CHAPTER 1
INTRODUCTION

1.1. Background

Indonesian spatial planning system is an interesting field to research, due to the dynamic changes with respect to the political situation and current leadership style. For instance, when the Indonesian spatial planning system was transformed from top down to bottom up orientation, structural power in planning changed dramatically. As a result, the planning orientation in Indonesia switched to adjust with the structural power and the regulations. However, this situation has given positive impacts to the governmental bodies relationship in spatial planning policy arrangement, because spatial planning has a significant position of respect in regulations and actions (Sullivan 2004).

After independence, the first integrated spatial planning law was continued based on the colonial government. However, during period, it was not only applied in Java, but also in all regions in the country (Hudalah and Woltjer 2007). In 1992, the Indonesian government enacted Law 24/1992 on Spatial Planning, and the contents were very centralized. The central government had a very powerful in decision about spatial planning on all levels. After the economic crisis, in 1997-1998, Indonesia faced socio political crises in all sectors. The crises led to the birth of the reform era. This marked the beginning of the country's institutional transition from a centralized to a decentralized orientation.

During the decentralization era, spatial planning has a different view. The best momentum happened in 2005, when a new spatial planning law was drafted and finally enacted in 2007 with the Law 26/2007 on spatial planning. The content of this law focuses on spatial planning system in Indonesia and the planning system tends to a more decentralized comprehensive planning orientation. The law regulating Indonesian spatial planning hierarchy, which consist of three tiers, namely national, province/regional and local/sub regional planning system ("Law 26/2007 on Spatial Planning"). The three tiers of spatial planning are required to prepare several plans on different scales, namely general spatial plan (*RTRW*), detailed spatial plan (*RDTR*) and detailed engineering design (*RTR Kawasan*) (Hudalah and Woltjer 2007).

Jakarta, Bogor, Depok, Bekasi, Puncak, Cianjur or Jabodetabekpunjur cooperation is important because Jabodetabekpunjur area significantly influences the state sovereignty, national defence and security, social-economic, cultural and environmental (Ministry of Public Works Report, 2014). To strengthen the cooperation between the provincial and local

government in Jabodetabekpunjur area, the national government made Jabodetabekpunjur area as a strategic national area by Law 26/2007 on Spatial Planning. In addition, the Jabodetabekpunjur area is also regulated under the President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning area.

According to the President Regulation 54/2008 on Jabodetabekjur Spatial Planning area, the area consists of a whole of the Province of the Special Region of Jakarta area; a part of the Province of West Java area including the Regency of Bekasi, the Municipality of Bekasi, the Municipality of Depok, the Regency of Bogor, the Municipality of Bogor, a part of the Regency of Cianjur, including the Sub District of Cugenang, the Sub District of Pacet, the Sub District of Sukaresmi and the Sub District of Cipanas; a part of the Province of Banten area including the Regency of Tangerang, the Municipality of Tangerang, and new autonomous urban district according to Law 51/2008, the Municipality of South Tangerang. However according to the Law 26/2007 on Spatial Planning and the Government Regulation 15/2010 on Spatial Planning Implementation in article 83 until article 87, which states that the President Regulation 54/2008 needs to be evaluated, the evaluation process of aim to harmonise the spatial planning programs in Jabodetabekpunjur area as a strategic national area in Indonesia.

Jabodetabekpunjur spatial planning process is a good example to indicate coordination problems between the governmental agencies in transaction costs perspective because Jabodetabekpunjur spatial planning process, which is arranged by the President Regulation 54/2008 on Jakarta, Bogor, Depok, Bekasi, Puncak, Cianjur Spatial Planning, has government agencies interest in the level of national, provincial, and local, especially in government institution coordination. This example can describe the government agencies coordination in Jabodetabekpunjur with different spatial planning development program, and also describes the interest of the government agencies in Jabodetabekpunjur spatial planning evaluation process. This situation creates coordination problems in the government agencies relationship of Jabodetabekpunjur spatial planning evaluation process and this is particularly relevant because transaction cost is considered as a process of co-ordination in planning theory (Alexander 1992). This line of thought can be extended to the development process (Buitelaar 2004), because the development of Jabodetabekpunjur need certainty to reduce transaction costs.

As time goes by, the President Regulation 54/2008 must be reviewed according to article 68 sub article (1) mentions that Jabodetabekpunjur spatial planning is valid for 20 (twenty) years and must be reviewed once in five years. The reason underlying the need to review the president regulation is to accommodate the current issues in Jabodetabekpunjur area, such as integrated transportation system development, spatial planning issue, flood management, and

environmental protection. However, the evaluation process has not finished until now. That is why this research emphasizes on why the Jabodetabekpunjur spatial planning process be enacted late.

1.2. Research Problem

Jabodetabekpunjur spatial planning evaluation has been running since 14 Mei 2013 and it was initiated by the Ministry of Public Works. On 1 April 2014, the President Regulation 54/2008 review process team was established by Ministry of Public Works with a note of meeting agreement letter number 24/BA/RC/1/2014 to upgrade the process from reviewing to revising the president regulation 54/2008 on Jabodetabekpunjur Spatial Planning Area. There are several reasons to revise this president regulation: first, in legal drafting aspect, after reviewing the President Regulation 54/2007 contents, structure of arrangement, title and meaning of nomenclature, the team had decided that the president regulation need to be revised. Second, the development scope area of Jabodetabekpunjur should be revised due to the establishment of South Tangerang Municipality as a new administrative area. Third, considering the infrastructure development programs integration, each institution in national, provincial and local, proposes infrastructure development programs to president every year and consequently the infrastructure programs in Jabodetabekpunjur increase every year. Therefore, to avoid the overlapping infrastructure programs, Jabodetabekpunjur infrastructure programs need to be synchronised and accommodated in the revision of Jabodetabekpunjur spatial planning regulation. Fourth, regarding the spatial pattern development issues in Jabodetabekunjur area, this evolving issues following the physical development in Jabodetabekpunjur, and to maintain the issues of spatial planning development, the spatial planning also need to be regulated in the Jabodetabekpunjur spatial planning revision regulation.

According to the decision of the reviewer team, the President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning Area should be revised because of the several reasons mentioned above. Hence the evaluation process of the president regulation should be done as soon as possible. However, until today the process is still on going and this situation has raised my curiosity to conduct a deeper study regarding the issue and to finds the gap in the process of evaluation.

This study is confines to analyse the governmental coordination in transaction costs perspective in the case of Jabodetabekpunjur spatial planning evaluation process, because I found the problem regarding the governmental agencies coordination as revealed in the preliminary documents review as follows:

1. The absence of time limitation in the evaluation process of Jabodetabekpunjur spatial planning. The time limit would give the government agencies a target to finish this process effectively, because unlimited time may cause inefficiency. In addition, according to the Geys and Moesen (2009), the efficiency measurement depends on the availability of adequate, timely and accurate data. Therefore, if the process of Jabodetabekpunjur spatial planning evaluation does not have a target which is bounded by the time limit, the process will be inefficiently and costly.
2. Displacement responsibility of the spatial planning affairs in 2014 have impact on the change of authority in spatial planning affairs. The Ministry of Agrarian Affairs and Spatial Planning, as the new ministry, has taken over the spatial planning affairs authorities from the Ministry of Public Works. Consequently, the programs, the documents and data base, and the human resources of spatial planning will be displaced from the Ministry of Public Works to the Ministry of Agrarian Affairs and Spatial Planning. This accordingly causes a delay in the Jabodetabekpunjur spatial planning evaluation process to wait for the transfer process completed.

Furthermore, it is evident from the preliminary documents review problems that indicated the problem will creates uncertainties in the government agencies coordination cost and this cost will creates inefficiency (Geys and Moesen 2009) in the spatial planning evaluation process. Moreover, the inefficiency in the process will create institutional costs which are indicate as the costs of institution in a development process (Buitelaar 2004) and the key feature of transactions is uncertainty (Coase 1937).

1.3. Research Objectives

The Research objectives in the present case study of the Jabodetabekpunjur spatial planning evaluation process are to identify the government agencies coordination problems in the Jabodetabekpunjur spatial planning evaluation process and to analyse why the Jabodetabekpunjur spatial planning evaluation process be enacted late. Studying Jabodetabekpunjur spatial planning process as the main objectives of the case study is interesting, because the relationship between the government agencies in spatial planning affairs can be seen clearly in the Jabodetabekpunjur regulation evaluation process. Moreover, the case study is also important in the realm of the national strategic area in Indonesia, the area focused in the case study influences the state sovereignty, national defence and security, social-economic, cultural and environmental in Indonesia (Ministry of Public Works Report, 2014). Therefore, the result of this research will be useful as an input for the government agencies

coordination in Jabodetabekpunjur spatial planning. As Alexander (1992) stated, the coordination in planning can be happened in public and private organisations. In addition, the parsimonious information between the organisations will offer the transaction costs. Furthermore, the key feature of transactions is uncertainty (Coase 1937), and to identify the uncertainty in Jabodetabekpunjur spatial planning process, this objectives study will measure and enforce the agreement (North 1990) between the government agencies coordination.

Therefore, in the end of this sub chapter, the research objectives in this study are to identify the government agencies coordination problems in Jabodetabekpunjur spatial planning process and analyse why the process of spatial planning evaluation is still unfinished by identifying the uncertain conditions in the evaluation process in the transaction costs perspectives.

1.4. Research Question

Regarding to the process of Jabodetabekpunjur spatial planning, this research will explain *"How do the transaction costs between the government agencies coordination affect the process of Jabodetabekpunjur spatial planning and what lesson can planners learn for smoothening this process in the future"* In order to answer these broad questions, I employ four research questions as follows:

1. How is the coordination between the government agencies in Jabodetabekpunjur spatial planning evaluation process?
2. What are the coordination problems among the government agencies in Jabodetabekpunjur spatial planning evaluation process?
3. Why are the processes of Jabodetabekpunjur spatial planning evaluation delaying?
4. What are the implications of the current spatial planning policies to the Jabodetabekpunjur spatial planning evaluation process?

1.5. Research Methodology

This research uses a qualitative analysis to explain the case study. The case study of this research focuses on the evaluation process of the President Regulation 54/2008 on Jabodetabekpunjur spatial planning area. Several methods are used to answer the following research questions.

Research Question 1

"How is the coordination between the government agencies in Jabodetabekpunjur spatial planning evaluation process?"

The aim of this question is to identify the coordination between the government agencies in Jabodetabekpunjur spatial planning evaluation process. The method to identify the interaction between the agencies is by getting information from the regulations. In Indonesian bureaucracy system, each governmental body has responsibilities and it has been arranged by the President Regulation 7/2015 on State Ministry Organisation. Based on the president regulation, the study identifies the coordination between government agencies in spatial planning, and after knowing who has the responsibilities in spatial planning affairs, I spread the questionnaire with open-ended questions to the government agencies to identify the interaction between them in spatial planning affairs.

Based on document review from the Ministry of Public Works, as the previous leader institution in spatial planning affairs, such as several proceeding reports, the presentation materials and electronic newspaper, which discuss the Jabodetabekpunjur spatial planning evaluation process, and also to build the theoretical background regarding the interaction between the governmental bodies and institutions, this study also review the scientific journal of the spatial planning arrangement process, planning evaluation, transaction costs theory in spatial planning.

The data will be collected from several sources. The secondary data will be collected from the Ministry of Public Works data base, online and conventional library, online newspaper and online Indonesian regulation data base. The questionnaire will be collected by email and personal approach connection, and it is modified by open-ended question to get opinion from the respondents.

Research Question 2

"What are the coordination problems among the government agencies in Jabodetabekpunjur spatial planning evaluation process?"

The aim of this question is to identify the coordination problems faced by the government agencies regarding the coordination in Jabodetabekpunjur spatial planning process. The analysis method which use in this study is by comparing between the document review and the questionnaire from the government agencies as a respondent. The documents review consists of proceeding report from Ministry of Public Works on the main reviews of President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning area, the presentation material about progress report discussion of President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning area

regulation, online newspaper to update the information of Jabodetabekpunjur spatial planning process, and review the policies correlated with the spatial planning policies in Jabodetabekpunjur. The aim of the review from the document is to identify the gap in the government agencies coordination concerning the Jabodetabekpunjur spatial planning.

Another method applied to complete the coordination problems identification in the study is analysing opinion derived from the questionnaire with the government agencies as respondents. Specifically, the respondents from the government agencies are not only from the national level, but also from provincial and local level in Jabodetabekpunjur area. The government agencies in national level represented by the Ministry of Agrarian Affairs and Spatial Planning, the Ministry of National Development Planning/Bappenas, the Ministry of Home Affairs, and the Coordination Ministry of Economic Affairs. The provincial levels represented by the Province of the Special Region of Jakarta area and the local levels represented by the Government of Bogor Regency. The reasons to choose those government agencies are due to the level of authority of those government agencies in the spatial planning affairs. From the level of authority, the study can identify how the coordination between the government agencies in different levels.

Research Question 3

"Why are the processes of Jabodetabekpunjur spatial planning evaluation delaying?"

The aim of this question is to identify factors, which causes the delay of the Jabodetabekpunjur spatial planning evaluation process. As we know, until today the process of evaluation is still in progress and the discussion about Jabodetabekpunjur spatial planning evaluation usually become an interesting issue in Indonesian spatial planning. However, this process involves uncertainty in Jabodetabekpunjur spatial planning evaluation process due to the unlimited time in the process, which will give the government agencies no target to finish the process. Particularly, the study will attempt to identify the cause of delay by using a document review method and analysing the questionnaire results.

The document review method used in this study is conducted by reviewing the possibility of overlapping of policies with the spatial planning policies. Current news issue about Jabodetabekpunjur spatial planning derived from online newspaper become inputs data, which will be analysed to determine the cause of the delay. Furthermore, the proceeding reports of Ministry of Public Works study about Jabodetabekpunjur spatial planning will also be used.

In the questionnaire, the inputs in the form of opinion input from the government agencies in Jabodetabekpunjur spatial planning process are used for identify the current situation

regarding the obstacles faced by the government agencies in coordination. By using this method, the study can be expected to answer the question of what factors cause the delay in the Jabodetabekpunjur spatial planning evaluation process.

Research Question 4

What are the implications of the current spatial planning policies to the Jabodetabekpunjur spatial planning evaluation process?

The aim of this question is to identify the implications of the current spatial planning policies to the Jabodetabekpunjur spatial planning evaluation process. The implications can be identified by the review of spatial planning policies such as Law 26/2007 on Spatial Planning, Government Regulation 26/2008 on National Spatial Planning, President Regulation 7/2015 on State Ministry Organisation, and President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning Area. After identifying the spatial planning policies in Indonesia, the study will analyse the implication to find the gap between the policies and the overlapping possibilities of authorities in government agencies compared with the government agencies opinion of which data collected by questionnaire.

In the questionnaire, opinion from government agencies can be used to identify the current situation of coordination in Jabodetabekpunjur spatial planning evaluation process and also as consideration to identify the implications of the process. Using this method, the study can answer the question regarding the implications of the current spatial planning policies in Jabodetabekpunjur.

Table 1. Research Methodology

Objectives	Information Requirements	Data	Source	Method of Analysis	Output of Analysis
The interaction between the government agencies in Jabodetabekpunjur spatial planning evaluation process.	- Government agencies responsibility data in Jabodetabekpunjur spatial planning evaluation process. - Government agencies interaction in spatial planning data.	- President Regulation 7/2015 on State Ministry Organization. - Proceeding/discussion report in Jabodetabekpunjur spatial planning. - Decision Letter 446/KPTS/M/2013 on Team evaluation of the president regulation 54/2008. - Questionnaire result from the government agencies.	Secondary data: - The Republic of Indonesia policy document website. - The Ministry of Public Works website. Primary data: - The Ministry of Agrarian Affairs and Spatial Planning. - The Ministry of National Development Planning/Bappenas. - The Ministry of Home Affairs. - The Coordinator Ministry of Economic Affairs. - The Province of the Special Region of Jakarta area. - The Government of Bogor Regency.	- Document review. - Questionnaire result review.	To identify the interaction between government agencies in Jabodetabekpunjur spatial planning evaluation process.
The government agencies coordination problems in Jabodetabekpunjur spatial planning process.	- History of Jabodetabekpunjur spatial planning evaluation process from the beginning until now. - Current information about the Jabodetabekpunjur spatial planning evaluation process. - Regulation of coordination between the Government Agencies in Jabodetabekpunjur spatial planning evaluation process.	- Law 26/2007 on Spatial Planning. - Law 23/2014 on Local Government. - President Regulation 54/2008 on Jabodetabekpunjur spatial planning area. - Minister of Public Works Rule 15/2012 on Strategic National Area of Spatial Planning Arrangement. - Books report from Ministry of Public Works on the main reviews of President Regulation 54/2008. - Online news. - Questionnaire result from the government agencies.	Secondary data: - The Republic of Indonesia policy documents website. - The Ministry of Public Works website. - The Ministry of Home Affairs website. Primary data: - The Ministry of Agrarian Affairs and Spatial Planning. - The Ministry of National Development Planning/Bappenas. - The Ministry of Home Affairs. - The Coordinator Ministry of Economic Affairs. - The Province of the Special Region of Jakarta area. - The Government of Bogor Regency.	- Document review. - Questionnaire result review.	To identify the problems of government agencies coordination in Jabodetabekpunjur spatial planning process.

Objectives	Information Requirements	Data	Source	Method of Analysis	Output of Analysis
The delaying cause in Jabodetabekpunjur spatial planning evaluation process.	- The process of coordination between the government agencies in Jabodetabekpunjur spatial planning. - The policies which regulate coordination between the government agencies in Jabodetabekpunjur spatial planning evaluation process. - Dominant actors in Jabodetabekpunjur spatial planning evaluation process.	- Law 26/2007 on Spatial Planning. - Law 23/2014 on Local Government. - President Regulation 54/2008 on Jabodetabekpunjur spatial planning area. - President Decision 4/2009 on National Spatial Planning Coordination Board (BKPRN). - Minister of Home Affairs Rules 50/2009 on Local Spatial Planning Coordination Board (BKPRD). - Books report from Ministry of Public Works on the main reviews of President Regulation 54/2008. - Questionnaire result from the government agencies	Secondary data: - The Republic of Indonesia policy documents website. - The Ministry of Public Works website. - The Ministry of Home Affairs website. Primary data: - The Ministry of Agrarian Affairs and Spatial Planning. - The Ministry of National Development Planning/Bappenas. - The Ministry of Home Affairs. - The Coordinator Ministry of Economic Affairs. - The Province of the Special Region of Jakarta area. - The Government of Bogor Regency	- Document review. - Questionnaire result review.	To identify the delaying cause in Jabodetabekpunjur spatial planning evaluation process.
The implications of the current spatial planning policies to the Jabodetabekpunjur spatial planning evaluation process	- The policies of spatial planning and the information of the policies implementation. - Possibilities of overlapping authorities between the government agencies in Jabodetabekpunjur spatial planning evaluation process.	- Law 26/2007 on Spatial Planning. - Government Regulation 26/2008 on National Spatial Planning. - President Regulation 7/2015 on State Ministry Organisation. - President Regulation 54/2008 on Jabodetabekpunjur Spatial Planning Area. - Questionnaire result from the government agencies	Secondary data: - The Republic of Indonesia policy documents website. - The Ministry of Public Works website. Primary data: - The Ministry of Agrarian Affairs and Spatial Planning. - The Ministry of National Development Planning/Bappenas. - The Ministry of Home Affairs. - The Coordinator Ministry of Economic Affairs. - The Province of the Special Region of Jakarta area. - The Government of Bogor Regency	- Document review. - Questionnaire result review.	To identify the implications of the current spatial planning policies to the Jabodetabekpunjur spatial planning evaluation process.

1.6. Research Structure

This research is elaborated in six chapters. The content of each chapter is described as follows:

Chapter 1: Introduction

This chapter explains the study background, research problem, research objectives, research question, research methodology, and research structure. This chapter figure out the background of the research and the reason behind conducting the research.

Chapter 2: Literature review

This chapter discusses theoretical concepts of this research. First, this chapter will explain the process of spatial planning arrangement. Second, this chapter will explain the concept of planning evaluation. Third, this chapter will explain the concept of transaction cost as a theory. Fourth, this chapter will discuss the transaction cost perspectives in Coordination of spatial planning process. This chapter will end up with the conceptual framework as a guideline to conduct this research.

Chapter 3: Research Methodology

This chapter gives a further explanation of the methodology which will be used to answer research questions.

Chapter 4: Research Finding

This chapter describes fourth sub chapters. First, research finding of coordination process in Jabodetabekpunjur spatial planning will be explained. This sub chapter will explain the Jabodetabekpur spatial planning evaluation process and the reason why the president regulation 54/2008 needs to be revised. Second, the document analysis of government agencies coordination in Jabodetabekpunjur spatial planning evaluation process from the transaction cost perspectives using the costs criteria as explained by Feiock (2007) will be elaborated. Fourth, the result of the analysis from document review analysis and questionnaire results will be presented.

Chapter 5: Discussion and Conclusion

In the discussion part, the summary the research finding of government agencies coordination in Jabodetabekpunjur spatial planning evaluation process from the transaction cost perspectives will be presented. In

addition, the result of the analysis will be discussed to answer the research question. Finally, the conclusion part will conclude all of the discussions study.

Chapter 6: Reflection

This chapter reflect to the study found and propose suggestion that might be applied in the process of Jabodetabekpunjur spatial planning evaluation process.