APPLIED POLITICAL ECONOMY ANALYSIS OF USAID PRIORITY PROVINCES IN INDONESIA

Banten Province

September – October 2020
APPLIED POLITICAL ECONOMY ANALYSIS OF USAID PRIORITY PROVINCES IN INDONESIA

Banten Province

Monitoring, Evaluation, and Learning (MEL) Support to USAID/Indonesia

**Mechanism Number:** AID–486–I–14–00001 (IDIQ); Task Order 72049719F00001

**Prepared for:**
Elizabeth Mendenhall (COR)
United States Agency for International Development/Indonesia (USAID)

American Embassy
Jl. Medan Merdeka Sel. No.3-5, RT.11/RW.2
Gambir, Kecamatan Gambir,
Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10110
Indonesia

**Prepared by:**
Social Impact, Inc.
Contact: Valentine J Gandhi, Chief of Party
2300 Clarendon Blvd., Suite 1000
Arlington, VA 22201

This report was prepared by Aditya Alta (Social Impact), Basab Dasgupta (Social Impact), Valentine J Gandhi (Social Impact), Christine E. Thomas (Social Impact), Endah Shofiani (USAID), Angga Rachmansah (USAID), Edhie Rahmat (USAID), Hanif Saleh (USAID), Jipy Priscilia (USAID), Maria Nurani (USAID)
ACKNOWLEDGEMENTS

**PEA Field work Team**
Endah Shofiani, Team Leader
Aditya Alta – SI Researcher
Angga Rachmansah – USAID Researcher
Edhe Rahmat - USAID Researcher
Hanif Saleh - USAID Researcher
Jipy Priscilia- USAID Researcher
Maria Nurani - USAID Researcher

**PEA Management, Analysis and Reporting Team**
Basab Das Gupta – TL
Valentine Gandhi – MEL COP and Project Director and Reviewer
Aditya Alta – SI Researcher
Christine Thomas – Project Manager
Leslie Hodel – MEL TFP and Reviewer
Alexandra McMullin – Copy Editor
Fina Hastuti – Contracts and Financial Support
Lucia Monalisa – Procurement Support

**USAID Program Office Management Support**
Elizabeth Mendenhall – COR, and Director Program Office
Marunga Manda – PEA Co Lead, M&E Advisor
Fitria Wahid – ACOR, GIS Specialist
Yasmeen Thomason – ACOR, Deputy Director, Programs Office,
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acronyms and Local Terms</td>
<td>ii</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>iv</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Assessment Purpose and Audience</td>
<td>1</td>
</tr>
<tr>
<td>Summary of Desk Review Findings</td>
<td>2</td>
</tr>
<tr>
<td>PEA Themes</td>
<td>2</td>
</tr>
<tr>
<td>Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Data Sources and Selection</td>
<td>3</td>
</tr>
<tr>
<td>Analysis</td>
<td>4</td>
</tr>
<tr>
<td>Limitations</td>
<td>4</td>
</tr>
<tr>
<td>Findings</td>
<td>5</td>
</tr>
<tr>
<td>Theme 1: Inter-Governmental Relationship</td>
<td>5</td>
</tr>
<tr>
<td>Theme 2: Accountability, Governance, and Service Delivery</td>
<td>6</td>
</tr>
<tr>
<td>Theme 3: Inclusive Economic Development</td>
<td>10</td>
</tr>
<tr>
<td>Theme 4: Donor Coordination</td>
<td>13</td>
</tr>
<tr>
<td>Conclusions</td>
<td>14</td>
</tr>
<tr>
<td>Inter-Governmental Relationship</td>
<td>14</td>
</tr>
<tr>
<td>Accountability, Governance, and Service Delivery</td>
<td>15</td>
</tr>
<tr>
<td>Inclusive Economic Development</td>
<td>17</td>
</tr>
<tr>
<td>Donor Coordination</td>
<td>18</td>
</tr>
<tr>
<td>Recommendations</td>
<td>19</td>
</tr>
<tr>
<td>References</td>
<td>20</td>
</tr>
<tr>
<td>Annex 1: Background for Each Theme, Based on Desk Review</td>
<td>21</td>
</tr>
<tr>
<td>Annex 2: Core and Supporting PEA Questions</td>
<td>22</td>
</tr>
</tbody>
</table>
### ACRONYMS AND LOCAL TERMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baduy</td>
<td>One of the indigenous communities of Banten</td>
</tr>
<tr>
<td>BAGAS</td>
<td>Banten Cegah Stunting</td>
</tr>
<tr>
<td>Bappeda</td>
<td>Regional Development Planning Agency</td>
</tr>
<tr>
<td>Bappenas</td>
<td>National Development Planning Agency</td>
</tr>
<tr>
<td>BDCF</td>
<td>Bilateral Development Cooperation Framework</td>
</tr>
<tr>
<td>BLK</td>
<td>Balai Latihan Kerja</td>
</tr>
<tr>
<td>BPK</td>
<td>Badan Pemeriksa Keuangan</td>
</tr>
<tr>
<td>BPS</td>
<td>Badan Pusat Statistik</td>
</tr>
<tr>
<td>BUMD</td>
<td>Badan Usaha Milik Daerah</td>
</tr>
<tr>
<td>BUMDES</td>
<td>Badan Usaha Milik Desa</td>
</tr>
<tr>
<td>CDCS</td>
<td>Country Development and Cooperation Strategy</td>
</tr>
<tr>
<td>CLA</td>
<td>collaborating, learning, and adapting</td>
</tr>
<tr>
<td>COR</td>
<td>Contracting Officer’s Representative</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Coronavirus disease</td>
</tr>
<tr>
<td>CSO</td>
<td>civil society organization</td>
</tr>
<tr>
<td>CSR</td>
<td>corporate social responsibility</td>
</tr>
<tr>
<td>CVE</td>
<td>countering violent extremism</td>
</tr>
<tr>
<td>DAK</td>
<td>Dana Alokasi Khusus</td>
</tr>
<tr>
<td>DAU</td>
<td>Dana Alokasi Umum</td>
</tr>
<tr>
<td>DBH</td>
<td>Dana Bagi Hasil</td>
</tr>
<tr>
<td>DO</td>
<td>development objective</td>
</tr>
<tr>
<td>DRG</td>
<td>democracy, human rights and governance</td>
</tr>
<tr>
<td>FCR</td>
<td>findings, conclusions, recommendations</td>
</tr>
<tr>
<td>GAP</td>
<td>gender analysis pathway</td>
</tr>
<tr>
<td>GBS</td>
<td>gender budget statement</td>
</tr>
<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
</tr>
<tr>
<td>Gol</td>
<td>Government of Indonesia</td>
</tr>
<tr>
<td>GESI</td>
<td>gender equality and social inclusion</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>IDR</td>
<td>Indonesian Rupiah</td>
</tr>
<tr>
<td>IUWASH PLUS</td>
<td>Indonesia Urban Water, Sanitation and Hygiene Penyehatan Lingkungan untuk Semua</td>
</tr>
<tr>
<td>JAMILAH</td>
<td>Local program women that provide pick-up services for women with troubled pregnancy from rural Lebak to the nearest hospital</td>
</tr>
<tr>
<td>Jamkesda</td>
<td>Health insurance scheme provided by local government</td>
</tr>
<tr>
<td>Jampersal</td>
<td>Insurance scheme for newborn deliveries financed through the DAK</td>
</tr>
<tr>
<td>Jawara</td>
<td>Local community strongmen</td>
</tr>
<tr>
<td>JKN</td>
<td>Jaminan Kesehatan Nasional</td>
</tr>
<tr>
<td>KII</td>
<td>key informant interviews</td>
</tr>
<tr>
<td>KPK</td>
<td>Komisi Pemberantasan Korupsi</td>
</tr>
<tr>
<td>MCH</td>
<td>maternal and child health</td>
</tr>
<tr>
<td>MEL</td>
<td>monitoring, evaluation, and learning</td>
</tr>
<tr>
<td>MFI</td>
<td>microfinance institution</td>
</tr>
<tr>
<td>MOH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>MOEF</td>
<td>Ministry of Environment and Forestry</td>
</tr>
<tr>
<td>MoWECP</td>
<td>Ministry of Women Empowerment and Child Protection</td>
</tr>
<tr>
<td>MSF</td>
<td>Médecins Sans Frontières</td>
</tr>
<tr>
<td>Musrenbangdes</td>
<td>A participatory bottom-up approach at the village level that feeds into the preparation of the government’s annual planning</td>
</tr>
<tr>
<td>NGO</td>
<td>non-governmental organization</td>
</tr>
<tr>
<td>ODF</td>
<td>open defecation free</td>
</tr>
<tr>
<td>PDAM</td>
<td>Perusahaan Daerah Air Minum</td>
</tr>
<tr>
<td>PEA</td>
<td>political economy analysis</td>
</tr>
</tbody>
</table>
PSBB  Pembatasan Sosial Berskala Besar
Puskesmas  Community health centers
RPJMN  Rencana Pembangunan Jangka Menengah Nasional
SI  Social Impact, Inc.
SIMRAL  Sistem Informasi Manajemen Perencanaan, Penganggaran, dan Pelaporan
SME  Small and Medium Enterprises
SOE  state-owned enterprise
TFJ  Tirta Fresindo Jaya
UNICEF  United Nations Children's Fund
USAID  United States Agency for International Development
USD  United States Dollar
WASH  Water, Sanitation, and Hygiene
EXECUTIVE SUMMARY

BACKGROUND
The United States Agency for International Development (USAID) and the Government of Indonesia (GoI), represented by the National Development Planning Agency (Bappenas), signed the Bilateral Development Cooperation Framework (BDCF) for the period of July 23, 2020 to September 30, 2025 to implement USAID’s Country Development and Cooperation Strategy (CDCS) goal: “Indonesia is an advanced, just, prosperous, and self-reliant Indo-Pacific partner.” This CDCS goal is in line with the GoI’s National Medium-Term Development Plan (RPJMN) 2020-2024 goal and will focus on eight priority provinces including Banten. To advance its self-reliance goal, the GoI has identified four priority areas for USAID support: government effectiveness, human capital, inclusive economic growth, and environmental sustainability. Based on these areas, USAID will advance the CDCS goal through four Development Objective (DOs). This political economy analysis (PEA) is intended to inform project/activity design by better understanding the local dynamics, potential implementation challenges, and opportunities associated with working in Banten. The process started with a desk review to provide overview of political economy and sectoral information of the province. During the second PEA stage, core and supporting questions were identified to complement desk review results with key information from structured interviews.

METHODOLOGY
The study uses the PEA framework as a structured approach for examining why things work the way they do. It examines the power dynamics, economic forces, and social forces that influence development effectiveness and analyzes findings according to four “pillars”: Foundational Factors, Rules of the Game, Here and Now, and Dynamics of all three. To respond and adapt to these realities, the approach guides stakeholders in understanding the inherent challenges for operationalizing the process of political thinking and rigorous Collaborating, Learning and Adapting (CLA). This study uses a combination of contextual review, desk review and fieldwork (structured stakeholder interviews) for the analysis. The contextual and desk review, previously submitted as standalone pieces, assisted in identifying relevant questions for fieldwork and fed into the analysis as a background document.

FINDINGS
To fill out the gaps as identified in the contextual and desk review, the team took a deeper dive to address a set of PEA questions under five themes— inter-governmental relationship, governance and accountability, basic service delivery, inclusive economic growth, and donor coordination. The following section highlights the key findings from the discussions from Key Informant Interviews, see Annexe 3 for a full list of respondents.

INTERGOVERNMENTAL RELATIONSHIP
The national-provincial relationship is generally viewed favorably as indicated by several national strategic projects being built in Banten. However, between the national and provincial governments and the executive and legislative branches in the province, tensions recently developed regarding the asset sale of Bank Banten. Banten’s plan to have its own flagship healthcare program, which is considered overlapping with Indonesia’s national health insurance scheme, Jaminan Kesehatan Nasional (JKN), as well as a noted coordination gap in the management of national parks, have placed further strain on the national-provincial relationship.

Between the province and the districts/cities, issues are usually related to delays or cuts in transfers to the city and district governments. The province-district relationship is said to be better now compared to the political dynasty of the past due to the current leadership.
Provincial government support to cities and districts is centered around infrastructure projects with an expectation for district/city governments to complement these projects with the soft infrastructure (such as technical expertise) to maintain and operate the physical components. However, most districts/cities lack the capacity and resources to do this and are more eager to rely on donor programs or civil society organizations (CSOs) in acquiring the necessary technical resources instead of coordinating with the province government. Horizontal relationships between government agencies at the same level have reportedly been working well with the provincial government agencies that are starting to adopt a multisectoral approach to development issues such as health.

GOVERNANCE AND ACCOUNTABILITY

According to the provincial government, Banten performs well in Human Development Index, investment, economic growth, economic equality (Gini ratio), and poverty. These indicators have improved over the time. However, it has a problem with the unemployment rate, which is the highest of all provinces.

Fiscal capacity as determined in part by local revenues is the most cited reason for the disparity between Greater Tangerang and the relatively underdeveloped districts of Lebak, Pandeglang, and parts of Serang District. The Banten province is praised for the implementation of more accountability measures; however, there are arguments that all Banten’s leaderships have been preoccupied with business as usual and, more crucially, preservation of existing power relations. Despite two decades of Banten’s autonomy, no transformational change has been observed in the underdeveloped parts of Banten.

Political dynasty and religious influence: Ratu Atut’s dynasty has been gradually declining after her arrest in 2014. However, political dynasty as a whole in Banten is unlikely to end soon. Secondary dynasties composed of smaller clans which are affiliated with religious leaders and strongmen are said to be actively using Atut’s decline to reposition the balance of power and compete for each other’s territory in the upcoming elections. Interestingly, political dynasty to some extent is accepted, or at least tolerated, by the people if the appointed leaders show some governing capacity, as indicated by, for example, higher education from foreign universities.

Islamic figures and strongmen groups as informal powers may sometimes influence the actual practice of governing, rendering formal regulations less effective. This is shown in the cases of water resource conflict involving private sector companies against the farmer communities in Pandeglang. Water resources conflict in Lebak and Pandeglang is inseparable from the role of local religious leaders and Islamic schools in the management of agricultural lands.

Village funds (Dana Desa) and complaint handling: On paper, the use of the village fund (Dana Desa) is monitored by each district. Effectiveness of the village fund will still depend on assistance and supervision, primarily from the district governments, since villages still lack the capacity for effective and creative planning. Corruption is said to be entering the villages with the village fund. One informant claims that about a dozen corruption cases were reported in 2018 related to the village fund, and the number has been increasing since.

According to the informant, services that received the most complaints in 2020 were social assistance, health care, finance, transportation, and security. There were only a few complaints regarding water, sanitation, and education despite the general knowledge that services are lacking in these areas, fueling concerns that the population is not completely aware of its rights or the available channels to demand them.

BASIC SERVICE DELIVERIES

Health: The maternal and infant mortality rate is high in Banten, with most deaths found in lagging Lebak and Pandeglang Districts. Rising deaths have been correlated with late emergency referrals due to the failure of private midwives in early detection of risks. This issue is inseparable from the
population’s lack of appreciation of comprehensive maternal and childcare, with some communities, especially traditional ones, preferring to seek help from shamans (paraji) or village midwives to modern care and facilities and often during childbirth only. Further complicating the matter, jamipersal health program has been more popular and heavily promoted compared to JKN despite the latter’s more comprehensive care.

**Access to water and sanitation:** Most (90.58 percent) of Banten’s population has access to improved drinking water, but only 12.21 percent has access to piped water from local water companies (PDAM). Although open defecation rate is high at 11.14 percent, few local governments have shown significant progress and leadership in replicating open defecation free (ODF) programs from donors to other cities and districts.

**Participatory management:** Every government office must prepare a gender budget statement (GBS) and a gender analysis pathway (GAP) to be integrated in its work and budget plans. However, how gender and social inclusion is reflected in development policies and programs remains unclear. The indigenous Baduy communities have participated in Musrenbangdes1, but there are concerns that this participatory planning is merely a ritualistic procedure with little effect on development agenda and priorities.

**INCLUSIVE ECONOMIC GROWTH, WORKFORCE, AND INVESTMENT**

Industrialization has yet to provide an answer to unemployment because a considerable number of workers are sourced from outside the province or foreign countries. Industries such as manufacturing and construction absorb a significant number of workers; however, many positions require professional certificates, which most of Banten population still lack. Limited access to administrative services for the rural population means that a job applicant would need to travel for 4-5 hours from the underdeveloped districts to the nearest city to obtain paperwork such as a police record certificate. Banten’s business-related regulation is found to be incomplete and outdated compared to other provinces, allowing some firms to avoid paying charges which would have been mandatory in other provinces.

**Private sector contribution:** Private sector contribution mostly comes in the form of corporate social responsibility (CSR) or charitable activities. Companies that provide community development programs usually limit the scope to the population living near a plant, for example internship programs provided by Krakatau Steel, Atlas Copco, and several flour and sugar companies in Cilegon. There is a CSR forum in Tangerang District and Serang to coordinate development programs with funding from the private sector. In general, private sector provides considerable contribution in the form of education and health facilities (private universities, hospitals), but most are situated in Greater Tangerang.

**Covid-19 Impact:** As of September 28, 2020, Banten has reported a total of 5417 COVID-19 cases or 1.9 percent of total national cases. In August when the data collection was underway, daily new cases ranged from 12 to 63, an increase from 4 to 34 cases per day in July. Despite the growing pandemic, we found no mention about contact tracing, lockdown, or other measures to contain the pandemic from the informants. Day-to-day governing and service deliveries are running despite the pandemic, although with some modifications such as health protocol in government offices and service facilities. The provincial government was able to perform most of its activities and programs through budget refocusing. Development priorities are now placed on improving public health, poverty and unemployment, and financial institutions, while most physical infrastructure projects are halted. There is an increased risk of violence against women and women’s burden during the work- and learn-from-home period. Despite the rising unemployment, social assistance provisions have not been completely distributed.

---

1 Musrenbangdes is a participatory bottom-up approach at the village level that feeds into the preparation of the government’s annual planning. Once a list of priorities is made in the musrenbangdes, it is submitted to the local government planning department, Bappeda, which will then assign resources to each neighborhood depending upon the available funds and according to need. The musrenbangdes meetings occur in the community centers in every neighborhood during January.
**DONOR COORDINATION**

Donors are expected to start coordination with the local government by engaging the Banten Planning Office (*Bappeda*). Donor assistance is highly needed in crucial issues such as unemployment, stunting, and maternal and child health. To target specific districts, donors may conduct a roadshow to introduce the program in which mayors or regents are asked to make a joint statement of commitment to support the program. Most informants hope that donors may contribute to CSOs strengthening, for example by initiating a new civil society chapter in a sector.

**CONCLUSIONS**

Social and economic issues in Banten are rooted in its structural and institutional setting which enable local leaders to form dynasties and gain popular support despite minimal progress in development policies and programs. In this setting, business as usual is preferred and remarkable development impact is seen as impractical. Development issues in Banten are therefore a symptom of a governance preoccupied with maintaining stability at the expense of transformational change. The implication of selected findings under each topical theme and relevance to each PEA pillar are summarized below.

*Inter-governmental relationship*: Coordination between different levels of government exists and runs as a formal day-to-day procedure. There were only episodes of tensions, primarily between the province and national government, regarding the asset sale of Bank Banten, the province's health care program which overlaps with JKN (the nationwide universal health care program), and some delays in transfers to the districts. Despite these occasional coordination gaps in Rules of the Game, no change to the existing regulations or creation of new ones, was desired by the informants. Rather, much needed improvement is called for in consultations between the executive and legislative branches at the province and between leaders at the national, provincial, and district levels.

*Governance and accountability*: Meanwhile, decision-making practice is also influenced by the local strongmen (*jawara*) and religious (Islamic) leaders. It underscores the critical Dynamics between Foundational Factors and Rules of the Game in the region. As examples from private sector companies have shown, it may not be enough for businesses to secure operational permits and clearance from the government since the religious and *jawara* groups can still force businesses to leave. Conversely, a company can possibly build a plant on a forbidden area such as conservation zones if they can secure the support of local brokers. This, however, means that a fundamental opportunity for change exists in educating and empowering the people to exercise their agency independently of the brokerage of local politics.

Disparity between urban and rural parts of Banten is one of the Foundational Factors that have existed long before the province was established. Since its establishment as an autonomous region two decades ago, development in Banten has not led to a fundamental transformation in socioeconomic characteristics of the regions. This is both related to every administration’s preoccupation with day-to-day governance rather than a grand design of development, and a uniform development strategy to modernize and industrialize rural Banten without due attention to specific local potentials. The apparent underdevelopment in Lebak and Pandeglang, in addition to being related to natural endowment, reflects a close relationship between traditional institutions on one hand and livelihood and resource management on the other – a familiar Dynamic between the Foundational Factors and Rules of the Game in Indonesia, as the private sector company case has shown. Meanwhile, people’s uncritical attitude towards dynasty even in the more affluent parts of Banten as well as the emergence of smaller dynasties means that political dynasty is unlikely to go away soon. Development in Banten also needs to be approached by considering the province’s relations with Jakarta. The current Banten leadership credited with introducing several achievements and leadership quality; however, space for change might still be constrained by the strong informal institutions and traditions which affect people’s acceptance of modern services.

*Basic service delivery*: Maternal and infant mortality rate is high in Banten with most deaths found in lagging districts, Lebak and Pandeglang. Rising deaths have been correlated with late emergency
referrals due to the failure of private midwives in early detection of risks. This issue is inseparable from the informal Rules of the Game where traditional communities lack an appreciation of comprehensive maternal and childcare and prefer to seek help from shamans (paraji) or village midwives to modern care and facilities and often during childbirth only. Further complicating the matter, the Jampersal health program has been more popular and heavily promoted compared to JKN despite the latter’s more comprehensive care. In the context of access to water and sanitation, access to piped water is substantially low and one in every 10 people uses open defecation. This might be attributed to the interplay between geographical factors (natural water resources used for sanitation and drinking located near the communities) and the lack of awareness of the importance of these services, amounting to less demand to the government to expand access.

**Inclusive economic growth**: High unemployment in Banten may be related to two Foundational Factors. From the supply side, workforce skills are considered low and informal (not professionally certified). During the pandemic, this means that these workers are the first to be laid off when the situation calls as a result of the complex Dynamics among Foundational Factors, Rules of the Game and the pandemic (Here and Now). From the demand side, unemployment is correlated with the high number of foreign workers, especially in the construction and manufacturing industries. Work Training Centers in most districts have provided basic skills in mechanical or workshop-related tasks and sometimes credits too. On one hand this might mean better linkage with the large manufacturing sector, but on the other these efforts limit workforce development to manual works to feed into the industry. The apparent lack of efforts to contain and stop the coronavirus from spreading indicates that COVID-19 response has been reactive and intended to maintain economic stability.

**Donor coordination**: Informants hope that donors may contribute to CSOs strengthening, for example by initiating a new civil society chapter in a sector. Strong civil society, as Foundational Factors in Banten, is a key ingredient in building awareness in the people to demand better quality of and access to public services, especially when political dynasty is unlikely to go away in near future as a welcome change in Rules of the Game.

**Recommendations**

1. Programs should promote awareness building among people about their rights to basic services and accountable governance.
2. Work with Bappeda and sectoral government offices to investigate the root problem of the identified priority issues, i.e., unemployment, stunting, and maternal and child mortality. Then, use this information to design the appropriate program.
3. Identify figures in the bureaucracy/technical offices who are cooperative and easy to work with, but also work with local stakeholders operating as discourse makers and champions.
4. Due to the weak civil society in Banten, USAID is expected to engineer a new chapter of civil society by facilitating collaborations among organizations already working in a sector.
5. Engage with community or religious figures in program implementation and encourage their participation.
6. Promote civil society’s role in monitoring the use of village fund and improving villages’ planning capacity.
7. Identify how education or training can improve the linkage between workers’ skills and industrial needs.
8. Improve the capacity of private midwives and integrate them into the JKN system.
9. Identify how gender analysis in planning is translated into programs and use this information to try to improve the way existing programs target women as beneficiaries.
10. Situate Banten in relation to Jakarta in designing programs such as workforce development, countering violent extremism (CVE), and COVID-19 response.
INTRODUCTION

Politics and the political economy affect whether and how reforms happen in developing as well as in developed countries (The World Bank, 2009). Political Economy Analysis (PEA) is an analytical approach to indicate how political thinking can be applied more systematically to “understand the underlying reasons why things work the way they do and identify the incentives and constraints impacting the behavior of actors in a relevant system” (USAID, 2018). Armed with a clear understanding of these complex dynamics, USAID/Indonesia will be better equipped to identify appropriate, sustainable solutions that enhance self-reliance.

This PEA study is intended to produce operationally relevant findings and implications to inform project/activity design for the upcoming CDCS by better understanding the local dynamics, potential implementation challenges, and opportunities associated with working in the eight provinces. USAID and the GoI, represented by Bappenas, signed the BDCF for the period of July 23, 2020 to September 30, 2025 to implement USAID’s CDCS goal: “Indonesia is an advanced, just, prosperous, and self-reliant Indo-Pacific partner.” Aligning it with the GoI’s 2020-2024 National Medium-Term Development Plan (RPJMN) goal, USAID as a donor will concentrate and integrate at least two-thirds of CDCS funding for national-level policy work in eight priority provinces, including Banten. To advance its self-reliance goal, the GoI has identified four priority areas for USAID support: government effectiveness; human capital development; inclusive economic growth; and environmental sustainability. Under the new CDCS, USAID/Indonesia will contribute to GOI priorities through the following CDCS development objectives (DOs): DO1: Effective, Democratic Governance Strengthened; DO2: Inclusive Market-Driven Economic Growth Increased; DO 3: Environmental Sustainability Improved; and DO 4: Priority Health Outcomes Improved.

To feed into its CDCS programming, USAID undertook a “deep dive” for the eight priority provinces through a PEA initiative that will allow the DO teams to gain a better understanding of the local context resulting in more tailored project activity designs. The advantage of using PEA in this regard is that it fits more systematically into this particular operational work to better address risks and respond to demands for an appropriate approach that is tailored to specific situations in the target areas to enhance development effectiveness.

ASSESSMENT PURPOSE AND AUDIENCE

The monitoring, evaluation, and learning (MEL) support team is tasked by the Mission to provide support to each provincial team from USAID’s eight target provinces and guide them to complete each phase of the study— contextual and desk review phase, data collection tool and protocol development phase, interview phase, analysis, and report writing phase. The purpose of this study is to utilize USAID’s Applied Political Economy Analysis (PEA) methodology in order to better understand the local dynamics, potential implementation challenges, and opportunities associated with working in all eight provinces chosen by USAID/Indonesia as priority focus provinces under the Mission’s new Country Development Cooperation Strategy (CDCS).

The two key objectives of the PEA are to:

1. Help the Mission better understand the provincial-level context and the likelihood for change in priority development sectors
2. Inform activity design in support of CDCS implementation, including suggestions of programmatic approaches to address key findings, specific to each province

Additionally, the PEAs should support Mission staff in gaining a greater understanding of the elements at the local level required to support Indonesia on its journey to self-reliance. This report’s primary audience is USAID/Indonesia staff. Implementing partners may also find it useful to inform field operations.
SUMMARY OF DESK REVIEW FINDINGS

A desk review exercise provided a preliminary basis for understanding the situation in Banten and for designing subsequent PEA data collection activities. Desk review findings are described in detail in a separate report (USAID/Indonesia, July 2020), though key findings are summarized here. An additional summary according to adopted PEA themes is also available in Annex 1.

Banten Province (Figure 1) consists of four districts (Serang District, Pandeglang District, Lebak District, and Tangerang District) and four cities (Serang City, South Tangerang City, Tangerang City, and Cilegon City). Islam (94.94 percent) is the dominant religion in Banten. Manufacturing, the largest sector in Banten economy, contributed 30.59 percent of Regional Gross Domestic Product (RGDP) in 2019. National Law 33/2004 introduced General Allocation Funds (DAU), Revenue Sharing Funds (DBH), and Specific Allocation Funds (DAK) to improve the rural-urban disparity in poverty, unemployment, and economic growth. In Banten, transferring funds through the DAK mechanism has a significant effect on capital expenditure in the cities, but it has a much smaller effect in the district areas fueling the persistent rural-urban disparity. The issue of effective spending to address poverty and inequality in Banten is inseparable from the Ratu Atut Chosiyah political dynasty. The indigenous communities of Banten, such as the Baduy communities, highlight the importance of local religion and culture in Banten.

Corruption, in the form of political patronage, misuse of power, and elite capture, is a central issue in Banten, which is a relatively new province. Economic inclusion is hampered by rural-urban disparities which are observed in terms of incidence of rural poverty (7.3 percent) nearly doubling urban poverty (4 percent). Open defecation remains a significant issue, while 41 percent of people in Banten had access to clean water in 2018. In 2017, 79 percent of Banten residents were covered by JKN. During the second quarter of 2020, a significant number of workers were laid off and furloughed due to the COVID-19 pandemic. The Central Statistics Agency (BPS) projected the unemployment rate in Banten could reach up to 15 percent or 1.2 million people in the next few months if the situation continues.

PEA THEMES

The desk review results summarized above presented a high-level overview of Banten-specific PEA pillars (Foundational Factors, Rules of the Game, the Here and Now, and potential Dynamics) as well as sectoral information based on a review of the relevant literature. During the second PEA stage, core and supporting questions were identified to complement desk review overview with key information from interviews (See Annex 2). These questions are organized into themes. Theme 1 focuses on the intergovernmental interaction in terms of policy deliberation and implementation. Theme 2 looks into the current level of commitment to open and accountable governance and comprises two main topics: the government’s policies and strategies and the current partnership between the public and private sectors. Theme 3 addresses inclusive economic development and also consists of three main topics, namely the relatively high unemployment, efforts to absorb the young jobseekers, and the economic recovery following the COVID-19 pandemic. Lastly, theme 4 addresses donor coordination and delves into the most effective way for engaging with regional development programs.

---

2 This second-layer administrative division under the province is generally referred to as districts in this document. When necessary, a distinction is made between a district and a city to highlight the different characteristics between rural (district) and urban (city) areas.
METHODOLOGY

This study uses a combination of contextual review, desk review, and fieldwork for its PEA analysis. The contextual and desk review, previously submitted as standalone pieces, assist in identifying relevant questions for fieldwork and, hence feed into the analysis as a background document identifying drivers of inclusive economic growth, better governance and accountability, and sustainable development of the priority sectors such as environment and health. The study uses the Political Economy Analysis (PEA) framework as described by USAID (April 2018) as a structured approach for examining power dynamics, economic forces, and social forces that influence development effectiveness. To respond and adapt to these realities, the approach guides stakeholders in understanding the inherent challenges for operationalizing the process of political thinking and rigorous Collaborating, Learning and Adapting (CLA).

**FIGURE 1: FOUR PILLARS OF THE APPLIED PEA FRAMEWORK**

<table>
<thead>
<tr>
<th>Foundational Factors</th>
<th>Rules of the Game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis</td>
<td>Here and Now</td>
</tr>
<tr>
<td>Dynamics</td>
<td></td>
</tr>
</tbody>
</table>

Following the PEA framework, the study identifies and breaks down the contributing factors to development (or lack of it) by examining four areas into which most constraints fit: (i) **Foundational Factors**: deeply embedded, longer-term socio-economic “structural factors” that shape the nature and quality of a given political system, sector, or problem and inform why it works or looks the way it does; (ii) **Rules of the Game**: formal and informal institutions, such as rules and norms, that shape the quality of governance and influence actors’ behavior and their incentives, relationships, power dynamics, capacity for collective action, and the extent to which public and private actors behave and interact in ways that are widely known and accepted; (iii) **Here and Now**: how current events and circumstances influence the objectives and behavior of key actors or stakeholders, and how they respond to opportunities and impediments to change; and, (iv) **Dynamics**: ways in which the analytical components of the framework interact, addressing how they affect each other, and how they influence/shape prospects for change.

DATA SOURCES AND SELECTION

Banten provincial team initially prepared a list of 38 names from different organizations to contact as informants. These stakeholders were deemed knowledgeable of Banten’s political economy situation and came from the government (provincial and district), civil society organization (CSO), academics, and the private sector. The informants were selected purposively—most are decision makers or opinion leaders in their respective fields—and as a snowball which grew from references made by one informant. However, we were not able to find every contact of the 38 names, and some that we contacted never confirmed their availability. Eventually, the interviews were completed with 17 informants from the provincial government, CSOs (USAID programs and others), academics, the private sector, media, and donors.

The PEA fieldwork was composed of four activity phases: Introduction to and review of tools, fieldwork training, interview scheduling, and conducting interviews. The introduction to PEA and developing and reviewing tools was launched between 27th July and 5th August. Fieldwork training and scheduling interviews were conducted on August 6–7. While training was concurrent for all provinces, key informant interviews (KII) were staggered in scheduling. The entire process took a participatory approach by involving the provincial USAID team and the MEL team.
As interviews were all conducted in Indonesian, the Social Impact (SI) researcher prepared the full interview transcriptions in Indonesian and their summaries in English. The Banten team then reviewed the interview summaries. Based on these reviewed summaries, the SI researcher mapped and coded all of the summaries in the process of drawing up a matrix of compiled findings, conclusions, and recommendations. This matrix then becomes the basis for writing the draft report.

**Analysis**

The Banten provincial team began analysis following data collection at the end of August 2020. It utilized the framework published by the Learning Lab for assistance in initial KII and focus group discussion (FGD) summary translation and review in preparation for the Findings, Conclusions, and Recommendations (FCR) Matrix. As the first step of analysis, the team summarized each interview based on the information provided by the interviewee, followed by a team discussion. Once all interviews were summarized individually, a qualitative tally (see Annex 4: Tally Sheet) was prepared to assist in coding overall themes and frequency of interviewee responses for the PEA pillars. Finally, from this tally, the provincial team leaders summarized the overarching findings in the FCR Matrix in preparation. The reason for developing the tally sheet was to identify number of interviewees from government, civil society, academics and private sector; their sex and number of questions they responded to (See Annex).

As a next step, the researcher prepared a summary of all interviews in the FCR matrix and disseminated with other team members for their review. This participatory approach involved each member of the team in the process to contribute based on their own views. It not only ensured quality assurance but also created a sense of team ownership of the product by bringing all members on the same page. The same approach was followed during the drafting phase of the report. A standardized PEA report template is used to organize this report.

**Limitations**

**Dealing with sensitive questions.** Governance and accountability usually become a sensitive issue particularly when an external team (including donors) discusses levels of corruption or inter-governmental relationship with government officials. In our interviews, all informants including the government officials were surprisingly willing to answer these questions. However, the government informants cared enough to stress progress over problems and to not mention anything too critical of the current administration. We triangulated these “positive” accounts against information from other informants to get a balanced view. To make PEA questions as apolitical as possible, the team needed to work with the language of economics more than the language of politics. This is not an uncommon issue for PEA analysis. Hudson and Leftwich, (2014) notes that because handling such issues are difficult, most PEA relies too much on economic assumptions and makes it more of an “economics of politics”, than political economy analysis.

**Logistical challenges.** Aside from the fewer interviews mentioned above, findings are also limited by our inability to find informants with knowledge of every district. All government informants are from the province with only limited or secondary information about district governance. We tried to fill this gap by asking district-specific questions to USAID programs based in a district, however not all districts are covered. Similarly, village-related information was obtained from secondary information or USAID programs targeting specific villages. To compensate for this lack of details, the analysis is generalized to any district or village where district- or village-related information is concerned.
FINDINGS

THEME 1: INTER-GOVERNMENTAL RELATIONSHIP

The vertical relationship between the national, provincial, and district governments generally work well during day-to-day administration. National and provincial relations are viewed favorably as indicated by several national strategic projects being built in Banten, including the Karian dam, Panimbang airport, Tanjung Lesung Special Economic Zone, and four new highways.

Recently, there were several episodes of tensions between different government levels. An example of this was the asset sale of Bank Banten, resulting in a conflictual relationship not only between the executive and legislative branches in the province, but also the national and provincial governments. Bank Banten has had a liquidity issue for several years, the latest episode of which started in April when the bank failed to disburse IDR 1.8 trillion (USD 123.3 million) of funds for COVID-19 social assistance.\(^3\) Fearing insolvency, the governor acted quickly by transferring the province’s assets to Bank BJB. The Governor Decree 580/Kep.144-Huk/2020 responsible for this was controversial due to unilateral issuance of assets by the governor without consultation with Banten’s regional assembly (DPRD). Meanwhile, the decision to merge Banten’s assets back into BJB, known initially as Bank Jabar Banten and used to host Banten’s assets when it was still part of West Java, is cross-jurisdictional and thus require consultations with the Home Affairs and Finance Ministries. Although the central government later approved and facilitated the transfer, disbursement of funds for COVID-19 relief, as well as payments for ongoing public infrastructure projects in the first and second quarter of 2020, were halted.

Another issue with the national and provincial government relationship relates to Banten’s plan for a flagship healthcare program. The provincial plan was to provide every person with a Banten ID free healthcare access even if that person was not covered in the nationwide universal health coverage Jaminan Kesehatan Nasional (JKN). Some informants see this as a welcome innovation, but others consider it overlapping with JKN and thus preventing JKN to achieve its universal coverage in Banten. The program’s provider was also to be limited to the few province-owned hospitals, reflecting another criticism that the governor operates autonomously for provincial programs. In May 2018, the initiative was blocked by the Ministry of Health (MOH) due to violation of laws on the national social protection system and health insurance provider agency.

A coordination gap between the national and provincial governments is also seen in the management of national parks, such as the Halimun Salak National Park, whose area lies across Banten and West Java. The national park area is the responsibility of the central government under the Ministry of Environment and Forestry (MoEF). Meanwhile, there remains some confusion over the responsible party for basic services (e.g. healthcare, transportation, and water and sanitation) for populations living in the national park and its vicinity.

Problems within the provincial and district government relationship are traditionally related to delays in transfers of funds to the city and district governments. For example, district and city governments were not pleased that 2020 financial assistance was cut without prior notice.

The relationship between the province and districts are improved in contrast to the political dynasty of the past due to the current leadership. The provincial government supports cities and districts centered around infrastructure projects with an expectation for these governments to complement with the soft infrastructure (such as technical expertise) and to maintain and operate the physical components. However, most lack the capacity and resources to execute this and are more eager to rely on donor programs or CSOs in acquiring the necessary technical resources instead of coordinating with the provincial government. In water, sanitation, and hygiene (WASH), for example, Serang District Planning Office (Bappeda) has cooperated with horizontal offices and relevant CSOs.

\(^3\) The sum of funds indicated by the informants at IDR 1.8 trillion is twice higher than the information obtained in the desk review (IDR 900 billion).
by establishing a working group on WASH (Pokja AMPL) in 2007. However, program sustainability depends heavily on the commitment of the local leader. Despite its close engagement with CSOs in WASH, Serang District is still to date not an open defecation free (ODF) district, as the government shows little commitment in replicating and upscaling successful ODF implementation by CSOs. There has also been little monitoring of ODF activities due to limited local resources and capacity. In some cases, without proper post-program monitoring and evaluation, the old habit of open defecation returns in just a few months after an area has been declared ODF.

Similarly, weak technical guidance is also visible in the relationship between central government agencies and their counterpart office at the provincial level in selected sectors. In countering violent extremism (CVE), for example, limited technical guidance and resources have been given to the local correctional office in the risk assessment regarding the release and reintegration of former extremists.

The horizontal relationship between government agencies has reportedly been working well, though “sectoral ego” sometimes may arise. Nevertheless, a multisectoral approach has been used by the provincial government agencies, for example in health between the Health Office, Family Planning Office, and Women Empowerment and Child Protection Office, and in CVE between the correctional office and the Social Affairs Office.

**THEME 2: ACCOUNTABILITY, GOVERNANCE, AND SERVICE DELIVERY**

**GOVERNANCE AND ACCOUNTABILITY**

According to the provincial government, Banten performs well in Human Development Index (HDI), investment, economic growth, economic equality (Gini ratio), and poverty, with these indicators improving over the time. However, Banten continues to have maintain a high unemployment rate, ranking highest of all provinces.

The Banten province has become more accountable by taking financial audit measures, village fund monitoring, open bidding for vacant public positions, and maintenance of a clean audit ranking for the past three years. The Banten governor has also asked the Corruption Eradication Commission (KPK) and the Financial Supervisory Agency (BPK) to supervise public projects in his jurisdiction. Meanwhile, some anti-corruption CSOs have conducted activities to strengthen civil society’s capacity and control, such trainings to detect potential corruption in procurement, critical reading of budget allocation, and reporting of cases. Planning and budgeting at the provincial level is facilitated by the Sistem Informasi Manajemen Perencanaan, Penganggaran, dan Pelaporan (SIMRAL), an e-budgeting system which assists the Bappeda to maintain budgeting proportionally across programs, evaluate planning and budgeting, and monitor risk of budget misuse. The Bappeda is preparing a development plan for underdeveloped districts of Lebak and Pandeglang which would leverage tourism and small business potentials of those areas.

Despite general satisfaction with the current leadership performance, quite a few informants implied that across Banten’s leaderships, leaders have been preoccupied with “business as usual” and, more crucially, the preservation of existing power relations. Despite two decades of Banten’s autonomy, no transformational change has been observed in the underdeveloped parts of Banten. For example, fiscal capacity is the most cited reason for the disparity between Greater Tangerang (Tangerang City, South Tangerang City, Tangerang District) and the relatively underdeveloped districts of Lebak, Pandeglang, and parts of Serang District. With its dominant manufacturing sector, Greater Tangerang generates more revenues than Lebak or Pandeglang, which relies on farming, fisheries, and forest products. For

---

4 According to the BPS, Banten’s provincial-level HDI has been increasing from 71.42 (2017) to 71.95 (2018) to 72.44 (2019), solidly placing it in “high human development” category. However, HDIs by district have been varied with three of the eight districts in the “medium human development.”

5 USAID Indonesia Strategic Assessment Report confirms that Banten’s poverty figure in 2020 is one of the lowest in Indonesia (5.25 percent as compared to 9.8 percent nationally). However, rural poverty rate at 7.3 percent nearly doubles urban poverty (4 percent), indicating large inequality.
some informants, this is an issue which calls for central government’s intervention to increase funding for social services and public works in the underdeveloped districts. Other reasons for the disparity include leadership, human resources and bureaucratic capacity, and infrastructural access.

Rural urban disparity is another caveat in governance underscored by the informants. The dominant development paradigm (with modernization and industrialization) is perceived by informants to be the privilege of Banten urban areas to the neglect of rural Banten. Various governors have offered similar roadmaps of industrialization to these rural areas yet failed to acknowledge different approaches needed for agricultural communities. Tourism has indeed been identified as a priority area by the governments of Lebak and Pandeglang, but ineffective planning and budget allocation, which might be related to human resource capacity, have created suboptimal results. For example, Lebak and Pandeglang in 2019 allocated a significant budget for tourism development. Upon closer inspection, a significant portion of funds were given to tourism advertisements instead of improving tourism infrastructure and access to tourist attractions along the beach, which was more crucial given the 2018 tsunami in Pandeglang that ravaged the coastline.

Strong traditions and informal institutions also affect acceptance of modern services in rural Banten. Religious figures in Pandeglang, for example, have fervently opposed the attempts to establish modern shopping centers and movie theaters in the district, equating these entertainments to a source of immoral worldly desires.

Political dynasty and clientelism: There is a general agreement that Ratu Atut’s dynasty has been gradually declining after her arrest in 2014. However, this incident is unlikely to forecast the end of political dynasty in Banten. Secondary dynasties, composed of smaller clans which are affiliated with religious leaders and strongmen, are said to be actively using Atut’s decline to reposition the balance of power, competing for each other’s territory in the upcoming elections. Different dynasties now control Banten’s districts and with the current deputy governor being Atut’s eldest son indicates the Atut clan’s efforts to regain power. Bureaucratic appointments or rotations of Heads of Office or Bureau are also a mechanism by which the respective ruling clan fills official positions with its trusted people.

During Atut’s terms, these families were kept in the second layer of power, fed by public project concessions to maintain loyalty to the Atut clan. However, there have been improvements during subsequent governor terms with big infrastructure state-owned enterprises (SOEs) emerging during Rano Karno’s governorship, with improved infrastructure quality as a result, and the current leadership introducing the e-procurement system. However, several informants discussed anti-corruption claims and the rigged online bidding system, as the server would at times allow access only to certain bidders while appearing to be busy to others.

Interestingly, political dynasty is accepted by the population to some extent, or at least tolerated, as long as the appointed leaders show some governing capacity as indicated by, for example, higher education from foreign universities. This observation is supported by most informants. The Constitutional Court has also ruled Law 8/2015 Article 7 Letter r unconstitutional, which prohibited political candidacy of someone that is blood related to an incumbent local leader, thus legalizing political dynasty as a consequence. However, such leaders can win popular votes even in the developed urban area of South Tangerang, reflecting a nonevaluative attitude toward politics and power.

Informal powers may sometimes influence the actual practice of governing, rendering formal regulations less effective. An example comes from the case of the water resources conflict between private sector company, and farmer communities in Pandeglang. The company’s plant near a natural spring in Cadasari, Pandeglang blocked groundwater flows to local houses and agricultural lands, in addition to being built on an area designated by the Pandeglang government as a conservation zone for sustainable food. The company, however, had all the permits and clearance to operate there. Only after increasing resistance and pressure from the local community were the permits reportedly revoked by a Pandeglang regent at the time. However, the current regent, has reportedly reinstated the company’s permits. The company’s ability to secure permits despite regulatory breach and community resistance is said to be related to the support it gained from the jawara (strongmen) and
an influential Islamic cleric in the area with a welcoming attitude toward investment. In another account of resources conflict, the company failed to build a plant in Serang after it was opposed by one jawara group, although it did have the necessary permits and support of Ratu Atut clan and most of the jawara groups.

The water resources conflict in Lebak and Pandeglang is inseparable from the role of local Islamic leaders and pesantren (Islamic schools) in the management of agricultural lands. When water flows are blocked, not only are local houses unable to access water, these pesantren are also unable to irrigate their fields. In one of the private company case, this led another influential cleric and a head of pesantren, to join the locals in opposing the company.

Although Nahdlatul Ulama, Banten’s dominant Islamic group, is considered quite moderate, pockets of radicalism from Jamaah Islamiyah and Jamaah Ansharut Daulah are allegedly still found in Banten. The indigenous Baduy community with its traditional religion has become a new ground over which the local government and radical groups are vying for control. For example, the attempt to convert believers of indigenous faith into one of the official religions may be exploited by radical groups to recruit followers.

**Ensuring use of village fund:** On paper, the use of village funds is monitored by each district. However, some villages were still found spending much less than the targeted amount in practice. Assistance and guidance on the use of the fund is coordinated by the Community and Village Empowerment Office which exists in the province and each district.

Effectiveness of village funds will still depend on assistance and supervision, primarily from the district governments since villages still lack the capacity for effective and creative planning. Villages reportedly use the fund mostly for road construction or repair only, although according to the health sector informants, 10 percent of the village fund allocated from the province have been earmarked for health. However, there is another concern that the assistance and guidance provided on the use of the fund may increase villages’ reliance on the consultants, therefore possibly stifling village ownership and capacity. Meanwhile, Baduy communities in 2019 rejected the fund, claiming that the use of the fund for modern facilities such as electricity and other infrastructure is against their traditions.

Concurrently, corruption is said to be entering the villages with the village fund. One informant claims that about a dozen of corruption cases were reported in 2018 related to the village fund, and the number has been increasing since. Village fund use appears to lack transparency as indicated by numerous information disputes received by the Commission for Information. Culturally, villagers are reluctant to criticize village heads, as they are usually respected community leaders. As a result, direct citizen control of the use of village funds is weak.

In the first few months of the 2020 pandemic, the Banten Ombudsman set up an online complaint handling system where 1,211 complaints were received, the highest among all Ombudsman offices in Indonesia. While this can be a service delivery issue, it can also be true that citizens are well informed and engage in the process. If the latter is true, then it may be a good sign for Banten’s Journey to Self-Reliance (J2SR). In addition, the Ombudsman reported from its 2019 survey on public service compliance that while Greater Tangerang achieved a green (best) score, Serang City, Lebak, and Pandeglang were still in the yellow (moderate) zone. Service areas receiving the highest amount of complaints were social assistance, health care, finance, transportation, and security. Few were received regarding the village fund. This, however, does not necessarily mean that the administration went well since there are other, more specialized channels to handle corruption allegations, such as the Government Internal Control Apparatus (APiP), inspectorate, the police, or the prosecutor’s office. There were also few complaints regarding water, sanitation, and education despite the general knowledge that services are lacking in these areas, fueling concerns that the population is not completely aware of their rights or the available channels to demand them. The offending public institution should in principle comply with the Ombudsman’s recommendations; however, in the event of non-compliance, the Ombudsman can only report the case to the People’s Representative Council or the President.
Information and data openness are facilitated by the Information and Documentation Management Officer; each government agency has this function. In addition, there is a Commission for Information at the province which resolves disputes over public information. Banten’s current information openness status is “almost informative,” one level under the best status “informative.”

Indonesia’s development programs use several databases to determine their targets. Therefore, village funds, social assistance programs, Program Keluarga Harapan (a conditional cash transfer program), and election database each refer to a separate target population database compiled by each ministry and/or agency conducting the program. Some databases are often outdated, allowing provision of assistance or voting eligibility to someone that is no longer a resident of an area or eligible.

SERVICE DELIVERY

Health: The maternal and infant mortality rate is high in Banten, with 66 deaths in 2019 and 32 deaths by the second quarter of 2020 (Lebak and Pandeglang are again cited as the areas with the most deaths). Jampersal, an insurance scheme for deliveries only, is more widely used and promoted, including by the local government itself, compared to JKN despite the latter’s more comprehensive coverage, including antenatal care, postpartum and neonatal care, and deliveries. This may reflect both the population’s lack of awareness of the importance of pregnancy care as well as a policy problem where JKN requires a more complicated process in registration and claim compared to Jampersal. Health care providers are more inclined to refer uninsured patients to Jampersal rather than JKN due to Jampersal’s simpler paperwork and faster payment collection for providers. In budgeting, the government seems to treat Jampersal (and other older schemes such as Jamkesda), which is financed through the DAK, as the main healthcare fund. The lower income population is therefore more likely to be registered in Jamkesda/Jampersal rather than as welfare recipients in JKN, which is financed by the government’s own budget. The fact that both JKN and Jampersal cover deliveries has also prompted some informants to suggest diverting Jampersal budget into other health services instead of creating overlap with JKN. In either scheme, however, there is a declining trend of health allocation over the years.

Some traditional communities in Lebak and Pandeglang also prefer assistance from shamans (paraji) or village midwives during childbirth rather than traditional medicine and related facilities. In these communities, decisions regarding which childbirth facility use are influenced more by the mother’s family than the mother herself. If, for example, the grandmother or the elder daughters in the family went to a shaman for childbirth, it is likely that the mother will be compelled to choose the same rather than seeking a hospital facility. Not only is such practice of higher risk, but it also does not provide comprehensive care during pregnancy and postpartum. These traditional and informal care providers also operate outside of the JKN system. Even when women go to hospitals, several informants reported that the use of antenatal, postpartum, and neonatal care is low due to the lack of awareness of holistic maternal care and its importance beyond childbirth. Maternal and infant mortality are sometimes downplayed due to the religious conviction that deaths during labor are deemed “good deaths,” with the belief that all dead infants go to heaven.

The number of health workers has recently increased, though this does not translate to better service quality. Most of these problems come from private midwives or clinics which operate outside the JKN system and possibly contribute to the high maternal and infant death rate. Not only do these providers prevent patients from accessing JKN, operations may occur without proper standards and supervision. For example, private midwives sometimes single-handedly assist childbirth despite the standard being at least two midwives assisting.

Banten Health Office has a Special Formation (Tugas Khusus) mechanism to employ health workers on the province’s budget and place them in a target area. The Office also runs programs to improve health workers’ competencies, such as capacity building, training programs, and publicly accessible medical degree programs.
Environment and Water, Sanitation, and Hygiene (WASH): Limited information was obtained pertaining to this sector from the interviews. The following is predominantly informed by the previously submitted desk review.

Though most of the population (90.58 percent) has access to improved drinking water, only 12.21 percent have access to piped water from local water companies (PDAM). Due to the rapidly growing population, some municipalities have seen reduced water and sanitation coverage, especially Pandeglang, Cilegon, Serang City, and South Tangerang City.

Open air defection is high at 11.14 percent, with the highest being in Lebak and Pandeglang (30 percent). Despite its high incidence, few local governments have shown significant progress and leadership in replicating ODF programs from donors to other cities and districts.

In collaboration with local microfinance institutions (MFIs) and cooperatives, nearly 14,000 households in Tangerang District have had access to improved WASH facilities since 2012. In 2018-2019, the district invested IDR 26.7 billion (USD 1.9 million) for WASH through several flagship programs, including a slum improvement program (Gebrak Pakumis) and Thousands Sanitation Facility (SERASI).

Theme 3: Inclusive Economic Development

As generally known, Banten has the highest rate of unemployment of all Indonesian provinces with one informant reporting the rate at 8.2 percent. Industrialization has yet to provide an answer to unemployment, as a considerable number of workers are sourced from outside the province. Meanwhile, there are concerns that many foreign workers, especially Chinese workers in the Cilegon industrial zone, have been “stealing jobs” from the locals. Our media informant claims that local workers only make up 0.1 percent of total industry workers in the province. Despite the high unemployment rate, incidence of poverty is declining. One informant speculated whether this was related to the vast lands inherited by some of the Banten populations as property, to which they can rely if there is job loss.

The largest industries in Banten are manufacturing, construction, and real estate. Sectors such as transportation, port activities, garments and shoes, and tourism in Pandeglang reportedly absorb considerable workforce for job creation. Electronics and real estate also require a significant number of workers, but many positions require professional certificates that most Banten population still lack.

Workforce development is also related to administrative services access. Job applicants need to travel 4-5 hours from the underdeveloped districts to the nearest city to obtain paperwork, such as a police record certificate. In urban areas, such as Greater Tangerang, businesses run by young people such as cafes are flourishing; however, youths in Pandeglang and Lebak seem to be stuck at informal jobs, such as being a motorcycle driver (ojek).

Factors that hinder inclusive economic growth are comparable to those resulting in the development disparity. Inclusive growth is hampered by the lack of infrastructural access to the underdeveloped areas of Lebak and Pandeglang, preventing the optimal utilization of the regions’ potentials. Meanwhile, the dominant development paradigm in the province dictates that rural Banten be industrialized, dismissing the possibility of regional development, which hinges on agriculture and natural tourism. The private sector’s involvement in public projects is also hampered by local powerholders, such as strongmen, “fake” CSOs affiliated with some leaders, and religious leaders, from whom interested contractors or investors must gain support before any project could run. Some village heads or “fake” CSOs are claimed to run syndicates that illegally charge job seekers for promised employment. This contributes to the poor job market condition, especially in the rural areas.

---

6 This number is slightly higher than the unemployment rate found during the desk review at 8.01 percent.
7 This percentage is disconcertingly low. However, we were unable to verify this information because no data were available regarding foreign workers in the province.
One private sector informant reported that Banten’s business-related regulation, such as permits, environmental impact analysis, and charges on surface water, groundwater (including springs), transportation, and equipment, is incomplete and outdated compared to other provinces. Some firms were reportedly pleased that no charges were needed, which would have been mandatory in other provinces, although some others have insisted on following the correct permit request procedure. Nevertheless, doing business in Banten is generally seen to be more desirable than in Bekasi or Karawang due to its proximity and highway connection to Jakarta which should enable businesses to cut operational costs.

Building a plant in Pandeglang is ideally a good business decision, since there is relatively no competition in the area and the minimum wage is low. This is however not an easy thing to do because of the society’s frequent resistance toward incoming industries. Land and water resources in Pandeglang are often communally managed—industrial advances into the area are often met by traditional elites who co-manage these resources with the community as a livelihood source. Furthermore, companies might face difficulty in recruiting local employees due to the low-skilled population in Pandeglang, though outsourcing of workers from outside the district remains an option. There are reportedly no large private companies operating in Pandeglang; only state-owned companies are present. Private companies may try to collaborate with local-owned companies (BUMD) or build a good rapport with Nahdlatul Ulama or other religious figures as an entry strategy. Village small and medium enterprises (SMEs) may only be relied on for the management of packaging waste and security personnel; companies will still want to use large companies for supply chain.

Gender and Social Inclusion: Each government office at the provincial and district level must prepare a gender budget statement (GBS) and gender analysis pathway (GAP) to be integrated in its work and budget plans. The analysis is facilitated by the Women Empowerment Office and the Ministry of Women Empowerment and Child Protection (MoWECP). However, the reflection of gender and social inclusion in development policies and programs is unclear. Most informants, when asked about integration of women and marginal communities, either referred to the gender-responsive planning and budgeting (GRPB) procedures solely through the GBS and GAP or gave anecdotal stories about participation in a program, indicating that gender equality and social inclusion (GESI) may have yet to systematically inform policies and programs beyond presenting a mandatory checklist. Meanwhile, although the Baduy have participated in Musrenbangdes, there are concerns that this participatory planning is merely a ritualistic procedure with little effect on development agenda and priorities which have always been pre-determined by each local government.

Some CSOs or donor programs have included questions on disability in program monitoring, but few participants have self-identified. Thankfully, a roadmap is also being prepared to correlate vocational education with industrial needs as a response to high unemployment. There is currently no provincial professional capacity building program for marginal communities, although there was one in the past. The Lebak government has a program aimed at assisting Baduy businesses, such as by providing store spaces for Baduy people to sell local products.

Private sector contribution: Private sector contribution mostly appears as corporate social responsibility (CSR) or charitable activities. Companies that provide community development programs usually limit the scope to the population living near a plant, for example internship programs provided by Krakatau Steel, Atlas Copco, and several flour and sugar companies in Cilegon. There is a CSR forum in Tangerang District and Serang to coordinate development programs with funding from the private sector.

Several programs in Banten showing private sector contribution in development are as follows:

- Jalin in cooperation with Alfamart provides information booths on maternal and child health (MCH) situated around Alfamart stores in five sub-districts in Tangerang.
- Local entrepreneurs, village-owned enterprises (BUMDES), and Jalin have worked together to run a low-cost toilet manufacturing firm. Indonesia Urban Water, Sanitation and Hygiene Penyehatan Lingkungan untuk Semua (IUWASH PLUS) has also engaged local MFIs to provide
alternative financing for connecting houses to the Perusahaan Daerah Air Minum (PDAM) services or installing toilets.

- A number of Work Training Centers (BLK) in cooperation with the private sector have provided credits for workers to own work equipment. BLKs are present in almost all districts and provide basic skills in mechanic and workshop tasks.
- Private sector supported the funding of the government program Banten Prevents Stunting (BAGAS).
- The *Jemput Antar Ibu Hamil Bermasalah* (JAMILAH) program uses special ambulance feeders with four-wheel drive and power to run in extreme terrain for the transportation of women with troubled pregnancy from rural Lebak to the nearest hospital. These vehicles are developed and funded by Jalin and several firms.

In general, private sector provides considerable contribution in the form of education and health facilities (private universities, hospitals), though most are situated in Greater Tangerang.

**Economic consequences of Covid-19:** COVID-19 impact is most apparent in the urban areas of Banten, a large population of which depends on Jakarta for employment. As of September 28, 2020, Banten has reported a total of 5417 COVID-19 cases or 1.9 percent of total national cases. In August when the data collection was underway, daily new cases ranged from 12 to 63, an increase from 4 to 34 cases per day in July. COVID-19 related deaths in August averaged at 0.58 per day. Despite the growing pandemic, day-to-day and business activities in Banten have resumed in September 2020.

We found no mention of contract tracing, lockdown, or other measures to contain the pandemic from the informants. Even public reminders to wear a mask were reportedly given only after several months following the first case. One informant claims the prolonged large-scale social restriction (PSBB) in Tangerang is an attempt by the governor to tarnish the reputation of the Tangerang mayor as incapable of mitigating the pandemic.

Day-to-day governance and service deliveries still run despite the pandemic, although with some modifications, such as health protocols in government offices and service facilities. The provincial government was able to perform most activities and programs through budget realignments (using SIMRAl), for example, the reduction of meeting expenses and transition to online meetings and even cutting half of performance benefits for civil servants to be redistributed to COVID-19 responses. Development priorities are now focused on improving public health, poverty, and unemployment, and financial institutions. Most physical infrastructure projects, such as construction of roads and hospitals, are delayed until at least 2022, excepting those already in progress.

By August 2020 during the interviews, some businesses still allowed workers continued remote work, possibly affecting the distribution of domestic work within the household. There is an increased risk for women, such as violence burden during the work- and learn-from-home period, as there is no adaptation program designed to help households cope with the changing situations. Increased risk of domestic violence may be due to the absence of direct citizen reporting mechanisms to women and child protection agencies. Although the pandemic affects most businesses, clinics and other facilities providing tests have reportedly profited. Due to the fear of contracting the coronavirus, there is increased hospital visit avoidance (although this attitude has been present before the pandemic) and patients are more inclined to seek care from *Puskesmas* (community health centers).

COVID-19 has worsened Banten’s unemployment with informants citing between 17,000-32,000 workers being permanently laid off and about 25,000 being furloughed. According to the desk review, BPS projected Banten’s unemployment rate could reach up to 15 percent or 1.2 million people in the next few months if the situation continues. Meanwhile, social assistance provisions have not been completely distributed, and SMEs have reportedly not received any assistance. 8 Disbursement of social

---

8 Informants may not have known of any assistance for MSMEs because such assistance was announced only recently in August 2020. The new program from the national government will see small and microenterprises each receive IDR 2.4 million (USD 161) in cash as a contribution to “emergency capital” (Jakarta Post, 2020, “Govt to Disburse Rp 2.4 Million in Aid for Small and Micro Enterprises,” [https://www.thejakartapost.com/news/2020/08/20/govt-to-disburse-rp-2-4-million-in-aid-for-small-and-micro-enterprises.html](https://www.thejakartapost.com/news/2020/08/20/govt-to-disburse-rp-2-4-million-in-aid-for-small-and-micro-enterprises.html)).
assistance funds from the province has been delayed, possibly because of the Bank Banten merger. No assistance priority is reported for persons with disabilities, although disability protection is warranted in Serang City regulation. Tangerang District reportedly provides targeted assistance for pregnant workers. Some incumbent leaders reportedly put their branding on foods and other assistance provided, making these items campaign materials for the upcoming regional election.

SMEs have had massive decline in revenues due to the social restrictions and lower overall consumption. More households are now reportedly running a small business by producing and/or (re)selling of snacks, mostly through an online marketplace. To cope with reduced tourist visits, some Baduy businesses have switched to producing batik cloth masks.

**Theme 4: Donor coordination**

Donors coordinate with the local government by engaging the Bappeda. There is also a Bureau of Foreign Cooperation in Banten which actively maintains a database of donor programs running in a specific area. The government informants cited hopes of donor assistance, provided especially in crucial issues such as unemployment, stunting, and maternal and child health.

If a donor is to target specific districts, it is useful to conduct a roadshow to introduce the program in which mayors or regents are asked to make a joint statement of commitment to support the program. Coordination with Bappeda is also important prior to the roadshows to obtain recommendations about specific districts to visit. Forming a working group or secretariat is also a positive way to coordinate programs between the government and donors. To improve local ownership of the programs, donors may promote branding elements of the government, such as logos and program names, much more than their own branding in banners, publications, etc.

Donors should also identify figures in the bureaucracy who are cooperative and easy to work with. Equally important is the identification of stakeholders operating as discourse makers and champions, such as local politicians, religious leaders, Islamic schools, and CSOs.

CSOs in Banten are considered scattered without strong leadership, affecting their advocacy power. Most informants hope that donors may contribute to CSO strengthening, for example, by initiating a new civil society chapter in a sector. Badan Kesbangpol, a government agency, maintains a list of and provides guidance to recognized CSOs. It should be noted that CSOs are not homogenous; some are affiliated with informal powers and use their position to champion certain agendas in the name of civil society. Donors/CSOs currently operating in Banten include Habitat for Humanity, United Nations Children's Fund (UNICEF), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Pattiro, Nutrition International, and Médecins Sans Frontières (MSF).
CONCLUSIONS

Social and economic issues in Banten are rooted in the structural and institutional setting which enables local leaders to form dynasties and gain popular support despite minimal progress in development policies and programs. This setting contains traditional authorities such as community leaders, strongmen, and religious figures which are respected in rural Banten and mediate between locals and formal authority. These informal powers act as a broker between existing or potential leaders to gain blessings and those to whom favors are given to maintain loyalty. Meanwhile, political dynasty has also found its place in the relatively developed parts of Banten, such as South Tangerang. This community of urban, highly educated, and affluent citizens seem to tolerate leaders from a dynasty due to ease of access for services from private providers, shielding them from the consequences of bad policies. As a result, business as usual is preferred and remarkable development impact is seen as impractical. Public service disparity, low-skilled workforce, ineffective COVID-19 response, unemployment, and high maternal and child mortality are thus a symptom of a government preoccupied with maintaining stability at the expense of transformational change. More detailed implications of findings are discussed below according to the four PEA pillars.

INTER-GOVERNMENTAL RELATIONSHIP

FOUNDATIONAL FACTORS

Coordination between different levels of government exists and runs as a formal procedure, but in practice, decisions are influenced by strong, informal powerholders, such as local strongmen (jawara) and religious (Islamic) leaders. Formal leaders, informal powerholders, and the common people therefore form networks of patron-client relationships. Local provincial and district leaders and their bureaucracy decide and issue regulations—for example, business permits—as a reflection of the formal governmental process; however, informal powers, which sit closer to the common people and hold traditional authority, act as brokers who represent a community’s acceptance of capital inflows. This power structure is founded on Banten’s history, which also contributes to the region’s development dualism (modern cities versus traditional rural areas) and political dynasties.

RULES OF THE GAME

The legal basis for local autonomy and coordination between the national government, governors, and mayors or regents consist of Law 23/2014 on Local Government and Law 33/2018 on the Duty and Authority of Governors as Representative of Central Government. Additionally, Banten Province seceded from West Java Province in 2000, establishing the province as an independent region by Law 23/2000.

Vertical relationships between the national, provincial, and district governments run smoothly in day-to-day administration. Technical coordination between national ministries and their local counterparts is also seen as satisfactory. Several episodes of tensions regarding Bank Banten and the province’s health care program indicate that despite the formal rules, local autonomy still needs to be carefully managed and negotiated between the different levels of government.

There has been no major issue in horizontal relations between government offices, though occasional “sectoral ego” may make interoffice cooperation in an area difficult. That said, there is a welcome realization in some sectors that interagency collaboration is important, for example between the health office and other offices responsible for family planning, women empowerment, and child protection, as well as non-governmental organizations (NGOs) and CSR programs.

DYNAMICS

Despite occasional coordination gaps, no desired change or creation of regulations was identified by the informants. Regulations are considered sufficient, and related changes would require considerable
resources. Rather, much needed improvement is called for in consultations between the executive and provincial legislative branches and between leaders at the national, provincial, and district levels.

More crucially, however, there is an occasional disconnect between formal regulation and the actual practice of governing due to the influence of informal powers. As examples from two private companies have shown, it may not be enough for businesses to secure operational permits and clearance from the government, as religious and jawara groups may still force businesses to leave. Conversely, a company can possibly build a plant on a forbidden area such as conservation zones if they can secure the support of local brokers.

Such strong religious and traditional ties exist between local powerholders and the population in the less developed areas of Pandeglang, Lebak, and Serang such that any meaningful engagement there will need to accommodate or at least consider these forces. To gain trust, any prospective venture should employ workers from the local communities and obtain support from all influential groups. Of course, this is not an easy task, and previous attempts have failed. However, a fundamental opportunity for change exists in educating and empowering people to exercise their agency independent of local politics.

**Accountability, Governance, and Service Delivery**

**Foundational Factors**

Development and basic service disparities between the developed and industrial Greater Tangerang (Tangerang City, South Tangerang City, Tangerang District) and the underdeveloped and agrarian Lebak, Pandeglang, and to some extent Serang District, have existed long before the province was established. As a result, since its establishment as an autonomous region two decades ago, development in Banten has not led to a fundamental transformation in socioeconomic characteristics of the regions. Fiscal capacity, determined in part by local revenues, is the most cited reason for this disparity. Greater Tangerang, with its dominant manufacturing sector, generates more revenue than Lebak or Pandeglang, which relies on farming, fisheries, and forest products. For some informants, this is an issue which calls for central government’s intervention to increase funding for social services and public works in the underdeveloped districts.

The apparent underdevelopment in Lebak and Pandeglang, in addition to being related to natural endowment, reflects a close relationship between traditional institutions on one hand and livelihood and resource management on the other. As one of the company example showcases, some agricultural lands whose irrigation was restricted by the company’s plant are managed by the Islamic schools affiliated with an influential Muslim cleric.

Ratu Atut’s dynastical rule has gradually diminished since her arrest in 2014. However, this incident is unlikely to forecast the end of political dynasty in Banten. There are two reasons to explain this. First, dynasty has become part of everyday politics, resulting in social acceptance or tolerance, evidenced by the fact that most districts regardless of their development level are still ruled by leaders who are part of a dynasty. In addition, such leaders receive popular votes even in the urban and developed South Tangerang, perhaps reflecting an uncritical attitude toward politics and power. The higher income communities living in the gentrified areas of South Tangerang may not have to bear the consequences of bad political decision in public services due to ease of access for services from private providers. On the other hand, rural districts populations may be the direct victims of poor public services, though they still vote for leaders from a dynasty due to the traditional authority that they possess or are connected to. Secondly, Atut’s decline has given space for other smaller dynasties to emerge and participate in contesting leadership positions in the next few elections. During Atut’s terms, these families stood in the second layer, benefiting only from favors given in the form of bureaucratic positions or public project concessions.
RULES OF THE GAME

According to two informants, Banten’s leaderships in the past decade to date, whether dynasty or not, have failed to envision a grand design for accelerating development in the southern part of Banten (Lebak and Pandeglang) and they are seen to be preoccupied with day-to-day administration and business-as-usual programming.

Meanwhile, Banten’s development strategy remains focused on modernization and attraction of manufacturing industries to rural areas, where results have been mixed. There has been no serious planning for agriculture or tourism optimization in Lebak and Pandeglang, a development strategy seen by some informants as most suitable to the rural areas.

Village funds have yet to bring significant development to villages. Despite monitoring systems being established, corruption is still occurring and on the rise. In the meantime, despite assistance and guidance provided regarding the use of the fund, villages still lack the creativity and capacity to plan programs beyond the usual road construction or repair. Despite participation of indigenous Baduy communities, Musrenbangdes is generally seen as ritualistic, with little effect in setting the development agenda and priorities which are still pre-determined by each local government.

The current leadership is credited with implementing improvements in transparency, such as in open bidding for bureaucrats and information openness. There is, however, a controversy in whether the e-bidding system improves accountability. Several informants discussed anti-corruption claims and the rigged online bidding system, as the server would at times allow access only to certain bidders while appearing to be busy to others.

HERE AND NOW

In response to the high cases of maternal and infant deaths as well as poor health infrastructure, Lebak and Pandeglang have been prioritized to receive maternal and infant health and nutrition programs and support for cars or other means of patients transport to mitigate the long distance to health facilities. A development plan to leverage tourism and small business potentials in Lebak and Pandeglang is also being prepared by the Bappeda.

There was little emphasis about WASH services from the informant accounts despite the unequal access to PDAM services and substantial rate of open defecation. Indeed, WASH was not mentioned among the list of the province’s top priorities in the planning and budgeting. This may also reflect little awareness among the population of the minimum service standards that they are entitled to. Some informants view that it is a usual practice for people to use river water for all household needs.

DYNAMICS

Banten is uniquely positioned at the border of Jakarta, making development in one province easy to spill onto the other. This is certainly the case with Greater Tangerang which supplies Jakarta with considerable workers and benefits from industrialization and facilities spillover. There are concerns that unchecked mobility of people between the two provinces will affect health security of the regions, especially during the COVID-19 pandemic. High unemployment in Banten during the pandemic may also lead to more crimes, not only in Banten but also Jakarta. Meanwhile, conservatism in Serang, Lebak, and Pandeglang may provide a fertile ground for radical groups. The border region between the two provinces may become a transit zone from which an attack to the capital can be planned.

Despite achievements and leadership quality explained above, space for change might be constrained by the strong informal institutions and traditions which affect people’s acceptance of modern services. This applies not only to Pandeglang’s opposition to the entertainment business but is also reflected in the underutilization of modern maternal and childcare facilities among women in the rural areas.
FOUNDATIONAL FACTORS

High unemployment in Banten may be related to two foundational factors. For supply, workforce skills are considered low and informal (not professionally certified). During the pandemic, this means that these workers are the first to be laid off when the situation calls. There are Work Training Centers in most districts which provide basic skills in mechanical or workshop-related tasks and sometimes provides credits too. While on one hand this might mean better linkage within the large manufacturing sector in Banten, these efforts limit workforce development to manual workers who feed into the industry. There is no mention, for example, about improving formal education of workers to enable and assume managerial positions or white-collar jobs. From the demand side, unemployment is also correlated with the high number of foreign workers, especially in the construction and manufacturing industries. This is related to the low skill level of local workers, preventing them from otherwise filling the positions, and investment regulation allowing considerable employment of foreign workers.

RULES OF THE GAME

Banten’s business-related regulations are referenced as outdated and incomplete. A private-sector informant reported some regulations related to environmental impact analysis and charges on surface water, transportation, and equipment are missing. This allows some firms to avoid paying certain taxes and inadvertently acts as an incentive. However, this may also reduce local revenue and be an indication of poor regulatory certainty.

Gender dimension is integrated in planning and budgeting by requiring each government office at the provincial and district level to prepare GBS and GAP to be integrated in their work and budget plans. The analysis is facilitated by the Women Empowerment Office and the MoWECP. There is also increased recognition that MCH issues should be a common concern of the agencies responsible for health, family planning, and women empowerment and child protection, thus enabling gender perspective to better inform health policy. Government officials working in MCH also acknowledge the role of traditions in decisions during pregnancy and childbirth and have started to consider this cultural setting in their approach.

There is no evidence that the President’s emphasis on infrastructural development has driven out private investment in Banten. On the contrary, private contractors affiliated with a local leader are sometimes preferred in public works to large state-owned companies.

HERE AND NOW

COVID-19 response has been reactive and intended to maintain economic stability. There appears to be no considerable effort to contain and stop the virus from spreading, such as through increased contact tracing, strict stay-at-home regulations, or increased testing. Rather, informant accounts show such measures as the implementation of health protocol to maintain administrative and service operations by the government and provisions of social assistance to help alleviate economic burden. That said, there were delays in assistance distribution and inadequate priority given to economically and socially disadvantaged groups such as persons with disabilities. Sound COVID-19 policy has apparently been undermined by political considerations in deciding a large-scale social restriction. For example, the governor’s decision to extend social restriction in Tangerang City is reportedly intended to signal failure to contain the pandemic on the part of the mayor who is the governor’s political rival.

DYNAMICS

There seems to be a profound realization among the government officials that unemployment has become a serious issue, requiring dedicated efforts to resolve. To that end, the Bappeda is preparing a roadmap to better link and match vocational education with industrial needs as a response to high
unemployment. During interviews, government stakeholders also openly asked for help from the donor community in commissioning a study to understand and better react to this issue.

Doing business in Banten is seen to be more desirable than in Bekasi or Karawang due to its proximity and highway connection to Jakarta. If Banten can improve its regulatory certainty and keep informal powers from meddling with bureaucratic decision-making, the province will better optimize its role as Jakarta’s satellite region.

**Donor Coordination**

**Rules of the Game**

Donor coordination begins by engaging the Bappeda. There is also a Bureau of Foreign Cooperation in Banten which actively maintains a database of donor programs running in an area. Donors are expected to align their programs with government priority.

Approaching the targeted districts may be done via roadshow to introduce donor programs. Donors can use this opportunity to make a joint statement with the district leaders to show commitment to support the program. Forming a working group or secretariat is also a positive way to coordinate programs between the government and donors. To improve local ownership of the programs, donors may promote branding elements of the government, such as logos and program names, much more than their own branding in banners, publications, etc.

Other than following the formal procedure with the Bappeda, donors should also identify figures in the bureaucracy who are cooperative and easy to work with. Usually these are the Bappeda Head, Regional Secretary, or Office Heads. Equally important is the identification of stakeholders operating as discourse makers and champions, such as local politicians, religious leaders, Islamic schools, and CSOs.

**Here and Now**

Banten government is especially eager to cooperate in response to high unemployment, stunting, and maternal and child mortality through the provision of technical assistance of software, such as capacity building, innovation, and pilot activities. These are considered crucial issues which call for effective development interventions.

Potential for future change may be improved by investing in Banten’s civil society. CSOs in Banten are considered scattered without any strong leadership, affecting their advocacy power. Most informants hope for donors’ contributions to CSO strengthening, such as initiating a new civil society chapter in a sector. Strong civil society is a key ingredient in building awareness in the people to demand better quality of and access to public services, especially when political dynasty is unlikely to adjust soon.
RECOMMENDATIONS

- **Education.** Programs should educate people about respective rights to basic services and accountable governance. Under strong dynastical rule and informal institutions, education is imperative in propagating change by implanting a more evaluative attitude toward power and governance.

- **Priority issues.** Work with Bappeda and sectoral government offices to investigate the root problem of several priority issues, (i.e. unemployment, stunting, and maternal and child mortality). Then, utilize this information to design appropriate programming. Environment and WASH were not mentioned as priority issues; however, considering unequal access to water service and high rate of open defecation, especially in the southern districts (Lebak and Pandeglang) and Serang District, it may be necessary to promote this issue to the Bappeda.

- **Change Agents.** Identify figures in the bureaucracy or technical offices who are supportive and cooperate well with donors. These may include the Bappeda Head, Regional Secretary, or Office Heads. Equally important is the identification of stakeholders operating as discourse makers and champions, such as local politicians, religious leaders, Islamic schools, and CSOs.

- **Civil Society.** Civil society in Banten is considered scattered without any strong organization capable of shaping the discourse and advocate for change. USAID is expected to engineer a new chapter of civil society by facilitating collaborations among organizations already working in a sector. Women’s empowerment and government accountability are among the sectors that need strong leadership and advocacy power. A strong civil society is also imperative in building public awareness of their rights to basic services and in channeling people’s demands.

- **Community Engagement.** Engage with community or religious figures in program implementation and encourage their participation. Examples from several donor and CSO programs show it is easier to mobilize people and gain their trust, especially in rural setting, when religious figures are involved, or activities are attached to religious congregations or other community events.

- **Village Fund.** Promote civil society’s role in monitoring the use of village funds and improving villages’ planning capacity. This effort should complement existing efforts from the districts to build village capacity to follow technical guidance on the use of the fund from the central government.

- **Skill Training.** Identify how education or training can improve the linkage between workers’ skills and industrial needs. The discussion, however, should include the possibilities of improving formal education that would expand worker’s opportunities beyond manual works.

- **Maternal and Child Health.** Improve the capacity of private midwives and integrate them into the JKN system. It is not enough to only try to improve their capacity; interventions should be aimed at connecting these private providers with the provider network under the Health Office. Even a small innovation will help, such as inviting the midwives into a chat group consisting of other medical workers and officials from the Health Office. Integration into the JKN system will also help the government achieve its universal coverage target while ensuring people’s access to comprehensive and high-quality cares.

- **Gender and Social Inclusion.** Informant accounts show that the gender perspective has guided government planning and budgeting. However, it is unclear if this has resulted in programs that directly aim to improve women’s welfare and alter power relations between men and women or just a mere checklist. In cooperation with the Bappeda, USAID should identify how gender analysis in planning is translated into programs and use this information to try to improve the way existing programs target women as beneficiaries.

- **Program Design.** In program design, situate Banten vis-à-vis Jakarta. As neighboring provinces, mobilities between the two mean that developments in Banten would affect Jakarta and vice versa. This perspective may be integrated in designing programs such as workforce development (a significant number of Banten populations work in Jakarta), CVE (Banten may house pockets of radical groups aiming for attack on the capital), and COVID-19 response (mobility of people between the two affects containment strategy).
REFERENCES


ANNEX 1: BACKGROUND FOR EACH THEME, BASED ON DESK REVIEW

Theme 1: Intergovernmental Relationship
Background: The allocation of General Allocation Funds (DAU), Revenue Sharing Funds (DBH), and Specific Allocation Funds (DAK) is an important element in the relation between the national and sub-national governments and a factor in improving the rural-urban disparity in poverty, unemployment, and economic growth.

Theme 2: Accountability, Governance, and Service Delivery
Background: In Banten, transferring funds through the DAK mechanism has a significant effect on capital expenditure in the city areas, but it has a much smaller effect in the regency areas fueling the persistent rural-urban disparity. Meanwhile, one study has noted that most Indonesian regions ruled by a political dynasty have had high poverty rates. In this case, the issue of effective spending to address poverty and inequality in Banten may be related to the Ratu Atut Chosiyah political dynasty. On the bright side, in terms of transparency and accountability Banten has developed accountability reports, performance indicators, and reported the personal assets of its apparatus. It has also started grading public service standards by the relevant provider organizations, developing citizen satisfaction surveys, and arranging Governor Regulation on public services in 2013-2014.

Theme 3: Inclusive Economic Development
Background: Banten ranked 16th (out of 33 provinces) in the national performance evaluation of provincial economic capacity conducted by the Ministry of Home Affairs in 2017. Economic capacity is bolstered by Banten’s superior performance in ICT adoption, moderate per capita GDP index, and export sophistication. That said, there is much to improve in economic inclusion as rural-urban disparity is still glaring and the province houses about three percent of Indonesia’s poor and vulnerable population. Many factors such as differences in natural resources, demographic conditions, limited infrastructure causing lack of mobility of products and services, concentrated economic activities, and development budget allocation contribute to both Banten’s economic growth and its inequality.

Theme 4: Donor Coordination
Background: In terms of development challenges, most foreign development assistance has to go through the national government (Bappenas) before it can be implemented, including at the sub-national level. Common practices in the relationship between foreign donors and sub-national governments in Indonesia seem to be that the latter is more positioned as a user or recipient of assistance or project funded by donors, as seen in the Multi-Stakeholder Guideline on the Implementation of SDGs published by Bappenas. It is therefore imperative that local government can improve its ownership of shared development targets in its cooperation with donors.
ANNEX 2: CORE AND SUPPORTING PEA QUESTIONS

Theme 1: Intergovernmental Relationship

1) Could you describe the relationship and interaction between national-, provincial-, and district-level government (vertical) and between sectoral government agencies at the provincial level (horizontal)? [FF] [RG]

   a. What are the most influential formal and informal institutions that shape the policy process and how? [RG]

   b. Please describe the relationship in resource and/or revenue sharing process? [FF] [RG]

   c. Do you think there is some coordination gap between different levels of government? If so, then, in your opinion, what are the areas those gaps exist in and how that can be mitigated? [RG] [D]

   d. In the presence of coordination gap (if any at all), do you think that some of these rules and regulations need to be changed to improve the coordination between national, provincial, and district level government? [RG] [D]

   e. What is needed to improve (or could potentially improve) the coordination (or coordinated efforts) between different government offices and agencies at the sub-national levels? [D]

Theme 2: Accountability, Governance, and Service Delivery

2) Evidence suggests that some of the districts in Banten are leading in basic service delivery, especially in health, education, water and sanitation, environmental services, etc. while some districts are lagging behind. What are the reasons for this? [FF] [RG] [HN]

   [Instruction for interviewer: This is an open-ended question. Ask the main question openly and if something is missing then you can probe with these questions, so use these options to probe clues]

   a. What are the drivers, bottlenecks, and building blocks in terms of [D]: corruption [RG]; capacity and commitment [FF] [RG]; resources and revenue sharing [FF] [RG]; resource-related conflicts [FF] [RG]; infrastructure [FF] [RG]

   b. Does political dynasty affect the efforts made to increase the government’s accountability in Banten, If yes how? [FF] [RG] [D]

   c. What efforts exist to reduce corruption? [RG] [HN] [D]

   d. How local government measures successes and failures in their development? Any good success stories from the leadership in the city/district level? [RG] [HN]

   e. How the inter-governmental power dynamics and political relationship as well as informal institutions (e.g. religious leader) drive the development in these sectors? [FF] [RG] [D]

3) How does the culture of political dynasty and traditional beliefs affect the socio-economic development in Banten? [FF] [RG] [D]

   a. To what extent are the commitments and political will from the provincial government helped in advancing or retreating the development goal? Are there any success or failure stories that can link the political dynasty and traditional belief with performance of local governments? How did capacity of the government influence local governments’ performance? [RG] [HN] [D]

---

9 Notation relates to relevant PEA pillar. FF = Foundational Factor; RG = Rules of the Game; HN = Here and Now; D = Dynamics.
b. What innovations and scalable approaches initiated by local stakeholders to better align resources with evolving political situation? What approaches that have been overlooked or discarded and should be revisited? [RG] [HN]

c. In terms of Citizen participation/social inclusion, what existing mechanisms used by local government do you think has ensure active participation of marginalized group in the planning process (Musrenbangdes)? [RG] [HN]

4) How does the local government ensure effective use of village fund to address local development problems? Any tools, local regulation to support this? [RG]

[Keep this question open ended and follow up by the probing questions below if needed]

a. Is there any complaint handling system available and used by the people in Banten? How effective are the systems? [RG] [HN]

b. What existing data and information on development results are released by the government? How is the data and information being made available? How does the government ensure that the data and information is valid? [RG] [HN]

c. How does the government integrate gender and social inclusion in their development planning and budgeting at the provincial/district level? [RG]

Theme 3: Inclusive Economic Development

5) What factors continue to hinder economic growth in Banten despite the province having abundant workforce and has attracted quite a significant amount of investment from businesses and industries? [FF] [D]

[Open ended question followed by probes below]

a. Skill gap and employment: What programs are directed and/or being implemented to improve the capacity of individuals and youth to answer the existing gap between workforce and industries? [RG] [HN]

b. Investment: What businesses and domestic/foreign countries investments existed at different levels? How the investments varied across sectors and region? [HN]

c. Workforce: What business sectors are the most efficient in absorbing workforce and sustainable employment for youth and general population groups? How MSME supports job creation in the province? [HN] [D]

d. How does the government integrate gender and social inclusion in their workforce development process at the provincial/district level? Why they incorporate gender and social inclusion where they do? Which GESI issues do civil society organizations in Banten mostly focus on and why? [FF] [RG] [HN]

6) How and where can we see the private sector contribution in addressing the development outcomes in Banten? [RG] [HN] [D]

a. What are the best practices around engaging public-private partnership in the areas of health, education, environment and DRG in Banten? [RG] [HN] [If the respondent is specific to one sector, choose to ask specific to their sector]

b. Where did they fail? [HN] [D]

c. Evidence suggest that substantial government investments [e.g., President’s infrastructure drive] may crowd out private investment? What do you think? [RG] [HN]
7) **How does COVID-19 impact Banten’s society and economy? [HN] [D]**
   
   a. How has COVID-19 affected the financial capacity of MSMEs and MFIs in Banten province? [HN] [D]
   
   b. How does COVID-19 affect the GESI (gender equality and social inclusion) resilience? [HN] [D]

**Theme 4: Donor Coordination**

8) **What is the most effective way for the donor community to engage with the provincial government to implement a program that also supports provincial goals and objectives? [D] [RG]**

   a. What do you think should be the role of the civil society to facilitate the process? [D]
   
   b. What are the existing incentives and constraints around improving public participation in this process? [HN]
   
   c. If there are multiple donors in your sector, what do you think is the best way to engage them? [D] [RG]
U.S. Agency for International Development