people in the local government to commit corruption and ignore their responsibility to prosper the community. Until today, wherever decentralization and local democracy become the basis of local government governance, there are still many areas that have fallen into poverty due to the corruption in the local government governance. *Pilkada* which is a milestone in strengthening local democracy, in the most crucial aspect precisely causes corrupt and irresponsible leadership to work improperly in taking care of the

community. The chosen government through Pilkada still causes problems as Archon Fung [4] states, "Government is a problem not solution". The study of Indonesian Power for Democracy (IPD) 2010 and 2015 shows several things that become obstacles why Pilkada have not met the solution to strengthening local democracy:

- 1) Political parties have not carried out the function of recruitment and political regeneration properly, so that they are mostly used as "cattle traders", meaning they are more often used as "riding horses", rather than as a locator of local democracy;
- 2) Money politics still plays a big role in Pilkada which then results in leadership that is oriented to money or what is often referred to the government driven by money, not one that makes money. In this case, candidates who compete in the elections are mostly motivated to get back the amount of the money they spend in the elections;
- 3) Voters' participation has not been fully based on the spirit of volunteerism, but rather driven by the money they get from the candidates. It utilizes the community and has not fully made the community as a subject in regional development;
- 4) There are many candidates who compete in Pilkada considered poor in their vision and mission in building the region. The main pressure of their campaign is how to drive economic growth by bringing in investors. Investment is considered a helper that will bring the region to accelerate development and economic growth. As a result, many candidates compete in direct and simultaneous local elections have great dependence on mining companies both domestically and internationally. Whereas the development of the area begins with building the quality of human resources to reduce the number of human resources from other regions. Direct and simultaneous local elections provide a big chance for the exploitation of natural resources due to the victory of candidates who are poor in their vision and mission in developing the region;
- 5) Local leaders who are elected through direct and simultaneous local elections are still doubtful about their capacity to manage and develop local resources into potential resources for regional development. Most regional budgets still rely on general allocation funds sourced from the state budget. While the Regional Original Revenue (PAD), has not been fully boosted to increase the source of budget and regional development costs. The study conducted by Pipit Budiarti on the Influence of Regional Original Revenue (PAD) and General Allocation Funds (DAU) (2014) shows that transfers from the central government to local governments are still relatively high at around 72-86% in supporting regional government spending and operations. In some areas such as Yogyakarta, East Nusa Tenggara, West Nusa Tenggara and other poor areas such as Maluku and Papua, DAU has a very central role in supporting regional development. Whereas in developed countries such as the United States, the composition of the APBD only around 40% comes from the central government and the rest is the source of income derived from PAD. Thus it can be said that APBD structure, which is largely supported by PAD, is a better keyword for local government governance. The local government can manage APBD more freely to prioritize poverty eradication and strengthen human resources in the region.

### *3.2 Decentralization and Competitiveness*

On the other hand, decentralization has also not succeeded in maximizing the effective, efficient and competitive governance of local government. It also causes Indonesia's competitiveness at the global level not to be able to keep pace with the other developed countries and even lag far behind countries in ASEAN. Based on the World Economic Forum

(WEF) survey, Indonesia's global competitiveness index in 2012 was no better from other countries in ASEAN. If in 2011 it took the 46th rank, in 2012 it took the 50th rank out of 144 countries (see table).

**Table 3.** Competitiveness Index of ASEAN Countries at the Global level

No	Country	Index of Competitiveness			
		2010-2011	2011-2012	2012-2013	2013-2014
01	Singapore	3	2	2	2
02	Malaysia	26	21	25	20
03	Brunei	28	28	28	-
04	Thailand	38	39	38	31
05	Indonesia	44	46	50	34
06	Filipina	85	75	65	-

Table: taken from various sources

In 2014-2015, Indonesia's competitiveness index had slightly increased to rank 34 of 144 countries. The WEF defines competitiveness as a collection of institutions, policies and factors that determine the level of state productivity. Every year WEE publishes country ranking reports using the Global Competitiveness Index (GCI). GCI is a measure of the competitiveness of each country by using 126 indicators grouped into 12 namely; institutions, infrastructure, macroeconomic environment, basic education and health, higher education and training, goods market efficiency, labor market efficiency, financial market development, readiness of technology, market size, business sophistication and innovation. Five countries with high competitiveness are Switzerland, Singapore, the United States, Finland and Germany. There were five things that made Indonesia progress a little in 2014-2015, including market size (the 15th rank), innovation (the 31st rank), macroeconomic environment (the 34th rank), business sophistication (the 34th rank) and financial market development. The rating shows that Indonesia has competitiveness in the economic field. While the five low indicators are; labor market efficiency (the 110th rank), readiness of technology (the 77th rank), basic education and health (the 74th rank), infrastructure (the 56th rank) and institutional (the 53rd rank) (WEE, 30 December 2014).

Those five indicators reflect that Indonesia needs to improve national competitiveness starting from regions (including villages). Competitiveness related to basic education, health, infrastructure and institutions is the tangible condition of poor regions in Indonesia. Accordingly, it can be said that decentralization has not resulted in better local governance and even been able to mobilize local potential to improve the welfare of the community. One of the local potentials that are often overlooked by the local governments is the development of human resources. Since 2011, the road map on resource development human power remains a jargon of each local government and has not been realized. This is of course very influential on the ability of Indonesian workers, both in domestic and in international markets. In the international market, Indonesian workers are still not paid like workforce with high discipline and skills. Compared with other developed countries such as Germany, America, and even Singapore, South Korea and Japan, Indonesian workers have not become professional labor. The problem is absolutely not only related to the commitment and policies of the central government that are pro-regional, but also the problems of the regions that are less concerned with human resource development. The following data is clear enough to illustrate that in the past five years, the development of human resources through education was not a commitment and strategic step of the regional government. Nonetheless, it should also be recognized that



when compared with the previous five years (2003-2008), human development at the local level experienced significant development, at least experiencing better development. See the following table.

**Table 4.** Human Development Index of Indonesian Government

No	Province	2009	2010	2011	2012	2013
1	Aceh	71.31	71.7	72.16	72.51	73.05
2	North Sumatera	73.8	74.19	74.65	75.13	75.55
3	West Sumatera	73.44	73.78	74.28	74.7	75.01
4	Riau	75.6	76.07	76.53	76.9	77.25
5	Jambi	72.45	72.74	73.3	73.78	74.35
6	South Sumatera	72.61	72.95	73.42	73.99	74.36
7	Bengkulu	72.55	72.92	73.4	73.93	74.41
8	Lampung	70.93	71.42	71.94	72.45	72.87
9	Bangka Belitung Islands	72.55	72.86	73.37	73.78	74.29
10	Riau Islands	74.54	75.07	75.78	76.2	76.56
11	Jakarta	77.36	77.6	77.97	78.33	78.59
12	West Java	71.64	72.29	72.73	73.11	73.58
13	Central Java	72.1	72.49	72.94	73.36	74.05
14	Yogyakarta	75.23	75.77	76.32	76.75	77.37
15	East Java	71.06	71.62	72.18	72.83	73.54
16	Banten	70.06	70.48	70.95	71.49	71.90
17	Bali	71.52	72.28	72.84	73.49	74.11
18	West Nusa Tenggara	64.66	65.2	66.23	66.89	67.73
19	East Nusa Tenggara	66.6	67.26	67.75	68.28	68.77
20	West Borneo	68.79	69.15	69.66	70.31	70.93
21	Central Borneo	74.36	74.64	75.06	75.46	75.68
22	South Borneo	69.3	69.92	70.44	71.08	71.74
23	East Borneo	75.11	75.56	76.22	76.71	77.33
24	North Borneo	-	-	-	-	74.72
25	North Sulawesi	75.68	76.09	76.54	76.95	77.36
26	Central Sulawesi	70.7	71.14	71.62	72.14	72.54
27	South Sulawesi	70.94	71.62	72.14	72.7	73.28
28	South-east Sulawesi	69.52	70.00	70.55	71.05	71.73
29	Gorontalo	69.79	70.28	70.82	71.31	71.77
30	West Sulawesi	69.18	69.64	70.11	70.73	71.41
31	Maluku	70.96	71.42	71.87	72.42	72.70
31	North Maluku	68.63	69.03	69.47	69.98	70.63

33	West Papua	68.58	69.15	69.65	70.22	70.62
34	Papua	64.53	64.94	65.36	65.86	66.25
National/Indonesia		71.76	72.27	72.77	73.29	73.81

Source: Results of partnership survey in 2014.

The data shows human development in each region varies. In three years, under the leadership of Basuki Tjahaja Purnama or Ahok, DKI Jakarta experienced a tremendous human development leap. In the past three years, Papua Province did not achieve significant human development. The same thing happened in West Nusa Tenggara and East Nusa Tenggara (NTT). The three regions in the last five years were also recorded as areas with high poverty rates. In NTT, Governor Frans Leburaya, who was famous for his Red Wine Program, failed to build the quality of human resources as one of the entrances to realize the prosperity and welfare of the people.

### 3.3 Governance and poverty

Poverty is one of the measuring tools to see governance practices in the region. Regions with high poverty rates can be ascertained that there are bad local governance practices. In contrast, regions with low poverty rates can be ascertained there is good governance. The followings are some of the provinces with the highest poverty rates in 2015. It shows that the expansion of provinces in Indonesia has not succeeded in becoming a way to community welfare, such as the division of Papua and South Sulawesi provinces. On the other hand, Pilkada has also not succeeded in producing good local leadership that is able to change poverty into a potential for the welfare and prosperity of the people. While in regions with abundant resources, it becomes an area with national poverty rates such as Aceh and Papua. See table.

**Table 5.** Provinces with the Highest Poverty Rate in Indonesia

No	Province	Percentage of Poverty
01	Papua Barat	36.80% - West Papua takes the 1 <sup>st</sup> rank as the poorest province in Indonesia. This province is a new expansion province from its provincial parent of Papua. The population is around 770 thousand.
02	Papua	34.88% - Papua takes the 2 <sup>nd</sup> rank as the poorest province in Indonesia. The population is around 2.9 million.
03	Maluku	27.74 % -Maluku, the capital of Ambon, takes the third rank to become the poorest province in Indonesia. The population is around 1.5 million.
04	West Sulawesi	23.19% of the Province of West Sulawesi takes the fourth rank as the poorest province in Indonesia. The population is around 1.1 million.
05	East Nusa Tenggara	23.03%- With the population of around 4.6 million, this province is always ranked as the poorest province in Indonesia.
06	West Nusa Tenggara	21.55% -Being an adjacent to East Nusa Tenggara, it has got a similarity to East Nusa Tenggara, which means it is considered the poorest province in Indonesia
07	Aceh	20.98% -Nanggroe Aceh Darussalam actually has a lot of foreign exchange, but NAD is always ranked as the poorest province in Indonesia.

Source: taken from Kompas, Detik, and Tempo, 18 February 2016.

The study conducted by Alonso Terne [5] shows that there is a very close correlation between governance and poverty. The practice of poor governance becomes the chance for the emergence of corrupt governance and acute poverty of local communities. One of the interventions to eradicate poverty is encouraging good governance, pro-people governance and giving a special portion of the budget to eradicate poverty [6].

Good governance is a very decisive factor in eradicating poverty. Studies conducted by UNDP show that one of the loopholes that can be performed to reduce poverty in the regions is to practice or implement good governance. The World Bank in 2006 defines good governance as an institution which is seen from several basic indicators, among others; participation, accessibility, transparency, responsiveness, effectiveness and efficiency, justice, law enforcement, accountability and conflict governance. Smeru's [6] study also presents that decentralization has brought serious changes to several aspects of the principles of good governance, but in other aspects, it is still necessary to make improvements and serious changes. The aspects include:

- 1) Community accessibility to government public services such as education. Smeru's study shows that most students still go to school on foot, but the number of those students decreases with the increasing levels of education. Nearly 80% of elementary students go to school on foot.
- 2) Community participation in government services, for example in education services. In primary school education, for example, the net enrollment rate in the past year was reported to be around 95%, while in this data it was recorded only 72%.
- 3) Access to village administration services is measured using variables related to the ease of obtaining an identity card (KTP). Around 61% of family members have got KTP. The average time needed to get a KTP is 7.4 days. The cost is not much different in each region; it is around Rp. 19,000. The use of informal intermediaries is common to obtain ID cards: 47% of households use their services;
- 4) Only 15% of households have access to information about village budget allocations and 25% of households have access to information on village development programs;
- 5) Approximately half of households states that the level of participation in village activities do not differ from previous years, while a third of households feels that their participation has increased. The rest, around 10% of households states that their participation declines. The number does not differ among the regions.
- 6) Participation in general elections is very high: 94% of households has recently participated in the elections. However, only 44% of households participating in the election know the background of the candidates.
- 7) An important indicator of governance besides transparency is the extent of corruption cases. Very few people admit that corruption and bribery have occurred in various public service institutions. Knowledge of bribery cases is said to occur most often in police, where 19% of households state they know about the incident. Educational institutions are not free from illegal transactions. As many as 9% of households are aware of corruption and / or bribery that occur in educational institutions;
- 8) The community identifies five main aspects of health services that need improvement: availability of medicines and vaccines (24%), affordability of medical services (20%), physical condition of health service locations (19%), attention and attitudes of medical officers (15%), and the time of wait at each health service place (7%). According to the head of the Community Health Center, their involvement in determining the rates of the Community Health Center is much lower than what is reported by the health department.

The data shows that (1) decentralization and regional autonomy have not provided sufficiently strong expectations for good governance; (2) the division of regions and direct regional elections actually lead the problems of inheritance and transition to poverty in a number of regions; (3) poverty can only be eradicated by pioneering and giving serious attention to good governance. Several provinces in Indonesia have become a separate lesson where good governance prioritizes budgets and accesses better public services to local people. The JKI database under the leadership of Ahok can become a model for how to prioritize public budgets for the benefit of the poor through improving public facilities access to public services and scholarships to the poor.

#### **4 Conclusion**

Governance and poverty are closely related. Crisis in the governance does not only characterize and mark areas with very high poverty but also becomes a road map of how the region is led and controlled by corrupt governments. It does not only close the access to the wider community to utilize the APBD to achieve prosperity but also reduces the use of public budgets (APBD) in carrying out programs for the poor, such as access to education, health, basic infrastructure, drinking water, electricity and so on. Regions with high poverty ratings have the same general symptoms such as; (1) more money is spent on bureaucratic spending; (2) basic infrastructure for roads with holes that are not asphalted and the like; (3) limited fulfillment of community needs for electricity, clean water, and so on; (4) the community has limited access to government public services; (5) governance requires expensive and inefficient (wasteful) costs.

For this reason, there are several things that need to be done as recommendations for changes in government policies;

- 1) The government needs to strengthen the institutions of political parties - encourage regeneration and recruitment in more open political parties, so as to produce more qualified regional leaders;
- 2) Cutting the authority chain that limits the coordination between the central government and the regional government by holding regular and scheduled coordination between the central government and regional governments;
- 3) Giving direction to local governments to use a huge part of the regional budget for the public interest, especially prioritizing the poor;
- 4) Make a road map or a measurable and planned development road map for regions that are continually ranked as the poorest ones - for those regions, the government also needs to provide space for the expansion of local community participation in the governance of the local government;
- 5) Opening the space for the emergence of local democratic inclusion based on rights and justice for the community - through policies that benefit the community in obtaining rights and justice in the governance of local government;
- 6) Decentralization in the form of improvement and local democracy needs to be actualized in the limitations of its success for certain regions and the limitations of its activities for regions that have suffered a setback.

It is believed that the future of Indonesia under decentralization and simultaneous local elections will get better, at least the governance is controlled by visionary leaders who are competitive and committed to eradicating poverty.

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