

International Conference

Fiscal Decentralization in Indonesia a Decade after Big Bang:

Indonesian and International Perspectives on Best Practice for Fiscal Decentralization and its Impact on Economic Development and Social Welfare

Jakarta, 13-14 September 2011

Organized by:



Ministry of Finance
The Republic of Indonesia

Supported by:





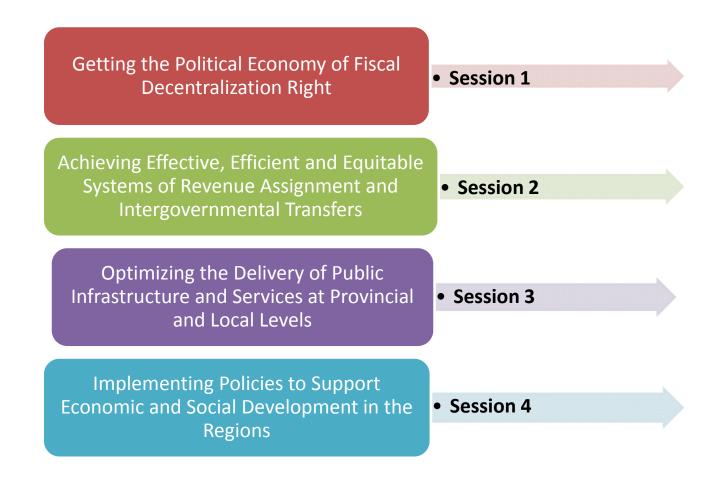
Introduction



- Indonesia has embarked on decentralization program over a decade. Pressures towards decentralization is one of the reform programs initiated by the government in order to stabilize the economy during the crises in 1997-2000.
- There were 3 main strategies taken into account on the decentralization policy: (i) accountability mechanism is designed through the increasing of local council's role (horizontal accountability mechanism); (ii) a clear division of intergovernmental transfers; and (iii) more discretion on spending given at the sub-national governments.
- These strategies have been outlined to obtain benefit for most of the people and to induce economic growth through increasing local accountability and improving public service delivery. Henceforth, the ultimate objective of decentralization is to increase economic growth and people's welfare.
- Indonesia, as other countries experience, is facing challenges as to whether people's
 welfare will be achieved by decentralization program. Therefore, the country shall
 convey with continuous improvement and actively be involved with international
 experience as a means of obtaining best-practice exchange
- International Conference on Fiscal Decentralization is initiated by the Ministry of Finance to showcase the implementation of decentralization in Indonesia while learning from other countries' experience

4 (four) core areas of decentralization

To be addressed at the Conference



Topics/Speakers/Moderators/Panelists

Topic Speaker		Moderator	Panel	
Session 1 – Political Economy				
Political challenges and successes in Indonesia's decentralization reform	DG Otda, MOHA	Bill Wallace/Da an	a	Expert
Assigning functional responsibilities between levels of Government in Brazil and other Latin America countries	UN Economic Commission for Latin America and the Carribean (ECLAC)	Patinasaran y	•	Dr Eko Prasojo Felix Wanggai
Territorial arrangements and managing pressures for proliferation of Regional Governments. Indonesian and international experiences	Professor Jorge Martinez, Georgia State University, USA			
Session 2 – Intergovernmental Financing				
Lessons learned from Indonesia's fiscal decentralization: Overview	DG Fiscal Balance, MOF	Rabin Hattari/Jua	•	Dr. Blane Lewis Mayor of Bandung
Reforming the system of revenue assignment and intergovernmental transfers in South Africa-Lessons learned for Indonesia	Kenneth Brown, Deputy Director General Intergovernmental Fiscal Relations, South African Ministry of Finance	n Luiz Gomes	•	Prof. Abdul Halim, UGM
Strengthening the local revenue side of intergovernmental financing, including property tax devolution — Indonesian and international experiences	Professor Roy Kelly, Duke University, USA			

Topics/Speakers/Moderators/Panelists

Session 3 – Infrastructure and Service Delivery				
Approaches to improving local level infrastructure and services. Cases from Gorontalo Province and Yogyakarta City, Indonesia	Governor of Gorontalo Mayor of Yogyakarta	Agung Pambudi, KPPOD	•	Deputy, Regional Autonomy / Development,
Expenditure focused approaches to intergovernmental	Dr Anwar Shah			Bappenas
financing – Indonesia's experiences and areas for further			•	Prof Wihana Kirana
reform			•	Muhammad Najib,
Incentives, sanctions and other mechanisms for achieving better local delivery of services and infrastructure. What	Jesper Steffenson			Governance Reform Advisor, AusAid
works and what doesn't – the international experience				
Session 4 – Economic and Social Development in the Regi	ons			
Indonesia's "economic corridor policy" to promote	Director General from	Dr Hefrizal	•	Head, Office of
regional growth and development – national and regional	Coordinating Ministry	Handra		Fiscal Policy, MOF
perspectives on regional growth policy	for Economy		•	Professor Iwan
China's approach to stimulating and financing rapid	Dean Baoyun Qiao,			Jaya Azis
regional infrastructure development and economic	Central University of		•	Wakil KADIN
growth	Finance and Economics,			Bidang
	China			Perekonomian
Unshackling Regional Governments to support faster	Professor Robert			
economic growth and social development in the regions.	Simanjuntak			
Indonesian and international perspectives				



Time and Venue

- Date :
 - Day 1 : Tuesday, 13 September 2011
 - Day 2 : Wednesday, 14 September 2011
- Venue : Hotel Borobudur

Target Participants



- Up to 210 invitations
- Invitations include :
- Indonesian principal moderator, opening, closing, managing sessions;
- Opening Speaker;
- Moderators, speakers, panelists, resource persons for break-out sessions;
- Senior Indonesian Central Government Officials (to be selected mainly from MOF, Bappenas, MOHA, other line ministries);
- Senior Indonesian Regional Government Officials;
- Foreign government officers (Philippines, Cambodia, Laos, Vietnam and other ADB members, South Africa, Brazil, Chinese, Australia, PNG);
- Academicians from prominent university in Indonesia;
- NGOs which is based in Jakarta; and
- Representative each of Asian Development Bank, World Bank Officials, GIZ, AusAid, and other development partners.

Ceremonial Sessions







- The Opening is conducted by HE Minister of Finance
- Evening Dinner will be chaired by HE Minister of Bappenas. HE Minister of Bappenas will give keynote address. Invitations for the evening dinner apply to HE Minister of Finance, Minister of Bappenas, and Minister of Home Affairs
- Closing remarks is conducted by HE Ministry of Home Affairs

Format of the Conference

- Moderator to introduce and chair supported by other panelists;
- Paper on Indonesian experience on that topic;
- Paper from one invited Foreign Government on their experience;
- Paper from one invited international expert on the international experience;
- Initial comments on the papers by the panelist; and
- Comments / discussion from the floor on the papers;
- Break-out sessions for specific sub-topics;
- Plenary session (concluding remarks).





Publications

- To be organized by the Technical Team responsible for organizing the conference, particularly Public Relations Bureau;
- To be placed prominently on web sites of MOF, MOHA, Bappenas, World Bank, ADB, AusAid, GIZ;
- Brochure to be prepared and distributed to private sector, NGOs, public;
- Limited advertising in local print media;
- Pre-events: Pre-Press Conference, Press Conference, training for media.

Proposed Schedule – day 1

Time	Topic	Facilitators				
0800 – 0900	Finalize Registration					
0900 – 0930	Welcome and Keynote Opening Address	HE Minister of Finance				
0930 - 0950	Morning Tea					
Session 1 – Getting the Political Economy of Decentralization Right						
0950 – 1010	Political challenges and successes in Indonesia's decentralization reform	DG Otda, MOHA				
1010 – 1030	Assigning functional responsibilities between levels of Government in Brazil and other Latin America countries	UN Economic Commission for Latin America and the Carribean (ECLAC)				
1030 – 1050	Territorial arrangements and managing pressures for proliferation of Regional Governments. Indonesian and international experiences	Professor Jorge Martinez				
1050 – 1200	Panel and Audience Comments / Discussion on Session 1	Moderator, Panelists and floor				
1200 – 1300 Lunch						
<mark>Session 2 – Achiev</mark>	ing Effective, Efficient and Equitable Systems of Revenue Assignments and Intergovernmental Tra	ansfers				
1300 – 1320	Lessons learned from Indonesia's fiscal decentralization: Overview	DG Fiscal Balance, MOF				
1320 – 1340	Reforming the system of revenue assignment and intergovernmental transfers in South Africa- Lessons learned for Indonesia	Kenneth Brown, Deputy Director General, Intergovernmental Fiscal Relations, South Africa				
1340 – 1400	Strengthening the local revenue side of intergovernmental financing, including property tax devolution — Indonesian and international experiences	Professor Roy Kelly				
1400 – 1500	Panel and Audience Comments / Discussion on Session 2	Moderator, Panelists and floor				
1500 – 1510	Afternoon Tea					
1510 – 1700	2 breakout discussion groups on sessions 1 and 2 (conclusion for each discussion)	Moderator, Resource Persons				
1700 – 1930 – Free Time / Break						
1930 - 2200	Evening dinner / entertainment with keynote address	HE Minister of Bappenas				

Proposed Schedule – day 2

Time	Topic	Facilitators
ession 3 – Optin	nizing the Delivery of Public Infrastructure and Services at Provincial and Local Levels	
0900 – 0940	•Governor of Gorontalo	
	and Yogyakarta City, Indonesia	Mayor of Yogyakarta
0940 – 1000	Expenditure focused approaches to intergovernmental financing – Indonesia's experiences and areas for further reform	Dr Anwar Shah
0950 – 1010	Incentives, sanctions and other mechanisms for achieving better local delivery of services and	Jesper Steffenson
	infrastructure. What works and what doesn't – the international experience	
1010 – 1030	Morning Tea	
1030 – 1130	Panel and Audience Comments / Discussion on Session 3	Moderator, Panelists and floor
1130 – 1230	2 breakout discussion groups on session 3 (conclusion for each discussion)	Moderator, Resource Persons
1230 – 1340	Lunch	1
ession 4 – Imple	ementing Policies to Support Economic and Social Development in the Regions	
1340 – 1400	Indonesia's "economic corridor policy" to promote regional growth and development – national	Director General from
	and regional perspectives on regional growth policy	Coordinating Ministry for
		Economy
1400 – 1420	China's approach to stimulating and financing rapid regional infrastructure development and	Dean Baoyun Qiao, Central
	economic growth	University of Finance and
		Economics, China
1420 - 1440	Unshackling Regional Governments to support faster economic growth and social development	Prof. Robert Simanjuntak
	in the regions. Indonesian and international perspectives	
1440 – 1540	Panel and Audience Comments / Discussion on Session 4	Moderator, Panelists and floor
1540 – 1600	Afternoon Tea	•
nal Plenary Ses	sion	
1600 – 1630	Conference Summary and Final Plenary Session	DG of Fiscal Balance, MOF
1630 – 1645	Closing Remarks	HE Minister of Affairs

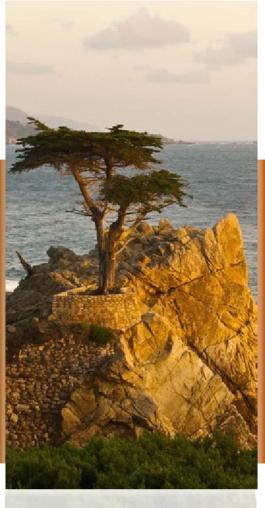
Break-Out Sessions

First Breakout Discussion Groups Covering Sessions 1 and 2

	Discussion Topic		Discussion Leaders – Resource Persons
1.	Getting the political economy of decentralization right –	•	Secretary DG of Fiscal Balance (Moderator)
	Indonesian and international perspectives	•	Dr. Machfud Sidik
		•	Dr Made Suwandhi
		•	Professor Jorge Martinez
		•	Institute for Economic and Social Planning, ECLAC
2.	Designing and implementing best practice revenue	•	Director of Balancing Fund, MOF (Moderator)
	assignments and transfer systems	•	Director of Regional Taxes and Charges, MOF
		•	Mayor of Bandung
		•	Kenneth Brown
		•	Professor Roy Kelly

Second Breakout Discussion Groups Covering Session 3

	Discussion Topic		Discussion Leaders – Resource Persons
1.	Approaches to improving local level infrastructure and	•	Director of Regional Autonomy, Bappenas
	services		(Moderator)
		•	Governor of Gorontalo
		•	Anwar Shah
		•	Muhammad Najib
		•	Blane Lewis
2.	The role for sanctions and incentives linked to service delivery	•	Director of Evaluation, Funding, and Regional
	in Unitary States		Information System , MOF (Moderator)
		•	Mayor of Jogjakarta
		•	Jesper Steffenson
		•	Prof. Dr. Robert Simanjuntak
		•	Dr Hefrizal Handra



Thank you

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