

## **Proyek Pesisir Working Paper**

# **Concept for a Decentralized Provincial and/or Kabupaten Coastal Management Program in North Sulawesi**

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### **Introduction**

This paper provides an overview of the concept of decentralization and local autonomy and provides examples from several countries as to how these concepts have been applied specifically in coastal resources and environmental management programs. It also provides some initial ideas of how they could be applied in North Sulawesi by building on the examples of community-based coastal resources management being developed at several village field sites through Proyek Pesisir.

### **The concept of Regional Autonomy and Decentralization**

The terms decentralization and autonomy are often used interchangeably, however there are differences between them. Autonomy is when a higher level of government has no authority to control a lower level of government. Decentralization is when a higher level of government chooses to delegate authority to a lower level of government. In both cases, the goal is to shift authority from a centralized governance approach to one where local institutions take on more responsibility and authority. This is a shift in power structure to the local level. A major reason to decentralize or grant local autonomy is the belief that the authorities closest to the problem are in the best position to successfully solve the problem if they have adequate capacity, systems in place and resources available to them. In modern and increasingly complex socioeconomic systems, the number and speed at which decisions need to be made increases and central government systems do not have adequate information on which to base decisions nor the ability to make decisions in a timely manner. The larger the country, the more difficult a centralized governance system becomes to efficiently and effectively manage the affairs of a nation. While there are some economies of scale to some centralized government services (national defense, income tax collection), there are other areas where centralized systems can be more costly than decentralized ones (environmental management, social services delivery).

Autonomy and decentralization is a governance trend occurring worldwide in both developed and developing countries, and particularly in geographically large nations. There are only a few cases where there is increasing centralization, such as the European Economic Union. This however is in a context of what is already a highly autonomous system of governance and relates to relationships between independent nations, not relations between different levels of government within one nation. The desire for Indonesia to develop more autonomous and decentralized systems is therefore not a radical trend, and there are numerous examples of experience from around the world from which Indonesia can learn.

## **Examples of Autonomous and Decentralized Governance**

### Decentralization

In Sri Lanka, the National Coast Conservation Act grants authority to the Director of the Coast Conservation Department (CCD) to approve or deny permits for any development activity in the coastal zone (100m landward and 3km seaward). The act also allows the director to delegate permitting authority to district government. After 10 years of development and implementation of a national coastal zone management plan, the Director of Coast Conservation delegated some authority for permitting development activities to the districts. Development activities of a certain size (such as private residences) are now permitted locally. However, large scale projects (such as factories, or hotels over a certain size) are still permitted by the CCD. The authority for local permitting can be withdrawn if the Director feels district officials are not properly following guidelines and regulations for approving or rejecting permits.

In the US, the US Environmental Protection Agency (USEPA) has authority for pollution control and setting pollution regulations and water quality standards (Water quality act of 1972). The USEPA requires industries to obtain water quality discharge permits. The USEPA over a period of about 10 years has delegated issuance and enforcement of discharge permits to State environmental agencies. USEPA has delegated this authority state by state as the state environmental agencies have demonstrated the capacity to manage this system. USEPA however, still controls discharge standards. States can set stricter standards than the USEPA, but cannot set weaker standards.

The US Coastal Zone Management Act set out national goals and guidelines for coastal zone management. States were not required to but could voluntarily participate in the coastal zone management program. States that wished to participate could receive a grant from the lead national agency for coastal zone management (National Oceanic and Atmospheric Administration-NOAA) to develop a state coastal zone management plan. The state plan is required to contribute to achieving the national goals and must follow the guidelines established. If the plan is approved (contributes to national goals and follows guidelines) by the national agency, implementation grants are provided on an annual basis.

In the US, the federal government has established regional fisheries management councils to manage fisheries resources from 12 nm and out to the EEZ (area of federal jurisdiction). The regional fisheries management councils develop management plans and set regulations, but enforcement is carried out by the Coast Guard and National Marine Fisheries Service. If the Secretary of Commerce (department under which marine fisheries management falls) determines that the regional councils are not properly managing and conserving fish stocks, the secretary can impose regulations or develop a management plan and nullify the regulations and plans established by the councils.

### Autonomy

The Philippine local government code of 1991 gave authority to municipalities (about the size of a Kecamatan) to manage living marine resources out to 15 kilometers from the shoreline. National agencies still retain authority beyond 15 kilometers out to the EEZ. Municipalities enact their own ordinances and develop their own programs through their own local budgets. Municipal ordinances enacted do not require approval by higher authorities, and municipalities do not require approval from higher authorities for their budget. Ordinances enacted cannot contradict national laws, and fiscal management of municipal budgets must follow national standards.

In the US, states have authority for managing fisheries resources out to 12 nm and the federal government manages from 12 nm out to the edge of the EEZ. The national marine fisheries service however can force states to follow certain federal regulations inside the jurisdiction of state waters. This can only occur under certain conditions where the fish stocks migrate between states or between state waters and federal waters, and only if the federal government determines that states are not properly managing these stocks while in state waters.

Land use planning in Rhode Island is under the authority of municipalities (about the size of a Kecamatan). The state planning agency can require towns to develop comprehensive land use plans which follow certain guidelines and standards, but land use zoning authority and permitting of development activities to conform to land use plans is the authority of the municipalities.

Education in the US is the responsibility of municipalities. Municipal education boards set curriculum, manage the school system, hire and fire teachers and principals, set budgets and collect property taxes where a large percentage of these taxes is used to fund the school systems. The state can provide supplemental funds to the municipal school programs and can set educational requirements for municipalities that obtain such funds. In Rhode Island, most state education financial aide goes to the poorest school systems located in the center city areas. More wealthy suburban schools get much less financial aide from the state. There is very little federal support for k-12 education programs. Until recently, there was no federal department of education. The federal program provides grants to states and directly to municipalities for special programs (funds for special education of handicapped students, computer technology use in education, additional teachers to reduce student-teacher class ratios).

### **Some Principals for Successful Decentralized and Autonomous Programs:**

The above examples illustrate several key issues to consider in designing a decentralized or autonomous governance system.

- Roles and responsibilities of higher levels of government and local government are clearly defined.
- For autonomous systems, local government needs to have independent financing capability, that is the ability to raise revenues for programs through taxation, etc.)
- For decentralized systems, authority is delegated when local government demonstrates capacity to handle the authority. Higher levels of government are responsible for developing local capacity, as well as providing technical assistance and grant funds to the local government authorities, and establishing guidelines to be followed.
- In the short term, autonomy or decentralization can lead to temporary reduced performance and may require higher initial financial investments until local capacity is sufficiently developed.
- The concept of national supremacy applies in cases of autonomy and especially with decentralized systems. This means that the higher level of government under certain conditions can intervene if local governance is considered ineffective. In addition, local government decisions and actions must be consistent with existing national laws.

### **Implications for North Sulawesi and a Possible Provincial and/or Kabupaten Coastal Management Program**

National Law UU 22 has provided autonomy to Provinces and Kabupatens to manage marine resources out to 12 nm and 4nm respectively. Hence, there is no reason (other than lack of political will or unwillingness to budget resources and build the capacity necessary) why Sulut cannot establish a program or local agency to manage these resources. If the Province and Kabupatens fail to manage these resources, then the local government, communities and private sector business will bear the costs. If they are managed successfully, local businesses and communities will reap the benefits. At present,

#### **The Philippine Example of a Provincial Program Supporting Decentralized and Autonomous Coastal Resources Management**

In the Philippines, the provinces of Negros Oriental and Bohol have established their own marine resources divisions to provide technical support to municipalities in managing local marine resources. These agencies are funded solely through provincial budgets and are under the authority of the governors. National agencies have not mandated these agencies to be formed, nor do they provide funding support. The provincial governments do not have authority to manage marine resources as this is the authority of municipal governments, but recognize that municipalities do not have the technical capacity to develop management programs and ordinances. Hence, they provide a useful service that the national government does not provide but which municipalities need. These agencies which have a purely service orientation to local government are well received by the municipalities and enjoy widespread public support.

it is uncertain how much support the national government will provide to assist local government in managing marine resources. Waiting for national government to provide assistance increases the risk of marine resources being poorly managed in the interim and opportunity benefits to local communities and businesses being lost.

The examples of village-based coastal resources management being developed by Proyek Pesisir – village management plans, village ordinances, marine sanctuaries – offer an excellent opportunity for establishing a decentralized coastal resources management program in North Sulawesi. UU 22 has provided autonomy to the Province and Kabupatens for managing marines resources. It can be argued that North Sulawesi and Minahasa Regency therefore, already have the autonomous authority to delegate some of their new authority to villages through a decentralized program if they choose to do so. A proposed program could be developed as described below .

The Province/Kabupaten establishes a Coastal Resources Management Office through a local law enacted by the DPRD (local legislature) which provides the office with a mandate and authority to delegate certain authority for marine resources management to villages. The law could also directly delegate authoity to villages to establish marine sanctaries that meet certain criteria, and mandate the CRM office to provide services to villages that wish to establish sanctuaries.

The CRM office would require a staffing of village-based extension officers and a group of roving technical support specialists that provide these services to villages. An office could be staffed with new personnel, or be formed as a joint office with staff seconded from several existing line agencies. The staff would have to be trained and its activities budgeted.

**A Decentralized Coastal Management Program for North Sulawesi**

- Law enacted by the DPRD.
- “Dinas” office formed.
- Services provided to villages
- Village management plans and ordinances developed and approved.
- Block grants for implementation provided to communities.
- Coordination of sectoral agencies for implementation beyond village capacity provided.
- Improved coastal resources management results in socio-economic benefits to local communities and businesses.

The coastal management office establishes Kabupaten level goals and guidelines that the management plans must conform to (or these are provided in the enabling legislation). Examples of goals could be:

- Conserve and protect coral reefs and related coastal ecosystems.
- Develop opportunities and sustain current sustainable coastal resources dependent livelihoods in coastal communities.

Examples of guidelines could include:

- A public participation process must be used in the development of marine sanctuaries and village management plans.

- Management plans must be consistent with existing land use plans, local ordinances and national laws.

The Coastal Management Office (under BAPPEDA or some other lead agency) delegates authority to villages for coastal resources management through the formal approval of coastal resources management plans (by the office) prepared by the villages with technical support, and capacity development training provided by the Kabupaten Coastal Management Office. Once the plans are approved, the office would assist the village management groups to prepare annual implementation workplans. On approval of the workplans, a block grant is provided to the community for implementation actions. The office would also coordinate integration into line/sectoral agency annual budgets and workplans implementation actions that cannot be carried out by the communities themselves. Line and sectoral agencies would be required to have their programs conform to the objectives and actions in the approved management plans of the villages. From a line/sectoral agency perspective, this also makes their job easier as projects are already identified and sketched out, and communities are already organized to support implementation.

The CRM office would also establish guidelines and provide assistance to villages for developing marine sanctuaries (For example, marine sanctuaries must provide permanent closure to all extractive human activities such as coral mining and fishing). Villages that establish sanctuaries that meet the guidelines, with assistance provided by the office, would therefore automatically have legal status. Unlike the management plans, there would be no Kabupaten-level approval of the village marine sanctuary ordinance. However, in the review and assistance process of developing the ordinance, the CRM office could determine that it does not meet conditions laid down and request the village to modify ordinance or process for it's development accordingly. Block grants could then be provided for implementation of the sanctuary program. Early action grants could be provided to villages that start the management planning or marine sanctuary planning process as an incentive to participation, in addition to the possibility of obtaining implementation grants. This could be a voluntary program where villages can choose to participate in the program or not. The incentive is the opportunity to obtain early action and implementation funds from the CRM office which otherwise would not be available to the village, in addition to being able to set their own community goals and strategies for coastal resources development and management. Community empowerment in itself is a strong motivator for coastal communities to participate in the program.

This is an example of how a decentralized coastal resources management program could work. It is similar to the US national coastal zone management program, but rather than a national to state decentralized program, it is a provincial/kabupaten to village decentralized program. It is an example that could be piloted in North Sulawesi which builds on the foundation established by Proyek Pesisir in its demonstration field sites. If successful, it could be adapted for other programs which Provincial or Kabupaten government may wish to decentralize, or used as an example elsewhere in Indonesia. The concept addresses calls for reform in governance in Indonesia which is more transparent and democratic, and which better address the needs and aspirations of local communities.

### Benefit-Cost Analysis

While a detailed and quantitative benefit-cost analysis could be developed by resource economists, the following tables provide a general qualitative assessment of what the trade-offs are between the costs of a program and its benefits in comparison to the current management system. Costs and benefits are also applied differently under a decentralized system where costs to provincial government may be reduced, but the costs of previously provincial roles are transferred down to lower levels of government. However, at local government levels the costs may be cheaper (ie. Enforcement).

#### Current Centralized Management Regime

<b>Cost</b>	<b>Benefit</b>
<ul style="list-style-type: none"> <li>• Centralized law enforcement activities.</li> <li>• Prosecution and imprisonment of law violators.</li> <li>• Loss of fisheries production due to overfishing and habitat destruction.</li> <li>• Loss of tourism business due to habitat degradation.</li> <li>• Expenditure on increased coastal protection due to reef damages.</li> <li>• Loss of public infrastructure and private property due to erosion and poor infrastructure placement.</li> <li>• Expenditures due to poor health.</li> <li>• High costs of collection of information for decision making by centralized agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Communities do not contribute in-kind or financial resources to management efforts.</li> </ul>

#### Proposed Decentralized Coastal Resources Management Program

<b>Cost</b>	<b>Benefit</b>
<ul style="list-style-type: none"> <li>• Community law enforcement activities.</li> <li>• Operational costs of a CRM office and program: staff, travel, operations, capital equipment.</li> <li>• Block grants to communities for implementation activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in Provincial law enforcement expenditures due to improved compliance.</li> <li>• Reduction in prosecution and imprisonment of law violators due to improved compliance.</li> <li>• Increased fisheries production due to less overfishing and habitat destruction.</li> <li>• Increased tourism business due to habitat protection.</li> <li>• Reduced expenditures on increased coastal protection due to reef damages.</li> <li>• Reduced loss of public infrastructure and private property due to reduced erosion and proper infrastructure placement.</li> <li>• Reduced expenditures due to improved health.</li> <li>• Easier work planning by sectoral agencies.</li> <li>• Increased success of government programs due to local community participation and empowerment.</li> <li>• Reduced costs of information gathering by provincial agencies as villages provide monitoring reports</li> </ul>