

**LAW DRAFT OF  
THE REPUBLIC OF INDONESIA  
NUMBER 22 YEAR 1999  
REGARDING  
REGIONAL GOVERNANCE**

**THE PEOPLE'S REPRESENTATIVE ASSEMBLY OF  
THE REPUBLIC OF INDONESIA  
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LAW DRAFT OF THE REPUBLIC OF INDONESIA  
NUMBER YEAR 1999  
REGARDING  
REGIONAL GOVERNANCE  
WITH THE BLESSING OF THE ONE ALMIGHTY GOD  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA,**

*Considering:*

- a. whereas the governance system of the Unitary State of the Republic of Indonesia by virtue of the 1945 Constitution provides freedom to Regions to organize Regional Autonomy;
- b. whereas in the organization of Regional Autonomy, it is deemed necessary to emphasize more on the principles of democracy, community participation, equitable distribution and justice, as well as to take into account the Regions' potentials and diversity;
- c. whereas in dealing with the development of situation, both domestic and international, as well as global competition challenge, it is deemed necessary to organize the Regional Autonomy by granting broad, real and accountable authorities to regional governments proportionately, which is realized by arrangement, division, and utilization of national resources and balanced finance of the Central and Regional Government in accordance with the principles of democracy, community participation, equitable distribution and justice, as well as Regions' potentials and diversity, which are implemented in the context of the Unitary State of the Republic of Indonesia;
- d. whereas Law Number 5 Year 1974 regarding Principles of Regional Governance (State Gazette Year 1974 Number 38; Supplement to State Gazette Number 3037) is no longer suitable with the principles of the Regional Autonomy organization and the situation development, so that it must be amended;
- e. whereas Law Number 5 Year 1979 regarding Rural Governance Principles (State Gazette Year 1979 Number 56; Supplement to State Gazette Number 3153), which makes uniform the name, the form, the structure and the position of Rural governance, is no longer suitable with the spirit of the 1945 Constitution and the significance to acknowledge and to respect the privileges of Regions, so that it must be amended;
- f. whereas accordingly, it is necessary to set forth the Law regarding Regional Governance to amend Law Number 5 Year 1974 regarding Principles of Regional Governance and Law Number 5 Year 1974 regarding Rural Governance;

*In view of:*

1. Article 1 paragraph (1), Article 5 paragraph (1), Article 18, and Article 20 paragraph (1) of the 1945 Constitution;
2. Stipulation of the People's Consultative Assembly of the Republic of Indonesia Number X/MPR/1998 regarding Principles of Development Reformation in the Context of Recovering and Normalizing the National Life as the Nation's Direction;
3. Stipulation of the People's Consultative Assembly of the Republic of Indonesia Number XI/MPR/1998 regarding State Administration that Free from Corruption, Collusion and Nepotism;
4. Stipulation of the People's Consultative Assembly of the Republic of Indonesia Number: XV/MPR/1998 regarding the Organization of Regional Autonomy, the Equitable Arrangement, Division and Utilization of National Resources, and Balanced Finance of the Central and Regional Government in the Context of the Unitary State of the Republic of Indonesia;
3. Law Number 4 Year 1999 regarding the Structures and Positions of the People's Consultative Assembly, the People's Representative Assembly and the Regional People's Representative Assembly (State Gazette of the Republic of Indonesia Year 1999 Number 24, Supplement to the State Gazette of the Republic of Indonesia Number 3811);

**With the approval of  
THE PEOPLE'S REPRESENTATIVE ASSEMBLY OF  
THE REPUBLIC OF INDONESIA  
HAS DECIDED TO:**

***Stipulate* : LAW REGARDING REGIONAL GOVERNANCE.**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1**

In this Law, referred to as:

- a. Central Government, hereinafter referred to as Government, shall be the apparatus of the Unitary State of the Republic of Indonesia consisting of a President and Ministers.
- b. Regional Government shall be the Head of Regions along with other Autonomous Regions' apparatus as the Regional Executive Institution.
- c. Regional People's Representative Assembly, hereinafter referred to as DPRD, shall be the Regional Legislative Institution.
- d. Regional Governance shall be the organization of regional autonomy based on decentralization principle.
- e. Decentralization shall be the delegation of the governance authorities by Government to Autonomous Regions in the context of the Unitary State of the Republic of Indonesia;
- f. Deconcentration shall be the delegation of authorities by Government to Governors as Government's representatives and/or central apparatus in Regions;
- g. Assisting Duty shall be the assignment by the Government to Regions and Villages and by Regions to Villages to perform certain duties accompanied with financial, facilities and infrastructures as well as human resources supports with the obligation to report the implementation thereof and to take responsibility to the assigning parties;
- h. Regional Autonomy shall be the authority of Autonomous Region to govern and administer the interests of the local people according to its own initiatives based on the people's aspirations in accordance with the prevailing laws and regulations.
- i. Autonomous Regions, hereinafter referred to as Regions, shall be the legal community units having certain boundaries, authorized to govern and administer the interests of the local people according to their own initiatives based on the people's aspirations within the boundaries of the Unitary State of the Republic of Indonesia.
- j. Administrative Regions shall be the Governors' working areas as the Government's representatives.
- k. Vertical Institutions shall be the Ministries' and/or Non-Ministry Government Institutions' instruments in Regions.
- l. Authorized officer shall be Government's officer at the Central level and/or Government's officer in Provincial Regions authorized to guide and supervise the organization of Regional Governance.
- m. Districts shall be the working areas of the Heads of District as the apparatus of Regency and Municipality Regions.
- n. Sub-districts shall be the working areas of the Heads of Sub-district as the apparatus of Municipality Regions under Sub-districts.
- o. Villages or mentioned with other names, hereinafter referred to as Village, shall be the legal community units having the authority to govern and administer the local community based on origins and local customs and traditions acknowledged in the National Governance system and positioned under Regency Regions.
- p. Suburban Areas shall be areas having agriculture as the main activity, including natural resources management, with area function structure as centers of suburban housing, government services, social services and economic activities.
- q. Urban Areas shall be areas having main activities other than agriculture, with area function structure as urban housing areas, center and distribution points of government services, social services and economic activities.

**CHAPTER II  
AREAL DIVISION**

**Article 2**

- (1) The territory of the Unitary State of the Republic of Indonesia shall be divided into autonomous Provincial Regions, Regency Regions and Municipal Regions.
- (2) Provincial Regions shall also be positioned as Administrative Regions.

**Article 3**

The area of Provincial Regions, as intended in Article 2 paragraph (1), shall consist of inland area and marine area of twelve marine miles measured from the coast line toward the open sea and or island waters.

**CHAPTER III  
THE FORMATION AND STRUCTURE OF REGIONS**

**Article 4**

- (1) In the context of the implementation of the decentralization principle, Provincial Regions, Regency Regions and Municipal Regions shall be formed authorized to govern and administer the interests of the local people according to their own initiatives based on the people's aspirations.
- (2) Regions as intended in paragraph (1) shall respectively be independent and shall not have hierarchical relationship

to each other.

#### Article 5

(1) Regions shall be formed based on the considerations of the economic capacity, regional potentials, social-politics, the size of population, the area of the region concerned and other considerations which enable the organisation of Regional Autonomy.

(2) The formation, names, boundaries and capital cities of the regions as mentioned in paragraph (1) shall be stipulated with Law.

(3) The amendment of boundaries which does not cause any elimination of a region, the change of a region's name, the change of names of and the relocation of regional capital cities shall be stipulated with Government Regulations.

(4) Requirements for the formation of Regions as intended in paragraph (1) shall be stipulated with Government Regulation.

#### Article 6

(1) Regions incapable to organise regional autonomy may be eliminated and/or merged with other regions.

(2) Regions can be divided into more than one region.

(3) Criteria for the elimination, merger and division of Region as intended in paragraph (1) and paragraph (2) shall be stipulated with Government Regulations.

(4) Elimination, merger and division of regions as intended in paragraphs (1) and (2) shall be stipulated with Laws.

### **CHAPTER IV REGIONAL AUTHORITIES**

#### Article 7

(1) Regional Authorities shall cover the authorities in all fields of governance, except authorities in the fields of international policies, defence and security, judicature, monetary and fiscal, religion and authorities in other fields.

(2) Authorities in other fields as intended in paragraph (1) shall cover the policies on national planning and macro national development control, financial balance fund, state administration and state economic institutional systems, human resources development, natural resources utilization as well as strategic high technology, conservation and national standardization.

#### Article 8

(1) Governance authorities delegated to Regions in the context of decentralization must be accompanied with the delivery and transfer of financial support, facilities and infrastructures as well as human resources in accordance with the delegated authorities.

(2) Governance authorities delegated to Governors in the context of deconcentration must be accompanied with financial support in accordance with the delegated authorities.

#### Article 9

(1) The authorities of Provinces as Autonomous Regions shall include the authorities in the field of inter-Regency and Municipality governance, as well as the authorities in other certain fields of governance.

(2) The authorities of Provinces as Autonomous Regions shall also include the authorities that are not or not yet able to be conducted by Regency Regions and Municipal Regions.

(3) The authorities of Provinces as Administrative Regions shall cover the authorities in the field of governance delegated to Governors as Government representatives.

#### Article 10

(1) Regions shall have the authority to manage national resources located in their area and shall be responsible to maintain the environment conservation in accordance with laws and regulations.

(2) Regional authority in marine area as intended in Article 3 shall cover the following matters:

- a. exploration, exploitation and management of marine wealth to the extent of the aforementioned marine area boundaries;
- b. administrative interests administration;
- c. spatial administration;
- d. law enforcement of regulations issued by Regions or the authority of which delegated by Government; and
- e. assistance for the enforcement of state security and sovereignty.

(3) The authority of Regency Regions and Municipal Regions in marine area as intended in paragraph (2) shall be at the extent of one-third of marine area of Provincial Regions.

(4) Further regulation on the provision as intended in paragraph (2) shall be stipulated with Government Regulation.

#### Article 11

(1) The authorities of Regency Regions and Municipal Regions shall cover all governance authorities other than authorities excluded in Article 7 and set forth in Article 9.

(2) Governance field that must be performed by Regency Regions and Municipal Regions shall include public works,

health, education and culture, agriculture, communication, industry and trade, capital investment, environment, land, co-operative and manpower affairs.

Article 12

Further regulation on the provisions as intended in Article 7 and Article 9 shall be stipulated with Government Regulation.

Article 13

(1) Government may assign Regions with certain duties in the context of assisting duties accompanied with financial support, facilities and infrastructure, as well as human resources with the obligation to report and account for the implementation thereof to the Government.

(2) Every assignment as intended in paragraph (1) shall be stipulated with laws.

**CHAPTER V  
THE FORM AND STRUCTURE OF REGIONAL GOVERNANCE**

Part One

General

Article 14

(1) Regional People's Representative Assembly as the regional legislative institution and the Regional Government as the Regional Executive Institution shall be established in Regions.

(2) Regional Government shall consist of the Head of Region and other regional apparatus.

Part Two

Regional People's Representative Assembly

Article 15

The position, structure, duties, authorities, rights membership chairs and instruments of DPRD shall be regulated with a law.

Article 16

(1) DPRD as the people's representative institution in Regions shall serve as a vehicle for implementing democracy based on Pancasila.

(2) DPRD as Regional Legislative Board shall have equal position and shall become a partner of Regional Government.

Article 17

(1) DPRD membership and the amount of DPRD members shall be stipulated in accordance with laws and regulations.

(2) DPRD instruments shall consist of the chairs, commissions and committees.

(3) DPRD shall form factions which are not the instruments of DPRD.

(4) The implementation of the provisions as intended in paragraph (3) and paragraph (4) shall be regulated with the Code of Conduct of DPRD.

Article 18

(1) DPRD shall have the following duties and authorities:

a. to elect Governor/Deputy Governor, Regent/Deputy Regent and Mayor/Deputy Mayor;

b. to elect members of the People's Representative Assembly for Region Representatives;

c. to propose for the appointment and dismissal of Governor/Deputy Governor, Regent/Deputy Regent, Mayor/Deputy Mayor;

d. together with Governor, Regent or Mayor establish Regional Regulations;

e. together with Governor, Regent or Mayor stipulate the Regional Revenues and Expenditures Budget;

f. to conduct supervision over the following matters:

1) the implementation of Regional Regulations and other laws and regulations;

2) the implementation of the Decisions of the Governor, Regent, and Mayor;

3) the implementation of the Regional Revenue and Expenditure Budget;

4) Regional Government policies; and

5) the implementation of international co-operation in Region concerned.

g. to give opinions and considerations to Government on international agreement plans related to the interests of the Regions concerned and

h. to facilitate and follow up the aspirations of Regions and community.

(2) The implementation of duties and authorities as intended in paragraph (1) shall be regulated in the Code of Conducts of DPRD.

Article 19

(1) DPRD shall be entitled:

- a. to ask for the accountability of the Governor, Regent, and Mayor;
- b. to ask for information to the Regional Government;
- c. to conduct investigation;
- d. to make amendments on Regional Regulation Drafts;
- e. to express opinion;
- f. to submit Regional Regulation Drafts;
- g. to stipulate Expenditure Budget of DPRD; and
- h. to stipulate the code of Conduct of DPRD.

(2) The implementation of the rights as intended in paragraph (1) shall be regulated in the Code of Conduct of DPRD.

#### Article 20

(1) In exercising its rights, DPRD shall be entitled to ask for state officers, government officers, or members of community to give information on a matter that must be handled for the interests of the state, nation, government and development.

(2) State officers, government officers or members of community refusing the request as intended in paragraph (1) shall be charged with imprisonment for the maximum period of one year for conducting contempt of DPRD.

(3) The implementation of the rights as intended in paragraph (1) and paragraph (2) shall be regulated in the Code of Conduct of DPRD.

#### Article 21

(1) Members of DPRD shall have the following rights:

- a. to ask questions;
- b. protocol affairs; and
- c. finance/administration.

(2) The implementation of the right as intended in paragraph (1) shall be regulated in the Code of Conduct of DPRD.

#### Article 22

DPRD shall be obligated to:

- a. to defend and maintain the unity of the Unitary State of the Republic of Indonesia;
- b. to apply the Tenets of Pancasila and the 1945 Constitution as well as to comply with all laws and regulations;
- c. to develop democracy in the organization of Regional Governance;
- d. to improve the people's welfare in Regions based on economic democracy; and
- e. to take into account and to channel aspirations, to receive people's complains and reports, as well as to facilitate the follow up thereof.

#### Article 23

(1) DPRD shall hold meetings periodically not less than six times a year.

(2) In addition to the meetings as intended in paragraph (1), upon the request of not less than one-fifth of the members or upon the request of the Head of Region, the Chairperson of DPRD may summons for the members to hold a meeting by no later than one month following the receipt of such request.

(3) DPRD shall hold meetings upon the invitation of the Chairperson of DPRD.

(4) The implementation of the provisions as intended in paragraph (1), paragraph (2), and paragraph (3) shall be regulated in the Codes of Conduct of DPRD.

#### Article 24

The Codes of Conduct of DPRD shall be stipulated with a Decision of DPRD.

#### Article 25

The meetings of DPRD shall be open for public, except those stated as closed based on the Codes of Conduct of DPRD or upon the agreement among the chairs of DPRD.

#### Article 26

Closed meetings may adopt resolutions, except those regarding the following matters:

- a. the election of the Chairperson/Deputy Chairpersons of the Assembly;
- b. the election of the Head of Region/Deputy Head of Region;
- c. the election of the members of the Peoples Representative Assembly for Region Representatives;
- d. Regional Revenues and Expenditures Budget;
- e. the stipulation of taxes and retributions amendment and elimination;
- f. debts, loans and charges upon the Region;
- g. Regional Government-owned enterprises;
- h. eradication of a portion of or the entire receivable;
- i. the approval of peaceful settlement of civil cases; and
- j. spatial policies;

#### Article 27

A member of DPRD cannot be prosecuted before the Court of Law because of his opinions stated in the meetings of DPRD, both open and closed, conveyed orally or in writing, unless the person concerned conveys what has been agreed to be kept secret in close meetings or violate the provisions concerning the conveyance of state secrets set forth in the second book Chapter I of the Criminal Code.

#### Article 28

(1) Investigations upon the members of DPRD may be conducted upon the written approval of the Minister of Home Affairs for the members of Provincial DPRD, and Governor for Regency and Municipal DPRD, unless the person concerned is caught red handed conducting a criminal act.

(2) In the event that a member of DPRD is caught red handed conducting a criminal act, as intended in paragraph (1), it shall be informed in writing to the Minister of Home Affairs and/or Governor by no later than 2 (two) time 24 (twenty-four) hours.

### **Part Three**

#### **Secretariat of the Regional People's Representative Assembly**

#### Article 29

(1) In performing its duties and authorities, DPRD shall be assisted by Secretariat of DPRD.

(2) The secretariat of DPRD shall be lead by a Secretary of DPRD appointed by the Head of Region from qualified Civil Servants upon the approval of the Chairs of DPRD.

(3) In performing his duties, the Secretary of DPRD shall be a subordinate of and be responsible to the Chairs of DPRD.

(4) The Secretary of DPRD may provide experts assigned to assist members of DPRD in performing their function.

(5) Financial Budget of the Secretariat of DPRD shall be stipulated with a Decision of DPRD and included in the Regional Revenues and Expenditures Budget.

### **Part Four**

#### **Head of Region**

#### Article 30

Every regions shall be lead by a Head of Region as the head of the regional executive institution assisted by a Deputy Head of Region.

#### Article 31

(1) The Head of Provincial Region shall be called Governor, who due to his position shall also served as the Government representative.

(2) In performing his duties and authorities as the Head of Region, Governor shall be responsible to the Provincial DPRD.

(3) The procedure for the implementation of the responsibility as intended in paragraph (2) shall be stipulated the Code of Conduct of DPRD in accordance with the guidelines stipulated by Government.

(4) In his position as the Government representative, Governor be under subordination of and responsible to the President.

(5) The procedure for the implementation of the responsibility as intended in paragraph (4) shall be stipulated by Government.

#### Article 32

(1) The Head of Regency Region shall be called as Regent.

(2) The Head of Municipal Region shall be called as Mayor.

(3) In performing his duties and authorities as the Head of Region, Governor shall be responsible to the Regency/Municipal DPRD.

(4) The procedure for the implementation of the responsibility as intended in paragraph (3) shall be stipulated the Code of Conduct of DPRD in accordance with the guidelines stipulated by Government.

#### Article 33

Candidates for the Head of Region shall be Indonesian citizens meeting the following requirements:

- a. devout to the One Almighty God;
- b. loyal and obedient to the Unitary State of the Republic of Indonesia and legal Government;
- c. have never been involved in committing treason to the Unitary State of the Republic of Indonesia, which based on Pancasila and the 1945 Constitution, which stipulated with a court stipulation;
- d. having not lower than senior high school educational background and/or equal;
- e. not less than thirty years of age;
- f. physically and mentally healthy;
- g. not mentally disturbed;

- h. have never been imprisoned due to his criminal acts;
- i. whose franchise is not being revoked by virtue of a court decision;
- j. know the region and known by people in the region concerned;
- k. submit list of their personal wealth; and
- l. willing to be nominated as Head of Region;

#### Article 34

- (1) The appointment of the Head of Region and Deputy Head of Region shall be conducted by DPRD through election concurrently.
- (2) Candidates for the Head of Region and Deputy Head of Region shall be stipulated by DPRD through nomination and election stages.
- (3) Election Committee shall be formed for the nomination and election of the Head of Region and Deputy Head of Region.
- (4) The Chairperson and Vice Chairpersons of DPRD due to their position shall also be the Chairperson and Vice Chairpersons of the Election Committee and concurrently serve as the members thereof.
- (5) The Secretary of DPRD due to his position shall be the Secretary of the Election Committee, but shall not be a member thereof.

#### Article 35

- (1) The Election Committee as intended in Article 34 paragraph (3) shall have the following duties:
  - a. to examine the identity documents of the candidates based on the requirements stipulated in Article 33;
  - b. to conduct the technical activities for electing the candidates; and
  - c. to be the party responsible for the election.
- (2) Qualified candidate nominees for the Head of Region and Deputy Head of Region in accordance with the results of the examination conducted by the Election Committee as intended in paragraph (1) shall be proposed to DPRD to be stipulated as the candidates for the Head of Region and Deputy Head of Region.

#### Article 36

- (1) Each faction shall conduct activities to select candidate nominees in accordance with the requirements set forth in Article 33.
- (2) Each faction shall stipulate candidate nominees for the Head of region and Deputy Head of Region and submit the same to the chairs of DPRD in a Plenary Session.
- (3) Two or more factions may jointly propose candidate nominees for the Head of Region and Deputy Head of Region as intended in paragraph (1).

#### Article 37

- (1) In the Plenary session of DPRD, each faction or several factions shall give explanations on the candidate nominees.
- (2) The chairs of DPRD shall invite the candidate nominees to present their vision, mission, and policy plans if they are elected as the Head of Region.
- (3) The members of DPRD may ask questions to the candidate nominees.
- (4) The chairs of DPRD and the chairs of the factions shall judge the capacity and personality of the candidate nominees and through deliberation or voting shall stipulate not less than 2 (two) candidates for the Head of Region and two couples of candidates for Deputy Head of Region, one couple of which shall be elected by DPRD in the election.

#### Article 38

- (1) The names of the candidates for Governor and Deputy Governor stipulated by the Chairs of DPRD shall be consulted to the President.
- (2) The names of candidates for Regents and Deputy Regents as well as candidates for Mayors and Deputy Mayors to be elected by DPRD shall be stipulated with a decision of DPRD.

#### Article 39

- (1) The election of the Head of Region candidates and Deputy Head of Region candidates shall be conducted in a Plenary Session of DPRD attended by not less than two-thirds of the total members of DPRD.
- (2) In the event that the number of the members of DPRD has not reach the quorum as intended in paragraph (1), the Chairs of Session shall postpone the meeting not more than one hour.
- (3) In the event that the provision as intended in paragraph (2) has reached, the plenary session shall be postponed for another 1 (one) hour and then the election of the Head of Region candidates and Deputy Head of Region Candidates shall still be conducted.

#### Article 40

- (1) The election of the Head of Region and Deputy Head of Region shall be conducted directly, freely, privately,

honestly and fairly.

(2) Every members of DPRD shall vote for one couple of Head of Region and Deputy Head of Region candidates from the couples of candidates stipulated by the chairs of DPRD, as intended in Article 37 paragraph (4).

(3) The candidate for the Head of region and the candidate for the Deputy Head of Region obtaining the majority votes in the election as intended in paragraph (2) shall be stipulated as the Head of Region and the Deputy Head of Region by DPRD and legalized by the President.

#### Article 41

Service period of the Head of region and the Deputy Head of Region shall be 5 (five) years and may be re-elected for one more service period.

#### Article 42

(1) The Head of Region shall be installed by the President or other government officers appointed to act on behalf of the President.

(2) Before holding his position, the Head of Region shall pronounce oath/pledge.

(3) The wording of the oath/pledge as intended in paragraph (2) shall be as follows:

"In the name of Allah (God), I swear/promise; that I will perform my duties as the Governor/Regent/Mayor as good, honest and fair as possible; that I will always be loyal in practising and defending Pancasila as the State foundation; and that I will uphold democracy and the 1945 Constitution as the state constitution as well as all laws and regulations applicable for Regions and the Unitary State of the Republic of Indonesia".

(4) The procedures for the pronouncement of oath/Pledge and the instalment of the Head of Region shall be stipulated by Government.

#### Part Five

#### Obligations of the Head of Region

#### Article 42

The Head of Region shall have the following obligations:

a. to preserve and maintain the integrity of the Unitary State of the Republic of Indonesia as the objective of the Independence Proclamation on August 17, 1945;

b. to hold tight on Pancasila and the 1945 Constitution;

c. to respect the people's sovereignty;

d. to uphold all prevailing laws and regulations;

e. to improve the people's prosperity level;

f. to preserve and maintain order among the community;

g. to submit Regional Regulation drafts and to stipulate them as Regional Regulation jointly with the Regional People's Representative Assembly.

#### Article 44

(1) The Head of region shall lead the organization of Regional Governance based on the policies stipulated jointly with DPRD.

(2) In performing his duties and authorities, the Head of Region shall be accountable to DPRD.

(3) The Head of Region shall be obligated to submit reports on the organization of Regional Governance to the President through the Minister of Home Affairs with carbon copy forwarded to the Governor for the Head of Regency and Municipal Regions, not less than once a year or if deemed necessary by the Head of Region or if requested by the President.

#### Article 45

(1) The Head of Region must present reports of accountability to DPRD at the end of his service period.

(2) The Had of Region must present reports of accountability to DPRD for certain matters upon the request of DPRD as intended in Article 44 paragraph (2).

#### Article 46

(1) The Head of Region whose reports of accountability as intended in Article 45, both accountability upon governance policies and financial accountability, are rejected, must complete and finish the aforementioned reports within 14 (fourteen) days as from the rejection.

(2) The Head of Region, upon having completed and finished his reports, shall re-submit the same to DPRD as intended in paragraph (1).

(3) DPRD may propose for the dismissal of the Head of Region whose reports of accountability are rejected by DPRD for the second time to the President.

(4) Procedures as intended in paragraph (3) shall be stipulated by Government.

#### Article 47

The Head of Region shall represent his Region inside and outside the Court of Justice, and may appoint legal proxies

to represent him.

Part Six  
Prohibitions for the Head of Region  
Article 48

The Head of Region shall be prohibited:

- a. to participate in a company both belonging to a private party and State/Regional Government-owned, or in foundations in any form whatsoever;
- b. to make decisions which specifically giving advantages for him, the members of his family, his crony, certain groups, or his political companion which obviously jeopardising the public interests or discriminating other citizens and community group;
- c. to conduct other works giving advantages for him, both directly of indirectly, which related to the Region concerned;
- d. to receive money and/or goods or services from other parties which may be suspected to influence the decision or action to be taken by him; and
- e. to become an advocate or a legal proxy in a case before a court of law, except to act as intended in Article 46.

Part Seven  
Dismissal of the Head of Region  
Article 49

The Head of Region shall dismiss or be dismissed due to the following reasons:

- a. demise;
- b. resignation upon his own will;
- c. his service period has ended and a new officer has been installed;
- d. no longer meeting the requirements as intended in Article 33;
- e. breaking the oath/pledge as intended in Article 42 paragraph (3);
- f. violating the provisions as intended in article 48; and
- g. his reports are rejected as intended in Article 46 paragraph (3); or
- h. experiencing vast crisis of public trust due to a case involving his responsibility and his explanation regarding the case is rejected by DPRD.

Article 50

(1) The dismissal of the Head of Region because of the reasons as intended in Article 49 shall be stipulated with a decision of DPRD and legalized by the President.

(2) The Decision of DPRD as intended in paragraph (1) must be supported and approved by not less than two-third of the total members of DPRD and the decision shall be made based on the approval of not less than two-third of the total members attending..

Article 51

The Head of Region shall be dismissed by the President without going through DPRD decision, if he is proven to have conducted a criminal act which will be sanctioned with five years imprisonment or more, or will be sanctioned with death penalty as regulated in the Criminal Code.

Article 52

(1) The Head of Region suspected to conduct coup d'état and/or actions that can divide the Unitary State of the Republic of Indonesia shall be temporarily dismissed from his position by the President without requiring DPRD Decision.

(2) The Head of Region proven to have conducted coup d'état and actions that can divide the Unitary State of the Republic of Indonesia stated with a court decision which has obtained legal effect shall be permanently dismissed from his position by the President, without any approval of DPRD.

(3) The Head of Region who after going through legal process is not proven to have conducted coup d'état and actions that can divide the Unitary State of the Republic of Indonesia as intended in paragraph (1) shall be reinstalled and rehabilitated as the Head of Region.

Article 53

(1) DPRD shall notify the Head of Region in writing regarding the end of the service period of the person concerned six months before.

(2) Based on the notification as intended in paragraph (1), the Head of Region shall prepare his final report to DPRD and submit it by no later than four months after the notification.

(3) By no later than one month prior to the end of the service period of the Head of Region, DPRD shall start the process for electing the new Head of Region.

Article 54

Head of Region whose accountability rejected by DPRD as intended in Article 53 cannot be re-nominated as the Head of Region for the subsequent service period.

Part Eight  
Investigation upon the Head of Region  
Article 55

- (1) Investigation upon the Head of Region may be conducted upon the written approval of the President.
- (2) The following matters shall be excluded from the provision as intended in paragraph (1):
  - a. caught red handed conducting criminal act which will be sanctioned with imprisonment of five years or more.
  - b. accused to have conducted criminal act which will be sanctioned with death penalty;
- (3) The investigation as intended in paragraph (1) and paragraph (2) shall be reported to the President by no later than 2 (two) times 24 hours after being conducted.

Part Nine  
Deputy Head of Region  
Article 56

- (1) Every Regions shall have one Deputy Head of Region.
- (2) Deputy Head of Region shall be installed by the President or other officer appointed, at the same time of the instalment of the Head of Region.
- (3) Before holding his position, the Deputy Head of Region shall pronounce oath/pledge.
- (4) The wording of the oath/pledge intended shall be as follows:

"In the name of Allah (God), I swear/promise; that I will perform my duties as the Deputy Governor/Deputy Regent/Deputy Mayor as good, honest and fair as possible; that I will always be loyal in practising and defending Pancasila as the State foundation; and that I will uphold democracy and the 1945 Constitution as the state constitution as well as all laws and regulations applicable for Regions and the Unitary State of the Republic of Indonesia".
- (5) The provisions as intended in Article 33, Article 41, Article 43 except letter g, Article 47 up to Article 54 shall also applicable for the Deputy Head of Region.

Article 57

- (1) Deputy Head of Region shall have the following duties:
  - a. to assist the Head of Region in performing his duties;
  - b. to co-ordinate the activities of Governance institutions in Region; and
  - c. to conduct other duties given by the Head of Region.
- (2) The Deputy Head of Region shall be accountable to the Head of Region;
- (3) The Deputy Head of Region shall perform the duties and authorities of the Head of Region, in the event that the Head of Region is unable to attend.

Article 58

- (1) In the event that the Head of Region is permanently unable to attend, the Deputy Head of Region shall take the position of the Head of Region until the end of his term of service,
- (2) In the event that the Deputy Head of Region is permanently unable to attend, his position shall be left vacant.
- (3) In the event that the Head of Region and the Deputy Head of region are permanently unable to attend, the Secretary of Region shall perform the duties of the Head of Region temporarily.
- (4) In the event that the Head of Region and the Deputy Head of region are permanently unable to attend, DPRD shall organize election for the Head of Region and/or the Deputy Head of Region by no later than three months.

Part Ten  
Financial Position of the Head of Region  
and the Deputy Head of Region  
Article 59

Financial position of the Head of Region and the Deputy Head of Region shall be stipulated with Government Regulation.

Part Eleven  
Regional Apparatus  
Article 60

Regional Apparatus shall comprise of the Regional Secretariat, Regional Service Office, and other technical regional institutions, in accordance with the Regional requirement.

Article 61

- (1) The Regional Secretariat shall be lead by Secretary of Region.
- (2) The Secretary of Provincial Region shall be appointed by Governor upon the approval of the chairs of DPRD from

qualified Civil Servants.

(3) The Secretary of Provincial Region, due to his position, shall be the Secretary of Administrative Region.

(4) The Secretary of Regency Region or Secretary of Municipal Region shall be appointed by the Regent or Mayor upon the approval of the chairs of DPRD from qualified Civil servants.

(5) The Secretary of Region shall be obligated to assist the Head of Region in preparing policies and in developing working relationship with service offices, technical institutions and other executive units.

(6) The Secretary of Region shall be accountable to the Head of Region.

(7) In the event that the Secretary of Region is unable to perform his duties, the duties of the Secretary of Region shall be performed by the officer appointed by the Head of Region.

#### Article 62

(1) Regional Service Office shall be the Regional Governance executing element.

(2) Regional Service Office shall be lead by a Service Office Head appointed by the Secretary of Region from qualified Civil Servants.

(3) The Head of Regional Service Office shall be accountable to the Head of region through the Secretary of Region.

#### Article 63

The organization of authorities delegated by Government to Governor as Government's Representative in the region in the context of deconcentration as intended in Article paragraph (3) shall be conducted by Provincial Service Offices.

#### Article 64

(1) The organization of the fields of Governance which are under the Government's authorities as intended in Article 7 shall be conducted by vertical institutions.

(2) The form, organization structure, formation and administration of the organization of the governance fields as intended in paragraph (1) shall be further regulated with Presidential Decree.

#### Article 65

Technical institutions may be established in Region in accordance with the Region requirements.

#### Article 66

(1) Districts shall be the instruments of Regency/Municipal Regions lead by Heads of District.

(2) The Head of a District shall be called *Camat*.

(3) *Camat* shall be appointed by Regent/Mayor upon the suggestion of the Secretary of Regency/Municipal Region from qualified Civil Servants.

(4) *Camat* shall receive delegation of a portion governance authorities from Regent/Mayor.

(5) *Camat* shall be accountable to the Regent or Mayor.

(6) The formation of a district shall be stipulated with a Regional Regulation.

#### Article 67

(1) Sub-districts shall be the instrument of Districts lead by Heads of Sub-district.

(2) The Head of a Sub-district shall be called *Lurah*.

(3) *Lurah* shall be appointed from qualified Civil servants by Mayor/Regent upon the suggestion of *Camat*.

(4) *Lurah* shall be responsible to *Camat*.

(5) The formation of a Sub-district shall be stipulated with a Regional Regulation.

#### Article 68

(1) The organizational structure of Regional apparatus shall be stipulated with Regional Regulations in accordance with the guidelines stipulated by the Government.

(2) Formation and requirements for Regional apparatus positions shall be stipulated with Decision of the Head of Region in accordance with the guidelines stipulated by Government.

### CHAPTER VI

### REGIONAL REGULATION AND DECISION OF THE HEAD OF REGION

#### Article 69

The Head of Region shall stipulate Regional Regulations upon the approval of DPRD in the context of the organization of Regional Autonomy and further elucidation of higher laws and regulations.

#### Article 70

Regional Regulation shall not be allowed to contain regulations which contradictory to the public interest, other Regional Regulations and higher regulations.

#### Article 71

(1) Regional Regulations may contain provisions concerning charging law enforcing fines, both in full and a portion thereof to violators.

(2) Regional Regulations may contain criminal imprisonment threat for not more than six months or fines for not more

than Rp. 5,000,000.00 (five million rupiah), with or without confiscating certain goods for the Regions, insofar as not regulated in the prevailing laws and regulations.

Article 72

(1) The Head of Region may stipulate decisions of the Head of Region in order to implement Regional Regulations or other laws and regulations.

(2) The decisions as intended in paragraph (1) shall not be contradictory to the public interest, Regional Regulations and higher regulations.

Article 73

(1) Regional Regulations and Decisions of the Head of Region regarding general regulations shall be announced in the Regional Gazette.

(2) Provisions regarding the announcement in the Regional Gazette as intended in paragraph (1) shall have binding legal effect after being announced.

Article 74

(1) Investigations and prosecutions upon violations of the provisions of Regional Regulations shall be conducted by investigation officers and prosecutors in accordance with laws and regulations.

(2) With Regional Regulation, other officers assigned to conduct investigation upon the violations of Regional Regulations may be appointed

**CHAPTER VII  
REGIONAL CIVIL SERVICE**

Article 75

Norms, standard and procedures regarding appointment, transfer, dismissal, stipulation of pension, salary, allowance, welfare, rights and obligations, as well as legal position of Civil Servants in Region and Regional Civil Servants shall be stipulated with laws.

Article 76

Regions shall have the authority to conduct appointment, transfer, dismissal, stipulation of pension, salary, allowance and employee welfare as well as education and training in accordance with the Regions' requirements and capacity stipulated with Regional Regulation based on laws and regulations.

Article 77

Government of Provincial Region shall supervise the implementation of employment administration and employee career in its region in accordance with laws and regulations.

**CHAPTER VIII  
REGIONAL FINANCE**

Article 78

(1) The organization of the duties of the Regional Government and DPRD shall be financed from and upon the expense of the Regional Revenues and Expenditure Budget.

(2) The organization of the duties of the Government in Regions shall be financed from and upon the expense of the State Revenues and Expenditures Budget.

Article 80

The sources of the Regions' revenues shall consist of the following:

a. Original Regional Revenues, namely:

- 1) Regional taxes income;
- 2) Regional retributions income;
- 3) Regional government-owned enterprises' income; and retained income from Regional wealth management;
- 4) other legal original regional revenues;.

b. Balancing Funds.

c. Regional Loans and

d. Other legal regional revenues.

Article 80

(1) Balancing Funds as intended in Article 79 shall comprise from the following:

- a. Regional income share taken from Land and Building Tax, Land and Building Title Acquisition Levy, and incomes from natural resources;
- b. general allocation fund; and
- c. special allocation fund.

(2) Regional income share from Land and Building Taxes for rural, urban and plantation sectors as well as Land and Building Title Acquisition Levy, as intended in paragraph (1) letter a, shall be directly received by the earning Regions.

(3) Regional income share from Land and Building Taxes for mining and forestry sectors and incomes from natural resources, as intended in paragraph (1) letter a, shall be received by the earning Regions and other Regions for equitable distribution in accordance with laws and regulations.

(4) Further provisions as intended in paragraph (1), paragraph (2) and paragraph (3) shall be stipulated in the Laws.

#### Article 81

(1) Regional Governments may obtain domestic and/or international loan for funding their Governance activities with the approval of DPRD.

(2) Domestic loans shall be notified to Government and shall be conducted in accordance with the guidelines stipulated by Government

(3) International loans as intended in paragraph (1) must be approved by Government, in accordance with the prevailing laws and regulations.

#### Article 82

(1) Regional taxes and retributions shall be regulated with Laws.

(2) The stipulation of tariff and the procedures for Regional taxes and retributions collection shall be stipulated with Regional Regulation in accordance with laws and regulations.

#### Article 83

(1) In order to promote the Regional empowerment, the Government shall provide certain fiscal and non-fiscal incentives.

(2) The provisions as intended in paragraph (1) shall be stipulated with Government Regulation.

#### Article 84

Regions may own Regional government-owned enterprises in accordance with the prevailing laws and regulations, the establishment of which shall be regulated with Regional Regulation.

#### Article 85

(1) Assets belonging to the Regions used for serving public interests cannot be encumbered, charged with lien and/or assigned.

(2) The Head of Region with the approval of DPRD may stipulate Decisions regarding the following matters:

a. eradication of a portion or the entire Regional charges;

b. approval for peaceful settlement of civil disputes;

c. other legal actions regarding the Region's assets and properties.

#### Article 86

(1) The Regional Revenues and Expenditures Budget shall be stipulated with Regional Regulation by no later than one month after the stipulation of the State Revenues and Expenditures Budget.

(2) Amendment of Regional Revenues and Expenditures Budget shall be stipulated with Regional Regulation by no later than three months prior to the end of the fiscal year.

(3) The calculation of the Regional Revenues and Expenditures Budget shall be stipulated with Regional Regulation by no later than three months after the end the fiscal year concerned.

(4) Guidelines for the preparation, amendment and calculation of the Regional Revenues and Expenditures Budget shall be stipulated with Government Regulation.

(5) Regional Revenues and Expenditures Budget stipulated with Regional Regulation shall be submitted to Governor for Registry/Municipal Government and to the President through the Minister of Home Affairs for Provincial Government for acknowledgement.

(6) Guidelines for the administration, accountability and supervision over Regional finance as well as procedures for the preparation of Regional Revenues and Expenditures Budget, the implementation of Regional financial administration and the preparation of Regional Revenues and Expenditures Budget calculation shall be stipulated with laws and regulations.

### CHAPTER IX

#### CO-OPERATION AND SETTLEMENT OF DISPUTES

##### Article 89

(1) Several Regions may conduct inter-Region co-operation regulated with a joint decision of the Heads of Region.

(2) Regions may establish Inter-Region co-operation agency.

(3) Regions may conduct co-operation with other agencies which regulated with a joint decision.

(4) The joint decision or the co-operation agency as intended in paragraph (1), paragraph (2) and paragraph (3) of this article burdening the people and Regions must obtain prior approval from the respective DPRD.

##### Article 88

(1) Regions may conduct mutual cooperations with international institutions/agencies which regulated with joint decision, except for those related to the Government's authorities as intended in Article 7.

(2) Procedures for the cooperations as intended in paragraph (1) shall be stipulated by Government.

Article 89

(1) Disputes between Regions shall be settled by the Government through deliberation.

(2) In the event that the settlement of Inter-Region disputes as intended in paragraph (1) cannot be accepted by one of the parties, the party concerned may seek settlement to the Supreme Court.

**CHAPTER X  
URBAN AREAS**

Article 90

In addition to Urban Areas having the status of Municipal Regions, it is necessary to stipulate Urban Areas which consists of the following:

- a. Urban Areas which are parts of Regency Region;
- b. New Urban Areas which resulting from development changing Rural Areas into Urban Areas; and
- c. Urban Areas which are parts of two or more neighbouring Regions as one social, economic and urban physical unit.

Article 91

(1) Municipal Regional Government and/or Regency Regional Government which regions directly bordered may establish a joint agency for managing urban areas.

(2) Development Management Agency may be established in a rural area which is planned and developed into an urban area in Regency Regions.

(3) Provisions as intended in paragraph (1) and paragraph (2) and other matters concerning the management of urban areas shall be stipulated with Regional Regulations in accordance with the guidelines stipulated in the Government Regulation.

Article 92

(1) Regional Government must involve community and private parties in the organization of Urban Area development.

(2) The involvement of community as intended in paragraph (1) shall be a community empowerment effort in developing urban areas.

(3) Provisions concerning Urban Areas shall be stipulated with laws and regulations.

**CHAPTER XI  
VILLAGE**

Part One

Formation, Eradication and/or Amalgamation of Villages

Article 93

(1) Villages may be formed, eradicated and amalgamated by taking into account the initiative of the people with the approval of Regency Government and DPRD..

(2) The formation, eradication and amalgamation of villages as intended in paragraph (1) shall be stipulated with Regional Regulation.

Article 94

Rural Government and Rural Representative Board shall be established in Villages which shall serve as the Rural Governance.

Part Two

Rural Government

Article 95

(1) Rural Government shall consist of the Head of Village or may be called with other names and village apparatus.

(2) The Head of Village shall be directly elected by the citizens of the Village concerned from qualified candidates.

(3) The Head of Village candidate elected by obtaining majority vote support as intended in paragraph (2) shall be stipulated by the Rural Representative Assembly and legalized by the Regent.

Article 96

Term of service of the Head of Village shall not more than ten years or two terms of service as from the date of stipulation.

Article 97

Persons that can be appointed as the Head of Village shall be Indonesian citizens living in the Village concerned with the following requirements:

- a. devout to the One Almighty God;
- b. loyal and obedient to Pancasila and the 1945 Constitution;
- c. have not directly or indirectly involved in conducting treason to Pancasila and the 1945 Constitution, G30S/PKI and/or other banned organizations;

- d. having not less than Junior High School educational background and/or having equal knowledge;
- e. not less than 25 years of age;
- f. physically and mentally healthy;
- g. are not mentally disturbed;
- h. having proper conduct, honest and fair;
- i. have never been imprisoned due to his criminal act;
- j. whose franchise is not revoked by virtue of a court decision having permanent legal effect;
- k. have good knowledge of his region and known by people in local Village;
- l. willing to be nominated as the Head of Village; and
- m. meeting other requirements in accordance with the local custom set forth in Regional Regulation.

Article 98

- (1) The Head of Village shall be installed by the Regent or other officer appointed.
- (2) Before holding his position, the Head of Village shall pronounce oath/pledge.
- (3) The wording of the oath/pledge intended shall be as follows:

"In the name of Allah (God), I swear/promise; that I will perform my duties as the Head of Village as good, honest and fair as possible; that I will always be loyal in practising and defending Pancasila as the State foundation; and that I will uphold democracy and the 1945 Constitution as the state constitution as well as all laws and regulations applicable for Villages, Regions and the Unitary State of the Republic of Indonesia".

Article 99

Village authorities shall include the following matters:

- a. authorities already exist based on the Village original privilege;
- b. authorities have not yet implemented by Region and Government based on the prevailing laws and regulations; and
- c. Assigning Duties assigned by Government, Provincial Government and/or Regency Government.

Article 100

Assisting Duties assigned by Government, Provincial Government and/or Regency Region to Village shall be accompanied with financial support, facilities and infrastructures as well as human resources.

Article 101

The duties and obligations of the Head of Village shall be as follows:

- a. to lead the organization of Rural Governance;
- b. to develop the Village community's life;
- c. to develop Village economy;
- d. to maintain peace and order among the Village people;
- e. to resolve disputes peacefully among people in Village; and
- f. to represent his village inside and outside the court of law and may appoint his legal proxy.

Article 102

In performing the duties and obligations as intended in Article 101, the Head of Village shall be :

- a. responsible to the people through the Rural Representative Board; and
- b. to present reports concerning the implementation of his duties to the Regent..

Article 103

- (1) The Head of Village shall terminate due to the following reasons:

- a. demise;
- b. resignation upon his own will;
- c. no longer meeting the requirements and/or violate his oath/pledge;
- d. the end of his service period and a new Head of Village has been appointed;
- e. conducting actions contradictory to the provisions of the prevailing laws and regulations and/or norms living and growing among the Village community.

- (2) The dismissal of the Head of Village as intended in paragraph (1) shall be conducted by the Regent upon the suggestion of the Rural Representative Board.

Part Three

Rural Representative Board

Article 104

Rural Representative Board or may be called with other names shall have the function to protect the customs and traditions, to make Village Regulations, to receive and channel community aspirations, as well as to conduct supervision over the organization of Village Governance.

Article 105

- (1) Members of the Rural Representative Board shall be elected from and by qualified citizens of the Village.

- (2) The chairs of the Rural Representative Board shall be elected from and by the members.
- (3) The Rural Representative Board together with the Head of Village shall stipulate Village Regulations.
- (4) The implementation of Village Regulations shall be stipulated with Decision of the Head of Village.

Part Four

Other Institutions

Article 106

Other institutions may be established in Village in accordance with Village requirement and shall be stipulated with Village Regulations.

Part Five

Rural Finance

Article 107

(1) Village Revenues shall consist of the following:

a. Original Village Revenues, including:

- 1) Village business profits;
- 2) Village Assets;
- 3) people's donation and participation;
- 4) mutual co-operation; and
- 5) other legal Village original revenues;

b. assistance from Regency Government, including:

- 1) a portion from Regional taxes and retribution; and
- 2) a portion from the funds of financial balance of the Central and the Regions received by Regency Regional Government.

c. assistance from Government and Provincial Government;

d. donations from third parties; and

e. Village loans.

(2) The sources of village revenues as intended in paragraph (1) shall be managed through the Village Revenues and Expenditures Budget.

(3) The Head of Village jointly with the Rural Representative Board shall stipulate the Village Revenues and Expenditures Budget annually with Village Regulation.

(4) Guidelines for the preparation of Village Revenues and Expenditures Budget shall be stipulated by the Regent.

(5) Procedures and collection of Village revenues and expenditures objects shall be stipulated jointly by the Head of Village and the Rural Representative Board.

Article 108

Villages may establish their own business entities in accordance with the prevailing laws and regulations.

Part Six

Inter-Villages Co-operation

Article 109

(1) Several villages may conduct co-operation for the interest of the villages which regulated with Joint Decision and shall be notified to the Head of District.

(2) Villages may establish co-operation agencies for the implementation of the co-operation as intended in paragraph (1).

Article 110

Regency Government and/or third parties planning the development of Village area into housing, industrial and service areas must involve Rural Government and Rural Representative Board in the planning, implementation and supervision thereof.

Article 111

(1) Further provisions concerning Village shall be stipulated in Regency Regional Regulation in accordance with general guidelines stipulated by Government by virtue of this law.

(2) Regional Regulation as intended in paragraph (1) must acknowledge and respect the Village rights, origin as well as customs and traditions.

**CHAPTER XII  
GUIDANCE AND SUPERVISION**

Article 112

(1) In the context of guidance, Government shall facilitate the organization of Regional Autonomy.

(2) Guidelines concerning guidance and supervision over the organization of Regional Autonomy shall be stipulated with Government Regulation.

Article 113

In the context of supervision, Regional Regulations and Decisions of the Head of Region shall be submitted to Government by no later than fifteen days after the stipulation thereof.

Article 114

(1) Government may cancel Regional Regulations and Decisions of the Head of Region contradictory to public interests or higher regulations and/or other regulations.

(2) Decision regarding the cancellation of Regional Regulation and Decision of the Head of Region as intended in paragraph (1) shall be notified to the Region concerned by stating the reasons thereof.

(3) By no later than one week as from the decision of the cancellation of Regional Regulation and Decision of the Head of Region as intended in paragraph (2), the implementation of the aforementioned Regional Regulation and Decision of the Head of Region shall be cancelled.

(4) Region that cannot accept the decision concerning the cancellation of Regional Regulation and Decision of the Head of Region as intended in paragraph (2) may submit objection to the Supreme Court after submitting the same to Government.

**CHAPTER XIII  
REGIONAL AUTONOMY ADVISORY BOARD**

Article 115

(1) The Regional Autonomy Advisory Board shall have the duty to provide considerations to the President regarding the following matters:

- a. the formation, eradication, amalgamation and extension of Regions
- b. financial balance of the central and Regional government; and
- c. the capacity of a Regency Region and Municipal Region to perform certain authorities as intended in Article 11.

(2) The Regional Autonomy Advisory Board shall consist of the Minister of Home Affairs, Minister of State Secretary, other ministers in accordance with requirements, representatives of the Regional Government Association, and Region representatives appointed by DPRD.

(3) The Minister of Home Affairs and the Minister of Finance, due to their positions, shall be the Chairperson and the Vice Chairperson of the Regional Autonomy Advisory Board.

(4) The Regional Autonomy Advisory Board shall hold meetings not less than once every six months.

(5) The Regional Autonomy Advisory Board shall be responsible to the President.

(6) The Regional Autonomy Advisory Board shall be stipulated with Presidential Decree.

Article 116

In performing its duties, the Regional Autonomy Advisory Board shall be assisted by the Head of Secretariat supervising the Regional Autonomy Section and Central and the Regional Financial Balance Section.

**CHAPTER XIV  
OTHER PROVISIONS**

Article 117

The Capital City of the Republic of Indonesia, Jakarta, due to its position, shall be regulated with separated Law.

Article 118

(1) East Timor Level I Region Province may be granted with special autonomy in the context of the Unitary State of the Republic of Indonesia, unless stipulated otherwise by laws and regulations.

(2) Provisions concerning the organization of the special autonomy as intended in paragraph (1) shall be stipulated with a Law.

Article 119

(1) The authorities of Regency Region and Municipal Region, as intended in Article 11, shall also be applicable in authority regions located within Autonomous Region, covering authority agency, harbour area, airfield area, housing area, industrial area, plantation area, mining area, forestry area, tourist area, highway area, and other similar areas.

(2) Further provisions as intended in paragraph (1) shall be stipulated with Government Regulation.

Article 120

(1) In order to organize public peace and order as well as to uphold Regional Regulations, Civil Service Police Units shall be formed as Regional Government apparatus.

(2) The organizational structure, formation, position, authorities, rights, duties and obligations of Civil Service Police shall be stipulated with Regional Regulation, in accordance with the provisions stipulated by Government.

Article 121

The names Level I Region Province, Level II Region Regency and Level II Region Municipality, as intended in Law Number 5 Year 1974, shall be changed to Province, Regency and Municipality.

#### Article 122

The speciality of Aceh Special Region Province and Yogyakarta Special Region Province as intended in Law Number 5 Year 1974 shall remain the same with the provision that the governance organization of the Special Province of Aceh and the Special Province of Yogyakarta shall be based on this law.

#### Article 123

The organization of Regional authorities, both initial authorities based on the formation of the Region and additional authorities by virtue of Government Regulations and/or by virtue of other laws and regulations, shall be adjusted to Article 9, Article 10, and Article 11 hereof.

### **CHAPTER XV TRANSITIONAL PROVISIONS**

#### Article 124

At the time this law becomes effective, the names, the boundaries and capital cities of Level I Region Provinces, Special Regions, and Level II Region Regencies, Level II Region Municipalities, as intended in the laws and regulations, shall remain the same.

#### Article 125

- (1) Batam Municipality, Paniai Regency, Puncak Jaya Regency, Mimika Regency, Simeulue Regency and all Administrative Cities may be upgraded into Autonomous Regions with due observance of Article 5 hereof.
- (2) By no later than two years after the stipulation of this law, the status of the Municipalities, Regencies and Administrative Cities as intended in paragraph (1) must have been changed into Regencies/Municipalities if they meet the provisions stipulated in Article 5 hereof.
- (3) The Municipalities, Regencies and Administrative Cities as intended in paragraph (1) may be eradicated if they do not meet the provisions for upgrading their status into Autonomous Regions.

#### Article 126

- (1) Districts, Sub-districts and Villages existing at the time of the validation of this law shall remain as Districts, Sub-districts and Villages or may be called with other names, as intended in Article 1 letter m, letter n, and letter o hereof, unless stipulated otherwise by laws and regulations.
- (2) Villages existing in Municipalities, Administrative Municipalities and Administrative Cities by virtue of Law Number 5 Year 1974 at the time this law becomes effective, shall be stipulated as Sub-districts, as intended in Article 1 letter n hereof.

#### Article 127

Insofar as the implementing regulations of this law have not been stipulated, all instructions, directions or guidelines existing or made by Government and Regional Government if not contradictory hereto shall remain applicable.

#### Article 128

The Governor Head of Level I Region, the Deputy Governor Head of Level I Region, the Regent/Mayor Head of Level II Region, the Deputy Regent/Mayor Head of Level II Region, the Administrative Regent/Mayor, Mayor, *Camat*, *Lurah* and the Head of Village along with the apparatus thereof, as intended in Law Number 5 Year 1974 and Law Number 5 Year 1979 existing at the time this Law becomes effective, shall remain conducting their duties and authorities based on this Law.

#### Article 129

- (1) As this Law becomes effective, the Institution of Governor Assistant, Regent Assistant, Mayor Assistant and the Regional Advisory Agency as intended in Law Number 5 Year 1974, shall be eliminated.
- (2) Vertical institutions in Region other than those handling the field of international, defence and security, judicature, monetary and fiscal, as well as religious affairs as intended in Article 7 shall become Regional apparatus.
- (3) The assets of all vertical institutions becoming Regional apparatus as intended in paragraph (2) shall be transferred to Region.

#### Article 130

- (1) In the event that the term of office of Deputy Head of Region is ended sooner than the term of office of the Head of Region, the position of the Deputy Head of Region shall not be filled in.
- (2) In the event that the term of office of the Deputy Head of Region is ended later than the term of office of the Head of Region, the term of office of the Deputy Head of Region shall be adjusted to the term of office of the Head of Region.

### **CHAPTER XVI CLOSING PROVISIONS**

#### Article 131

At the time this Law becomes effective, the following Laws shall be declared no longer applicable:

- a. Law Number 5 Year 1974 regarding Principles of Regional Governance (State Gazette of the Republic of

Indonesia Number 38 Year 1974; supplement to the State Gazette of the Republic of Indonesia Number 3037);  
b. Law Number 5 Year 1979 regarding Rural Governance (State Gazette of the Republic of Indonesia Number 56  
Year 1979; supplement to the state Gazette of the republic of Indonesia Number 3153);

Article 132

(1) Implementing provisions as the follow up of this law shall have been completed by no later than one year as from the stipulation hereof.

(2) This law shall be implemented effectively by no later than two years as from the stipulation hereof.

Article 133

Provisions of laws and regulations contradictory and/or not suitable hereto shall be adjusted.

Article 134

This law shall come into effect as from the date of its stipulation.

For public cognizance, this Law shall be promulgated in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On .....

PRESIDENT OF THE REPUBLIC OF INDONESIA  
BACHARUDDIN JUSUF HABIBIE

Promulgated in Jakarta

On..... 1999

STATE MINISTER FOR STATE SECRETARY OF  
THE REPUBLIC OF INDONESIA,  
AKBAR TANJUNG  
STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 1999 NUMBER . . .

**THE PEOPLE'S REPRESENTATIVE ASSEMBLY OF  
THE REPUBLIC OF INDONESIA  
ELUCIDATION  
ON  
DRAFT LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 22 YEAR 1999  
REGARDING  
REGIONAL GOVERNANCE**

**I. GENERAL**

**1. Basic Principles**

- a. The State of the Republic of Indonesia as a Unitary State practices the decentralisation principle in the government organisation by giving the opportunity and freedom to Regions to organise Regional Autonomy. Therefore, Article 18 of the 1945 Constitution, among other things, states that the division of a region into large and small Regions, with the form and structure of their Government stipulated by Law. In the elucidation of the aforementioned article, it is stated among other things that "because Indonesia is an *"eenheidstaat"*, therefore Indonesia shall not have a Region within itself which also is a *"staat"* in nature. Indonesia's Territory shall be divided into Provincial Regions, and the Provincial Regions shall be further divided into smaller Regions. Such regions shall be Autonomous (*streek en locale rechtsgemeenschappen*) or merely in administrative aspect only, all of which shall be in accordance with the regulations stipulated by Law". In Autonomous Regions, there shall be Regional Representative Assemblies. Therefore, the governance shall be based on deliberation.
- a. Therefore, the 1945 Constitution is a solid foundation for organising autonomy by granting broad, real and accountable authority as set forth in the Stipulation of the People's Consultative Assembly (TAP MPR) No. XV/MPR/1998 regarding the Organization of Regional Autonomy; Equitable Arrangement, Distribution, and Utilization of National Resources; and Financial Balance of Central and Regional Government in the Context of the Unitary State of the Republic of Indonesia.
- a. This Law shall be referred to as " Law Regarding Regional Governance", since this Law basically regulates the organization of Regional Governance which more emphasizing on the principle of decentralization.
- a. In accordance with the aforementioned Stipulation of the People's Consultative Assembly of the Republic of Indonesia Number XV/MPR/1998, the organization of Regional Autonomy shall be implemented by proportionately granting broad, real and accountable authorities to Regions realized by equitable arrangement, distribution and utilization of national resources and financial balance of Central and Regional government. In addition to that, the organization of Regional Autonomy shall also be implemented with the principles of democracy, community participation, equitable distribution, and justice, as well as by taking into account the potentials and diversity of Regions.
- a. The basic matters in this Law is promoting the empowerment of the people, encouraging initiative and creativity, promoting the people's active participation, and improving the role and functions of the Regional People's Representative Assembly. Therefore, this Law places the Regional Autonomy wholly on Regency Regions and Municipality Regions, which in Law No. 5 year 1974 are placed as the Level-II Regency Regions and the Level-II Municipality Regions. The aforementioned Regency Regions and Municipality Regions are considered as Autonomous Regions having the authority and freedom to establish and implement policies according to the initiatives and aspirations of the people.
- a. The Level-I Provincial Regions according to Law No. 5 year 1974, in this Law are changed to Provincial Regions having the status of Autonomous Regions as well as Administrative Regions, conducting the authorities of the Central Government delegated to Governors. Provincial Regions are not the superior regions to Regency and Municipality Regions. Therefore, Provincial Autonomous Regions and Regency Regions Municipality Regions shall not have hierarchical relationships.
- a. The placement of Provinces as Autonomous Regions and concurrently as Administrative Regions is conducted with the following considerations:
  - 1) to maintain harmonious relationship between Central and Regional Government in the context of the Unitary State of the Republic of Indonesia;
  - 2) to organize Regional Autonomy having the nature of inter Regency Region and Municipality Region, as well as to implement the authorities of Regional Autonomy which have not been implemented by Regency Region and Municipality Region; and
  - 3) to implement certain governance duties delegated in the context of the implementation of deconcentration

principle.

1. By considering the experiences in organizing Regional Autonomy in the past which practised the principle of real and accountable autonomy by emphasizing on autonomy more as obligations than rights, in granting Autonomy to Regency and Municipal Regions under this Law shall be based on the principle of decentralization in the form of broad, real and accountable autonomy.

Broad autonomy authorities shall be the freedom of Region to organize governance covering authorities in all fields of governance, except authorities in the field international policies, defence and security, judicature, monetary and fiscal, religion as well authorities in other fields which will be stipulated with Government Regulation. Moreover, autonomous freedom also covers complete authority in the organization thereof starting from planning, implementing, supervising, controlling and evaluating.

Referred to as real autonomy shall be the freedom of Regions in organizing governance authorities in certain fields which really exist and required as well as growing, living and developing in Regions.

Referred to as accountable autonomy shall be the realization of responsibility as the consequence of the granting of rights and authorities to Region in the form of duties and obligations that must be performed by Region in achieving the purpose of the granting of autonomy, in the form of improving services and public welfare, developing the life of democracy, justice and equitable distribution as well as maintaining harmonious relationship between Central and Regional Government and inter-Regions in order to preserve the unity of the Unitary State of the Republic of Indonesia.

Autonomy for Provincial Regions shall be granted with limitation covering cross Regency and Municipality authorities and authorities which are not or have not been implemented by Regency Region and Municipality Region, as well as authorities in other certain fields of governance.

Based on the above mentioned thoughts, the principles of granting Regional Autonomy used as the guidelines in this Law shall be as follows:

(1) The organization of Regional Autonomy shall be conducted by taking into account the aspects of democracy, justice as well as Regional potentials and diversity..

(2) The implementation of Regional Autonomy shall be based on broad, real and accountable autonomy.

(3) The implementation of broad and complete Regional Autonomy shall be placed in the Regencies and Municipalities, whereas Provincial Regional Autonomy shall be limited Autonomy.

(4) The implementation of Regional Autonomy must be in accordance with the state constitution, so that the harmonious relationship between the Central Government and the Regions shall be ensured;

(5) The implementation of Regional Autonomy must improve the independence of the Autonomous Regions, therefore there shall be no more Administrative Regions in the Regency and Municipal Regions

The provisions on Autonomous Region shall also applicable in special regions under the guidance of the Government or other parties such as Authority Agency, harbour, housing area, industrial area, plantation area, mining area, forestry area, new urban areas, tourism area.

(6) The implementation of Regional Autonomy must be able to improve the role and function of the regional legislative assemblies, either as legislation function, supervising function or budgeting function over the organization of Regional Governance.

(7) The implementation of the principle of deconcentration shall placed in its position as Administrative Region for conducting certain governance authorities delegated to Governor as Government representative.

(8) The implementation of the principle of assisting duties shall be allowed not only from Government to Regions, but also from Government and Regions to Village accompanied with the financial support, facilities and infrastructure as well as human resources with the obligation to report the implementation thereof and take responsibility to the parties assigning the same.

1. Division of Territory

The contents and spirit contained in Article 18 of the 1945 Constitution as well as the elucidation thereof serves as the guidelines for the preparation of this Law with the following main ideas:

a. The Indonesian state administration system is obliged to implement the principles of delegation of authority based on the principle of deconcentration and decentralization in the context of the Unitary State of the Republic of Indonesia..

b. Regions formed based on the principle of decentralization and deconcentration shall be the Provincial Regions whereas regions formed based on the principle of decentralization shall be the Regency as well as Municipal Regions. Regions formed based on the principles of decentralization shall be authorized to determine and implement policies based on its own initiatives and the aspirations of the people.

c. The division of Region other than Provincial Region shall be divided completely into Autonomous Regions. Therefore Administrative Regions located within Regency of Municipal Regions can be upgraded

into Autonomous Regions or eliminated.

d. The Status of Districts, which according to Law No. 5 year 1974 are Administrative Regions in the context of deconcentration, according to this law, shall be changed to become instruments of Regency Region or Municipality Region.

1. Principles of the Regional Governance Organization

The principles of the Regional Governance Organization are as follows:

- a. the application of the principles of decentralization, deconcentration and assisting duties
- b. the complete organization of decentralization principle conducted in Regency Region and Municipality Region; and
- c. the principle of assisting duties which can be implemented in Provincial Regions, Regency Regions, Municipality Regions and Villages.

1. The Structure of Regional Governance and the Rights of the Regional People's Representative Assembly

The Structure of the Autonomous Regional Governance shall consist of the Regional People's Representative Assembly (DPRD) and the Regional Government. DPRD is separated from the Regional Government with the intention of further empowering the DPRD and increasing accountability of the Regional Government to the People. Therefore, the rights of the DPRD shall be made sufficiently broad and directed towards enabling the DPRD to absorb as well as transform the aspirations of the people into Regional Policy and to exercise effectively its supervising function.

1. The Head of Region

To become the Head of Region, a person must meet certain requirements, the points of which that the Head of Region shall always devoted to the One Almighty God, having ethics and moral, educated, and having the ability to become the leader of government, having national idealism, and obtain public trust.

The Head of Region beside acting as the leader of the government, shall also the Regional Leader and the protector of the people, so that the Head of Region must be able to think, act and behave by prioritising the interests of the people, the nation, and the community other than personal, group's and faction's interests. Therefore, no matter which group or ethnic and belief he longs to, the Head of Region must act wittily, wisely, honestly, fairly, and neutral.

1. Accountability of the Head of the Region.

In performing the duties and obligations of Regional Government, Governor shall be accountable to the Provincial DPRD, while in his capacity as Government representative, he shall be accountable to the President. Whereas in the organization of Regional Autonomy in Regency Region and Municipal Region, Regent and Mayor shall be accountable to the Regency/Municipal DPRD, and shall be obligated to submit reports to the President through the Minister of Home Affairs in the context of guidance and supervision.

1. Employment

Employment policies adopted in this Law are those that can promote development of Regional Autonomy, so that the employment policy in Regions implemented by Autonomous Regions shall be in accordance with their requirements, both in terms of appointment, placement, transfer and translocation or dismissal in accordance with the laws and regulations. Inter Regency and Municipality Translocation in the Provincial Region shall be regulated by the Governor, whereas inter-province translocation shall be regulated by the Government. Inter-province and or Regency and Municipality translocation or between Provinces and Regencies and Municipalities shall be based on agreements between the aforementioned Autonomous Regions.

1. Regional Finance

(1) To organize broad, real and accountable Regional Autonomy, it requires authorities and ability to discover its own financial sources supported by financial balance between the Central and Regional Government, as well as between Provinces and Regencies/Municipalities which are the basic requirements in the Regional Governance system.

(2) In order to organize Regional Autonomy, financial authorities attached to every governance authorities shall become Regional authorities.

1. Rural Government

(1) Village based on this Law shall be villages or may be referred to with other names as a legal unit of community having indigenous compositions based on special rights of origin as intended in the elucidation of article 18 of the 1945 Constitution. The conceptual basis in the regulation regarding Rural Government are the diversity, participation, original autonomy, democratization and empowerment of the people.

(2) The organization of Rural Government is a subsystem of the organization of the National Government so that Villages have the authority to organize and administer the interests their people. The Head of Village

shall be accountable to the Regional Representative Assembly and shall submit duty implementation reports to the Regent.

(3) Village may undertake various legal actions, both public as well as civil, possess assets, properties and buildings, and may be sued and litigate in a court of law. For such purpose the Head of Village, upon the approval of the Rural Representative Assembly, shall have the authority to undertake legal actions and to enter into mutually beneficial agreements.

(4) As an actualization of democracy, Rural Representative Assemblies, or whatever other name it may be called in accordance with the local situation and condition, shall be formed in Villages, which shall function as a legislative and controlling institution in terms of implementation of Rural Regulations, Rural Revenues and Expenditures Budget and Decisions of the Head of Village.

(5) Other Rural community institutions shall be established in Villages in accordance the Villages requirements. The intended institutions shall become partners of Village Government in the context of Village community empowerment.

(6) Villages shall have financial resources in the form of Rural Revenues, Government and Regional Government assistance, other legal revenues, donations from third parties as well as Rural loans.

(7) Based on the rights of origin of the Village concerned, the Head of Village shall have the authority to settle matters/disputes of his local citizens.

(8) In an effort to improve and expedite services to the community that have urban characteristics a Subdistrict institution shall be formed as a unit of Subdistrict Government within the Regency or Municipal Region.

#### 1. . Guidance and Supervision

Referred to as guidance shall be more emphasized on facilitating in the effort of Autonomy Region empowerment, while supervision shall be more emphasized on repressive supervision to provide more freedom to Autonomous Regions in making decisions and giving a role to DPRD in realizing its function as a supervisory institution over the implementation of Regional Autonomy. Therefore, Regional Regulations stipulated by Autonomous Regions shall not require prior legalization from the authorized officer.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

#### Paragraph (1)

Self-explanatory.

#### Paragraph (2)

Referred to Administrative Region shall be administrative regions by virtue of the 1945 Constitution.

### Article 3

Self-explanatory.

### Article 4

#### Paragraph (1)

Self-explanatory.

#### Paragraph (2)

Referred to as not having hierarchical relationship one to another shall be that Provincial Regions do not supervise over Regency Regions and Municipality Regions, however, in the practice of governance organization there are coordination, co-operation, and/or partnership with Regency Regions and Municipality Regions in their respective positions as Autonomous Regions/ Meanwhile, in the position as Administrative Regions, Governors as Government representatives shall establish guidance and supervisory relationship over Regency Regions and Municipality Regions.

### Article 5

#### Paragraph (1)

Self-explanatory.

#### Paragraph (2)

In order to determine the boundaries intended, every law regarding the formation of Regions shall be completed with maps which shall indicate the geographical location of the Regions concerned, and any changes to the boundaries of Regions.

#### Paragraph (3)

Referred to as stipulated with Government Regulation shall be based on the suggestion of the Regional Government upon the approval of DPRD.

#### Paragraph (4)

Self-explanatory.

#### Article 6

Self-explanatory.

#### Article 7

Paragraph (1)

Referred to as monetary and fiscal shall be macro-economic policies.

Specifically in the field of Religious affairs, some of the activities may be assigned by Government to Regions as an effort to increase the participation of Regions in developing religious life.

Paragraph (2)

Self-explanatory

#### Article 8

In the organization of Government authorities granted and/or delegated to Regions/Governors, Regions/Governors shall have the authority to manage them starting from the finance, permits, planning, implementation, and evaluation in accordance with the standard, norms, and policies of Government..

#### Article 9

Paragraph (1)

Cross Regency and Municipality governance authorities such as authorities in the field of public works, communication, forestry and plantation.

Referred to as other certain governance authorities shall be as follows:

- a. macro regional development planning and controlling;
- b. training in certain fields, potential human resources allocation, and research covering Provincial region;
- c. regional harbours management;
- d. environmental control;
- e. trade and cultural/tourism promotion;
- f. handling plague and plant disease;
- g. provincial spatial design.

Paragraph (2)

Referred to as this authority shall be the authority of Regency Regions and Municipality Regions handled by Provinces after there are statements of Regency Regions and Municipality Regions.

Paragraph (3)

Self-explanatory

#### Article 10

Paragraph (1)

Referred to as national resources shall be natural resources, artificial resources and human resources provided in Regions.

Paragraph (2)

Specifically for traditional fish catching, marine area shall not be limited.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

#### Article 11

Paragraph (1)

As this law becomes effective, basically, all authorities have been placed on Regency regions and Municipality Regions. Therefore, the granting of authorities is not necessarily to be conducted actively, but it is conducted through acknowledgement by Government.

Paragraph (2)

Without prejudice to the meaning and significance of Regional initiatives in the organization of their autonomy, to avoid vacancy in the organization of basic services to community, Regency Regions and Municipality Regions must implement the authority in certain fields of governance by virtue of this law, in accordance with the condition of the respective Regions.

The authority that must be implemented by Regency Regions and Municipality Regions cannot be assigned to Provincial Regions.

Specifically for Municipality Regions, it shall be adjusted to the urban requirements, among other things, fire brigade, cleaning service, landscape affairs and city spatial affairs.

#### Article 12

Self-explanatory.

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

In its capacity as the Regional Legislative Institution, DPRD shall not a part of the Regional Government

Article 17

Self-explanatory.

Article 18

Paragraph (1)

Letter a

Self-explanatory.

Letter b

The election of the members of the People's Consultative Assembly shall only be conducted by Provincial DPRD.

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f

Self-explanatory

Letter g

Self-explanatory

Letter h

Self-explanatory

Paragraph (2)

Self-explanatory

Article 19

Self-explanatory

Article 20

Paragraph (1)

Referred to as state officer and government officer shall be officer within the working environment of the DPRD concerned.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 21

Self-explanatory

Article 22

Self-explanatory

Article 23

Self-explanatory

Article 24

Self-explanatory

Article 25

Self-explanatory

Article 26

Self-explanatory

Article 27

Self-explanatory

Article 28

Self-explanatory

Article 29

Self-explanatory

Article 30

Self-explanatory

Article 31

Self-explanatory

Article 32

Self-explanatory

Article 33

Self-explanatory

Article 34

Paragraph (1)

Referred to as the concurrent election of the Head or Region and Deputy Head of Region shall be that the Head of Region candidates and the Deputy Head of Region candidates are selected in couples. This concurrent election is intended to ensure harmonious co-operation between the Head of Region and the Deputy Head of Region.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 35

Self-explanatory

Article 36

Paragraph (1)

Self-explanatory

Paragraph (2)

Referred to as plenary meeting shall be a meeting specifically convened for the election of the Head of Region.

Paragraph (3)

Self-explanatory

Article 37

Self-explanatory

Article 38

Paragraph (1)

Governor and Deputy Governor candidates shall be consulted to the President, because of their capacity as Government representatives in Region.

Paragraph (2)

Regent and Deputy Regent candidates as well as Mayor and Deputy Mayor candidates shall be notified to Governor as Government representative.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Self-explanatory

Article 42

Paragraph (1)

Self-explanatory.

Paragraph (2)

The uttering of the oath/pledge and the instalment of Regional Head may be conducted in DPRD building or in other

building, and shall not be conducted during a meeting of the Regional People's Representative Assembly. The uttering of the oath/pledge shall be conducted in accordance with the religions acknowledged by the Government, namely:

- a. started with the words "In the name of Allah" for Moslems;
- b. ended with the words "May God help me" for Protestants/Catholics;
- c. started with the words "Om atah paramawisesa" for Hinduism followers;
- d. started with the words "In the name of Sanghyang Adi Budha" for Buddhists.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory.

Article 43

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter a

Self-explanatory

Letter e

In an effort to improve the welfare of the people, the Head of the Region shall actualize economic democracy by cultivating and developing co-operatives, small- and medium-scale enterprises covering capital, marketing, technological development, production and processing as well as training and developing human resources.

Letter f

Self-explanatory.

Letter g

Self-explanatory

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Letter a and Letter e

The prohibitions are intended to prevent the possibility of conflicts of interest for the Heads of Regions in carrying out their duties in providing Government services without discrimination among members of the communities.

Letter b, Letter c and Letter d

The prohibitions are intended to prevent the abuse of power that leads to corruption, collusion and nepotism.

Article 49

Self-explanatory.

Article 50

Self-explanatory.

Article 51

Self-explanatory.

Article 52

Self-explanatory.

Article 53

Paragraph (1)

Carbon copy of written notice regarding the end of the term of office of Governor shall be forwarded to the President,

while carbon copy of the same regarding the end of the term of office of Regent/Mayor shall be forwarded to Governor.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 54

Self-explanatory.

Article 55

Self-explanatory

Article 56

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The uttering of the oath/pledge and the instalment of Deputy Head of Region may be conducted in DPRD building or in other building, and shall not be conducted during a meeting of the Regional People's Representative Assembly. The uttering of the oath/pledge shall be conducted in accordance with the religions acknowledged by the Government, namely:

- a. started with the words "In the name of Allah" for Moslems;
- b. ended with the words "May God help me" for Protestants/Catholics;
- c. started with the words "Om atah paramawisesa" for Hinduism followers;
- d. started with the words "In the name of Sanghyang Adi Budha" for Buddhists.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 57

Self-explanatory.

Article 58

Self-explanatory.

Article 59

Self-explanatory.

Article 60

Self-explanatory.

Article 61

Self-explanatory

Article 62

Self-explanatory.

Article 63

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Referred to as technical institution shall be Research and Development Institution, Planning Institution, Supervisory Institution, Educational and Training Institutions, etc.

Article 66

Self-explanatory

Article 67

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The Secretary of Municipality/Regency Region shall give consideration to The Mayor/Regent in the appointment process of *Lurah*.

Paragraph (4)

*Camat* may delegate a portion of his authorities to *Lurah*.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 68

Self-explanatory

Article 69

Regional Regulation shall only be signed by the Head of Region and shall not be co-signed by the Chairs of DPRD because DPRD is not a part of Regional Government.

Article 70

Referred to as other Regional Regulation shall be similar and identical Regional Regulation except for amendment.

Article 71

Paragraph (1)

Compulsion conducted by the regional government to enforce the law with this law shall be mean "compulsion of law enforcement" or "compulsion of law maintenance".

Such law enforcing compulsion shall generally be in the form of taking or cancellation, prevention, carrying out, or revision of all matters previously made, procured, conducted, dissolved, or dismissed in a manner contradictory to the law.

Such compulsion must be preceded by a written order by the executive authority to violator. If the violator does not pay any attention to it, a compulsive measure shall be taken. The officer implementing the law enforcing compulsion to violator must expressly be assigned with the duty. The law enforcing compulsion shall be conducted in emergency matters only with equitable manner in accordance with the capacity of the violation, because such compulsion, generally, can cause losses or pain. The amount of fine can be adjusted to the development of living cost.

Paragraph (2)

Self-explanatory

Article 72

Self-explanatory.

Article 73

Paragraph (1)

The enactment of Regional Regulations and Decisions of the Head of Region which are regulatory in nature shall be conducted in a valid manner, which is obligatory so that Regional Regulations and Decisions of the Head of Regional shall have legal and binding effect. The aforementioned enactment is intended not jut to fulfil legal formality, but also in the context of governance transparency. The valid method of enactment shall be their promulgation in the Regional Gazette by the Secretary of Region. In order to increase the effectiveness of the implementation of Regional Regulations and Decisions of the Head of Region, the regulations and decisions must be publicised.

Paragraph (2)

Self-explanatory

Article 74

Self-explanatory.

Article 75

Self-explanatory.

Article 76

Transfers of employees within Regency or Municipal Regions shall be conducted by the Regents or Mayors, the transfer of employees between Regencies or Municipalities or between Region and Municipalities and the Province shall be conducted by the Governor following consultations with the Regents and Mayors, and the transfer of employees between provinces or between province and the central government and the transfer of Regency employees, Regents or Mayors, and the inter-Provincial transfer of employees or Transfer of employees between the Regional and the Central Government and the transfer of employees between Regency or Municipality Regions with other Regency or Municipality Regions in another province shall be stipulated by the Government following consultations with the Regional Head concerned.

Article 77

Self-explanatory

Article 78

Self-explanatory.

Article 79

Letter a

Number 1)

Self-explanatory

Number 2)

Self-explanatory

Number 3)

Self-explanatory

Number 4)

Other legal original regional revenues among other things are the proceeds of Regional assets sales and giro services.

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Other legal Regional revenues shall be among other things grants or incomes from Provincial Region or other Regency/Municipally Regions, and other incomes in accordance with laws and regulations.

Article 80

Paragraph (1)

Letter a

Referred to as natural resources income shall be the state income originating from natural resources management, among other things in the field of general mining, oil and gas mining, forestry and fishery.

Letter b

Self-explanatory

Letter c

Self-explanatory

Paragraph (2)

Not included in Government share from Land and Building Taxes and Land and Building Title Acquisition Levy returned to Regions.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 81

Paragraph (1)

Domestic loans shall come from Government, commercial institutions, and/or the issuance of Regional bonds by notifying it to Government before the loan implemented.

The party authorized to make and be responsible of Regional loans shall be the Head of Region, stipulated with Decision of the Head of Region upon the approval of DPRD.

Paragraph (2)

Self-explanatory

Paragraph (3)

Mechanism of loans from international sources must be approved by Government has the meaning that Government will conduct evaluation on several aspects regarding the possibility of the Regional loan proposal to be further processed. Therefore, further processing of the Regional loan proposal shall indirectly reflect Government approval upon the intended proposal.

Paragraph (4)

Self-explanatory

Article 82

Paragraph (1)

Regions may stipulate taxes and retribution with Regional Regulation in accordance with the provisions of Law.

Paragraph (2)

Determination of the procedure for the collection of Regional taxes and retributions, including the restitution and exemption from regional taxes and the retribution shall be conducted by adhering to the provisions stipulated by Regional Regulation.

Article 83

Paragraph (1)

Referred to as non-fiscal incentive shall be Governance assistance in the form of infrastructure development facilities, distribution of strategic industrial location, distribution of national banking location, etc.

Paragraph (2)

Self-explanatory

Article 84

Self-explanatory

Article 85

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Referred to as other legal actions are to sell, to encumber, to grant, to swap, and/or to transfer.

Article 86

Self-explanatory

Article 87

Self-explanatory

Article 88

Self-explanatory

Article 89

Self-explanatory

Article 90

Self-explanatory

Article 91

Paragraph (1)

Referred to as joint institution shall be institution formed jointly by neighbouring Regency/Municipality Regions in the context of improving services for community.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 92

Paragraph (1)

Regional Governments must facilitate the formation of municipal forum fro creating divergent performance of the Regional Government, community and private sectors.

Paragraph (2)

Referred to community empowerment is the participation thereof in designing, implementation and ownership.

Paragraph (3)

Self-explanatory

Article 93

Paragraph (1)

The term Rural Area shall be adapted to the social-cultural conditions of the local people such as the *Nagari*, *Kampung*, *Beri*, and *Marga*.

Paragraph (2)

In the formation, elimination, and/or amalgamation of Villages, it is necessary to consider the size of area, the size of population, social culture, Village potentials, etc.

Article 94

The term Rural Representative Board shall be adjusted to the social-cultural conditions of the local people.

The formation of Village Government and Village Representative Assembly shall be

conducted by Village community.

Article 95

Paragraph (1)

The term of the Head of Village may be adjusted to meet the social-cultural conditions of the community.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 96

Regency region may stipulate the term of office of the Head of Village in accordance with the local social cultural people.

Article 97

Self-explanatory.

Article 98

Paragraph (1)

Self-explanatory

Paragraph (2)

The uttering of the oath/pledge and the instalment of the Head of Village shall be conducted in accordance with the religions acknowledged by the Government, namely:

- a. started with the words "In the name of Allah" for Moslems;
- b. ended with the words "May God help me" for Protestants/Catholics;
- c. started with the words "Om atah paramawisesa" for Hinduism followers;
- d. started with the words "In the name of Sanghyang Adi Budha" for Buddhists.

Paragraph (3)

Self-explanatory

Article 99

Self-explanatory

Article 100

Village Governance shall have the right to reject the implementation of Assisting Duties not accompanied by finance, facility and infrastructure, as well as human resources.

Article 101

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter e

In settling disputes of the Village community, the Head of Village may be assisted by Village traditional institution. All disputes settled by the Head of Village shall be binding the disputing parties.

Letter f

Self-explanatory

Article 102

Letter a

Self-explanatory

Letter b

The report of the Head of Village shall be submitted to the Regent with carbon copy to *Camat*.

Article 103

Paragraph (1)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

To avoid vacancy in the organization of Rural Governance, the Head of Village whose term of

office has ended shall remain conducting his duties as the Head of Village until the instalment of the new Head of Village.

Letter e

Self-explanatory

Paragraph (2)

Self-explanatory

Article 105

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Village Regulations need not be legalized by the Regent, but must be submitted to him by no later than two weeks as from its stipulation with carbon copy to *Camat*.

Paragraph (4)

Self-explanatory

Article 106

Self-explanatory

Article 107

Paragraph (1)

Revenue resources that have been owned and managed by the rural areas shall not be permitted to be taken over by the Government or Regional Governments. The enhancement of rural potentials in improving rural revenues shall be conducted by, among other things, establishing Rural-Owned Enterprises, co-operation with third parties and authority to obtain loans.

Sources of regional revenue located in a rural area, both in terms of taxes and retribution already levied by the Regency region, no additional levies shall be permitted to be applied by the Rural Government. The regional revenues referred to must be given to the rural areas concerned in a fair appropriate proportion. This provision is intended to eliminate the of high-cost economy burden and other effects.

Paragraph (2)

The Rural Revenues and Expenditures Budget management activity stipulated annually shall consist of the preparation of budgets, implementation of financial administration and amendments as well as budgetary calculations.

Article 108

Self-explanatory.

Article 109

Paragraph (1)

Inter-Villages Co-operation burdening the community must be approved by the Rural Representative Board..

Paragraph (2)

Self-explanatory

Article 110

Village Government not involved in the intended activity shall have the right to reject the development.

Article 111

Paragraph (1)

Self-explanatory.

Paragraph (2)

Referred to as origin shall be the origin of the formation of the Village concerned.

Article 112

Paragraph (1)

Meant by facilitating shall be the effort to empower Autonomous Regions through the granting of guidelines, guidance, training, directions, and supervision.

Paragraph (2)

Self-explanatory.

Article 113

Self-explanatory.

Article 114

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Submission of the objection to the Supreme Court as the last legal effort shall be conducted by no later than fifteen days after the decision of cancellation from Government.

Article 115

Paragraph (1)

The mechanism of formation, elimination, amalgamation and/or expansion of Region shall be conducted with the following method:

- a. The Region to be formed, eliminated, amalgamated, and/or expanded shall be proposed by the Head of Region upon the approval of DPRD to Government.
- b. Government shall assign the Regional Autonomy Advisory Board to conduct research by taking into account the capacity of economy, regional potentials, social-cultural, social political, the size of population, the area of the region, and other considerations.
- c. The Regional Autonomy Advisory Board shall submit considerations for preparing draft law regulating the formation, elimination, amalgamation and/or expansion of Autonomous Region.

Paragraph (2)

Referred to as Regional Government Association shall be the organization established by Regional Governments in the context of inter provincial government, inter-Regency Government, and/or inter-Municipality Government co-operation based on the guidelines issued by Government.

Regional representatives shall be appointed by DPRD from several expertise, specifically in the field of finance and governance, as well as shall act independently in the number of 6 people, consisting of 2 Provincial Region representative, 2 Regency Regions representative, and 2 Municipality Region representative with the term of office of two years.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 116

Self-explanatory

Article 117

Self-explanatory

Article 118

Paragraph (1)

The granting of special autonomy to the Level I Region of East Timor Province shall be based on the bilateral agreement between the Government of Indonesia and the Government of Portugal under the Supervision of the United Nations.

Meant by stipulated otherwise is Stipulation of the People's Consultative Assembly of the Republic of Indonesia further regulating the status of the Level I Region of East Timor Province.

Paragraph (2)

Self-explanatory.

Article 119

Self-explanatory.

Article 120

Self-explanatory.

Article 121

Self-explanatory

Article 122.

The recognition of the special nature of the Aceh Region shall be based on the history of the national struggle, and the contents of the speciality shall be in the form of implementation of religious living, culture, and education as well as observing the role of religious leaders in the stipulation of Regional policies.

The recognition of the special nature of the Region of Yogyakarta shall be based on its origin and role in the history of national struggle, and the contents of the special nature shall be the appointment of the Governor in which the descendants of the Sultan of Yogyakarta shall be prioritized, whereas the Vice Governor shall be prioritized from the descendants of the Paku Alam fulfilling the conditions of this law.

Article 123

Self-explanatory.

Article 124

Self-explanatory.

Article 125

Self-explanatory.

Article 126

Self-explanatory.

Article 127

Self-explanatory.

Article 128

Self-explanatory.

Article 129

Self-explanatory.

Article 130

Self-explanatory.

Article 131

Self-explanatory.

Article 132

Paragraph (1)

Provisions of laws related to the implementation of this law must have been completed by no later than one year.

Paragraph (2)

Preparation must have been started to be implemented as from the stipulation hereof and must have been completed within two years.

Article 133

Self-explanatory

Article 134

Self-explanatory

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER .....