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Implementing SDG to Village Level by Integrating Social Capital Theory and Value Chain: (Case of Village Tourism Pentingsari in Yogyakarta, Indonesia)

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Ayu Dwidyah Rini

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Aim and Scope

The Journal of ASEAN Studies (JAS) is an International peer-reviewed bi-annual journal that enriches understanding of the past, current, and future issues relevant to ASEAN and its circle of issues. The article shall address any research on theoretical and empirical questions about ASEAN. The Topics addressed within the journal include: diplomacy, political economy, trade, national development, security, geopolitics, social change, transnational movement, environment, law, business and industry, and other various related sub-fields.

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Editorial

Politics and Creative Economy in Tourism Sector

Warm greetings from Journal of ASEAN Studies. We are proudly presenting to all readers Volume 7, no 2, 2019 with distinguished theme on “political and creative economy in tourism sector”. In this volume, several issues related to politics and creative economy especially on tourism sectors are discussed by various authors from different backgrounds from Indonesia and Philippines. This volume is comprised of five articles; two articles related to politics and other three articles on creative economy in tourism sector.

First article is written by Amalia Sustikarini. Her paper discusses the peacebuilding process in Aceh Indonesia. She examines the role of special autonomy fund in accelerating economic development in Aceh in the past ten years by utilizing the concept of the peace dividend and the model of fiscal-sharing. The author argues that while this fund has been successfully increasing Aceh economic growth compared to the conflict era, it has not been optimally utilized to reduce poverty and inequality. According to the author, it is due to the nature of peace in Aceh as an elite-based peace, the peace dividend has contributed to the patronage politics particularly among the former combatants.

Next article is written by Roseno Aji Affandi and others. They assess how sustainable development goals, SDG awareness and implementation in the village level could be enhanced. In this regard, the authors argue that there is a need to look at two essential factors namely; the notion of social capital, and value chain management in order to fulfill SDGs at the local level. The authors argue that social capital can be mobilized by the local leaders to socialize the importance of SDGs at the village level. At the same time, value chain management enables local leaders to manage sustainable economic activities at the village level. It is evident in the authors’ illustration in the case of three tourism village development areas in Yogyakarta namely; Pentingsari in Sleman, Mangunan in Bantul, and Bleberan in Gunung Kidul.

The following chapter is Ayu Dwidyah Rini’s case studies on the paradigm of local communities related to digital-based tourism development. This digital-based tourism development is illustrated through the case of community-based tourism in the Sumbermanjing Wetan area of Malang Regency. She asserts that community participation in tourism is classified into three forms of local participation; First, digital-based tourism can be solutions for tourism development in the Sumbermanjing Wetan region. Second, the community also understand the digitalization of tourism as an effort to alleviate poverty and improve the welfare of local communities. Finally, digital-based tourism can be the strategy for improving the quality of life of the Sumbermanjing Wetan community.

In relations to creative economy, I Nyoman Gede Maha Putra and Ida Bagus Gede Parama Putra discuss about promoting Creative Economy of Sanur Through Public Participation. Both authors highlight Reinventing Place-identity and Embracing New Economic Opportunities. To them, collaboration among different actors in managing the transformation of such place could maintain the place-identity of a place, which ensures its attractiveness to visitors, sustains its economic values amidst rapid changes. The collaboration confirms no one is left behind. The authors argue that Sanur is evident in showing the sustained place-identity could economically benefit all actors.

In addition, the last article on the Philippines politics is written by Christopher Ryan Baquero Maboloc. In his article, Christopher examines the radical approach to politics of President Rodrigo Duterte. To him, the predatory nature of the state implies that politics in the country is still defined by vested interests. Duterte's brand of politics is antagonistic. The president is a polarizing figure. Despite the declaration that he will punish corrupt officials, traditional politicians and elite clans continue to rule the land with impunity. The author argues that the country's political ills are actually systemic. Elitism is rooted in colonial history that is perpetuated by an inept bureaucracy. In addition, he asserts that the strong resolve and charisma of a leader is inadequate to remedy the troubles in fledgling democracies such as the Philippines.

Finally, as the editor-in-chief, I would like to express my deepest gratitude to all authors who submitted their manuscripts to the Journal of ASEAN Studies (JAS). I would also like to extend my highest appreciation to all reviewers who have contributed to the quality of the manuscripts published in JAS. All parties that supported the Journal from the Indonesian Association for International Relations (AIHII) and the Center for Business and Diplomatic Studies (CBDS) of the Department of International Relations, Bina Nusantara University are also very much appreciated.

Jakarta, 28 December 2019

Prof. Dr. Tirta N. Mursitama, Ph.D.

Editor-in-chief

Financing Peace: Special Autonomy Fund as a Peace Dividend in Aceh, Indonesia

Amalia Sustikarini

University of Canterbury, New Zealand

Abstract

This paper discusses the peacebuilding process in Aceh Indonesia. Southeast Asia is one of the regions that has been plagued by severe ethno-nationalist strives due to its high level of diversity and the impact of colonialism. Among several cases of ethno-nationalist struggles in this region, the separatist insurgency in Aceh, Indonesia has been regarded as the protracted conflict that has been successfully resolved and created durable peace. The Helsinki Peace Agreement attempted to redress the economic grievances that were manifested in perceived inequality and the exploitation of Aceh's natural resources through the arrangement of Special Autonomy Fund. This fund serves as a peace dividend that is expected to bring welfare and enhance economic development in Aceh. The paper examines the role of Special Autonomy Fund in accelerating economic development in Aceh in the past ten years by utilizing the concept of the peace dividend and the model of fiscal-sharing. While this fund has been successfully increasing Aceh, economic growth compared to the conflict era, it has not been optimally utilized to reduce poverty and inequality. Due to the nature of peace in Aceh as an elite-based peace, the peace dividend has contributed to the patronage politics particularly among the former combatants.

Key words: *Southeast Asia Insurgencies, Peacebuilding, Aceh, Special Autonomy Fund, Economic Grievances, Peace Dividend*

Introduction

Southeast Asia is one of the regions that has long been plagued by separatist conflict. This type of conflict is described by Weller (2005, pp. 4) as “among the most damaging and protracted to have bedeviled states and the international system since 1945”. Reilly and Graham (2004) argue that the weakness of Asia-Pacific countries

towards internal insurgencies is caused by the vulnerable state structures which deal with identity-based conflict insurgencies. Due to the impact of colonialism, many states in Southeast Asia and the South Pacific are artificial creations of the twentieth century, incorporating diverse ethnicities, races or religious group without strong cohesion (Reilly & Graham, 2004). Among several Southeast Asian countries, Indonesia, Thailand and

the Philippines are the homes of the longest ethno-nationalist insurgencies.

Indonesia provides an appealing case study of ethno-nationalist insurgency as well as its successful resolution. Aceh, the westernmost province of Indonesia, is known for its long history of war, resistance, and rebellion. The longest post-independence insurgency in Aceh commenced in the midst of increasing centralism of Suharto's New Order government. In December 1976, Tengku Muhammad Hasan di Tiro or known as Hasan Tiro established Aceh-Sumatra National Liberation Front (ASNLF) which was later renamed Free Aceh Movement (*Gerakan Aceh Merdeka*/GAM). Hasan Tiro is the descendant of a prominent Acehnese family and the grandson of Teuku Cik Di Tiro, an Indonesia national hero during the struggle against Dutch colonialism (Schulze, 2004). Grievances over center-periphery antagonism, economic-natural resources distribution, political participation and cultural acknowledgement fueled the mobilization organized by GAM.

The central government responded to this rebellion by launching a series of counterinsurgency operations that caused extensive casualties, widespread human right violations and heightened the scale of the conflict. Many years later in 1998, Suharto fell from power. This was followed by dramatic changes in the overall Indonesian political landscape, including the way the government dealt with internal conflict. Under President Abdurrahman Wahid and Megawati

Sukarnoputri, two efforts towards a peaceful resolution in Aceh were initiated under the facilitation of the Henry Dunant Center. In May 2000, the Government of Indonesia and GAM agreed to sign a cease-fire agreement, the Humanitarian Pause, followed by a Cessation of Hostilities Agreement in December 2002. Neither agreement lasted very long, owing to unsatisfied demands between GAM and the Government of Indonesia regarding the issue of Aceh's independence.

In December 2004, Aceh was hit by a calamitous earthquake and tsunami which caused more fatalities. According to data from the International Recovery Platform, there were 16,389 people dead, and 532,898 displaced (International Recovery Platform, 2004). In the aftermath of the tsunami, a historic agreement between Aceh Rebel Movement (*Gerakan Aceh Merdeka* or GAM) and the Government of the Republic of Indonesia (GoI) was signed in Helsinki, Finland on 15 August 2005. This peace agreement was mediated by Martti Ahtisaari, former president of Finland, under the auspice of Crisis Management Initiative (CMI). Since the peace agreement was signed in 2005, peace in Aceh has been maintained for 13 years, former combatants have secured seats in Parliament and the Executive branch of government. Economic indicators have gradually improved, and development projects are robust.

In the aftermath of conflict, the economic condition in Aceh has gradually improved as shown in table 1. From

conflict period in 2004-2005 to peacetime in 2006-2007, economic growth in Aceh rocketed from 1.8 and 1.2 per cent to 7.7 and 7.4 per cent, respectively. Negative growth in 2008 and 2009 indicated the impact of the depleting oil reserves in Aceh coupled with the diminishing construction and rehabilitation sectors (Bank Indonesia, 2009). In 2015, the negative growth was instigated by the discontinuation of the operation of Arun Gas Company that produces condensate and liquid natural gas (Medan Bisnis Daily, 2016).

Table 1. Aceh Economic Growth 2004-2017

Year	With Oil and Gas	Without Oil and Gas
2004	-9.6	1.8
2005	-10.1	1,2
2006	1.6	7.7
2007	-2.5	7.4
2008	-8,3	1.9
2009	-3.82	3.78
2010	2.79	5.49
2011	5.02	5.89
2012	5.21	6.09
2013	4.82	5.45
2014	2.71	4.02
2015	-0.72	4.34
2016	3.31	4.31
2017	4.19	4.14

Source: BPS (Indonesia Statistical Bureau)

Table 2. Aceh GDP Per Capita 2007-2017

Year	With Oil and Gas (In USD)	Without Oil and Gas (In USD)
2007	1.684,90	1.178,31
2008	1.705,60	1.601,07
2009	1.633,66	1.336,84
2010	1.760,97	1.468,62
2011	1.914,05	1.599,36
2012	2.034,72	1.714,83
2013	2.012,00	1.714.00
2014	2.193,63	1.971,61
2015	1.927,16	1.852,34
2016	2.024,33	1.961,90
2017	2.112,15	2.043,57

Source: BPS (Indonesia Statistical Bureau)

Table 2 shows the Gross Domestic Product per capita in Aceh more than one decade after the peace settlement that reaches approximately around USD 2100 per year with oil and gas and USD 2000 without oil and gas in 2017. Before peace, GDP per capita in Aceh was recorded at USD 1090 with oil and gas in 2004 (World Bank, 2006). While the Aceh's GDP is catching up due to the growth, in the same year in 2007 Aceh was one of the poorest Indonesian provinces ranked at sixth lowest among 33 provinces with 16,89% of those in Aceh living below the poverty line of US\$ 34/ months (BPS).

Aceh Peace Process is considered as one of the most successful and durable peace processes in the world (Djuli, 2018). The model of peace settlement in Aceh has

inspired other countries in Southeast Asia that also experience separatist insurgencies such as The Philippines and Thailand. One primary aspect of the peace process in Aceh that was partially followed by The Philippines Government to resolve the conflict in the Mindanao, Southern Philippines is the economic settlement. Since perceived inequality is one of the primary causes of conflict in Aceh, the narrative about economic exploitation and unequal sharing of natural resources between the central government and the province of Aceh has fueled grievances over the years. Therefore, post-conflict peacebuilding in Aceh is directed to addressing these grievances by redistributing the revenue from the national budget and natural resources through a national budget that aims to enhance Aceh's economic independence, supporting economic growth and social welfare. This arrangement is duplicated by The Philippines Government through The Law of Bangsamoro or BOL. In BOL, The Bangsamoro Autonomous Region in Muslim Mindanao will receive annual block grant, the increasing share in revenue taxes and natural resources taxes and rehabilitation fund for ten years (Marcelo, 2018).

Against this backdrop, this paper seeks to analyze the role of special autonomy fund as a peace dividend to address a (perceived) economic inequalities that fueled the conflict in Aceh over thirty years. The paper argues that within ten years of the disbursement of special autonomy fund, this peace

dividend has not yet yielded the expected result in alleviating economic deprivation in Aceh. It occurs due to the lack of skill from the former combatants that dominate local government and the type of peace in Aceh that tends to be an elite-based, exacerbated by the patron-client network that is sustained from the reconstruction period to peacetime.

The Special Autonomy Fund (SAF) as Peace Dividend in Aceh

Peace dividends are the crucial part of the peacebuilding process as stated by the 2009 Report of the Secretary-General on Peacebuilding in the Immediate Aftermath of Conflict. The report stated, "that if countries can deliver early peace dividends, build confidence in the political process, and strengthen core national capacity early on, they can reduce the risk of relapse into conflict and substantially increase the chances for sustainable peace".

The term "peace dividend" has significantly different meanings at different levels of analysis. Peace dividend is commonly understood as the reduction defense budget to increase the fund to finance non-defense spending such as education, health and poverty reduction. O'Hearn (2000) classified the literature on peace dividends based on three major streams. The majority of studies on the peace dividend analyze the impact of the reduction of conflict such as cold war to the level of dividends accepted by the militarized regions. Smaller literature examines the benefit of the military expenditure transfer to the non-defense

purpose or to avoid the destruction of war. The minor literature on peace dividends analyses the effects of peace on peripheral regions or on communities that have been in conflict with regionally powerful states. These communities have been experiencing political marginalization and economic disenfranchisement that create a fertile ground for armed conflict. Hence, peace dividends give these communities a promise of greater economic participation and development in terms of trade, investment and entrepreneurship.

Chan (1995) categorized peace dividends into the three steps: firstly, the reduction of military expenditure to generate nontrivial saving (resource dividend) and secondly by the promotion of greater production efficiency (product dividend). The last step is the direct transfer of defense saving to increase the budget for the social program and an indirect one by creating a healthier economy. The other form of the peace dividend is fiscal power sharing. Fiscal sharing is focused on the politics of peace dividends to generate an equal share of fiscal resources by reducing the proportion of central government and allocating a bigger share to local government (Aleman & Treisman, 2005). The impact of fiscal decentralization on secessionist violence will depend on the true motives of those demanding secession. According to Aleman and Treisman (2005), there are three common motives for secession: autonomists, opportunists and local ethnic entrepreneurs. Autonomists aim to win greater authority to build local entities

within existing states. Opportunists extort bigger shares of national wealth, while local ethnic entrepreneur demands independence to gain local support (Aleman & Treisman, 2005 pp. 176-177). Therefore, the result of peace dividend to generate welfare to the community will depend on the leader of the separatist movement, whether it will be well utilized for the society or being manipulated for the leader's benefit.

The importance of fiscal sharing is acknowledged by scholars in the consociationalism school as it is argued by (Lipjhart, 1973; 1993 pp. 188-189 as cited in Aleman & Treisman, 2005 pp. 177): "Proportionality in the allocation of public funds is an essential element of successful power sharing arrangement among ethnic groups". The central transfer to the most likely separatist region is also considered an effective strategy to prevent secession (Roeder & Rotschild, 2005).

In addition to fiscal sharing, peace dividends could also be based on natural wealth sharing. Onder & Cordela (2016) state that natural oil revenue-sharing in post-conflict areas would generate various result. This scheme works in Aceh because fiscal decentralization was part of the peace agreement between The Government of the Republic of Indonesia and the Free Aceh Movement in 2005. It did not work for Colombia Civil War resolution as 1991 fiscal reforms led to the appropriation of revenue by the rebel group to finance the movement. In Iraq, the result is mixed. Temporarily, oil revenue sharing between Iraq and

Kurdistan Regional Government might preserve Iraq territorial sovereignty, but in the long run, it could strengthen the Peshmerga fighters in their bid for independence (Onder & Cordela, 2016).

The subject of fiscal politics as peace dividend is crucial in post-conflict peacebuilding especially in sub-national conflict since the central government tends to allocate a large number of funds to redress the imbalance of the distribution of natural wealth during the conflict. As it was mentioned earlier, the impact of the distribution of the peace dividend will depend on the motives of separatism. It may generate optimal welfare for the wider public and alleviate grievances or will end up benefiting certain groups of elites who belong to one ethnic group. Thus, unless managed fairly, a peace dividend may contribute to the possibility of the repetition of internal colonialism, in which one group tends to exploit resources at the expense of the other.

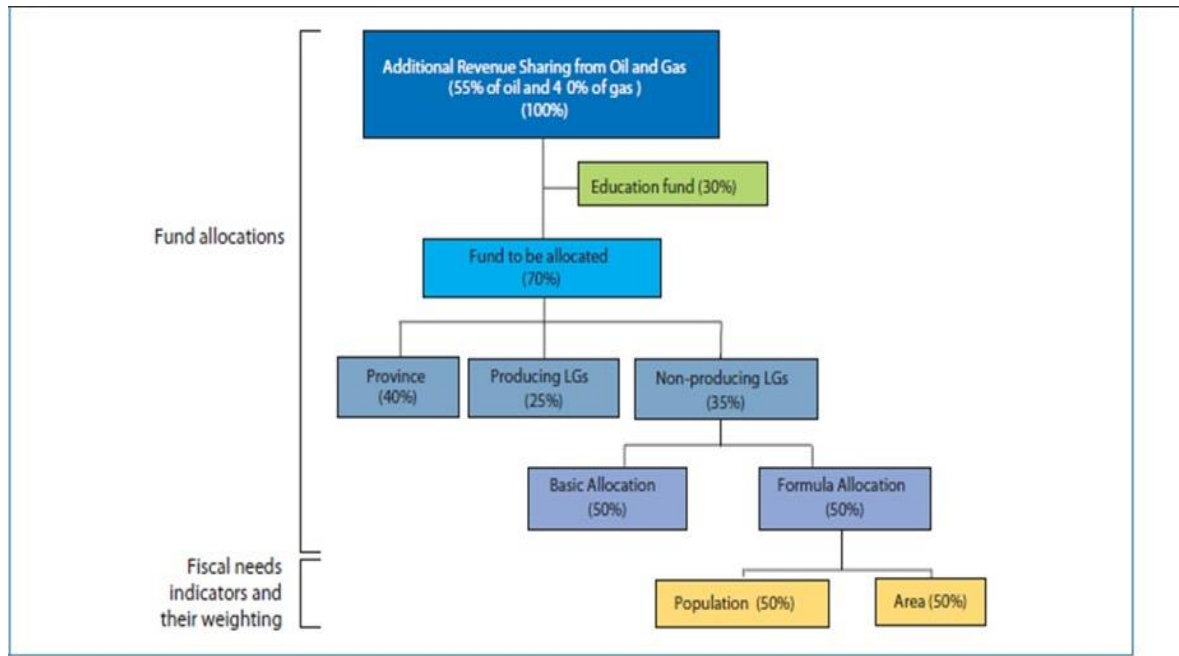
Unlike the traditional literature of peace dividends that links the reduction of military spending to economic development, the concept of peace dividends in Aceh is closer to fiscal and natural wealth sharing. Fiscal and natural revenue sharing are the important aspects of Aceh's economic development as a mean to alleviate economic grievances that fueled the conflict. The imbalance of the past unfair distribution of Aceh's natural wealth is being alleviated by granting a large amount peace fund which is expected to accelerate economic

development in Aceh and can bring welfare to the Acehnese people.

Aceh has received the Special Autonomy Fund since 2001, but the amount was increased as a result of the peace settlement. Peace dividend in Aceh consists of the Natural Resource Revenue Sharing Fund (*Dana Bagi Hasil Sumber Daya Alam/DBH SDA*), in which Aceh gains a bigger percentage (70 per cent) of oil and gas compared to other provinces. This fund is also called the "Additional Oil and Gas Profit Sharing Fund" in article 182 of LoGA (Law on The Governing of Aceh). This provision is an effort to redress the grievance about the imbalance of the profit sharing from oil and gas which has been perceived by the majority of Acehnese as center-periphery economic exploitation.

Figure 1 describes how LoGA regulates the utilization of the Natural Resources Revenue Sharing Fund, with Aceh's government obtaining 55% from oil and 40% from gas. Thirty per cent of this fund must be allocated to education, and 70 per cent is granted to intergovernmental sharing (Islahudin, 2010 pp. 4).

Figure 1. Allocation of Additional Revenue Sharing from Oil and Gas for District/City Government in Aceh



Source: World Bank (2008)

The other component of the peace dividend is the additional two per cent share of the General Allocation Fund (*Dana Alokasi Umum*/DAU) for 15 years. It will then continue at one more per cent for five more years until 2027, as shown in figure 5.3. DAU is the new system of Indonesia's inter-governmental transfer as defined in Law No 25/1999 on decentralization (Barr, Resosudarmo, Dermawan & McCarthy, 2006 pp. 65). According to Article 1, Law No 22/1999 about decentralization, "this fund is allocated from the national government budget according to a specified formula with the objective of equalizing the financial capacity across regions to fund their respective expenditure within the context of implementing decentralization". The additional 2 per

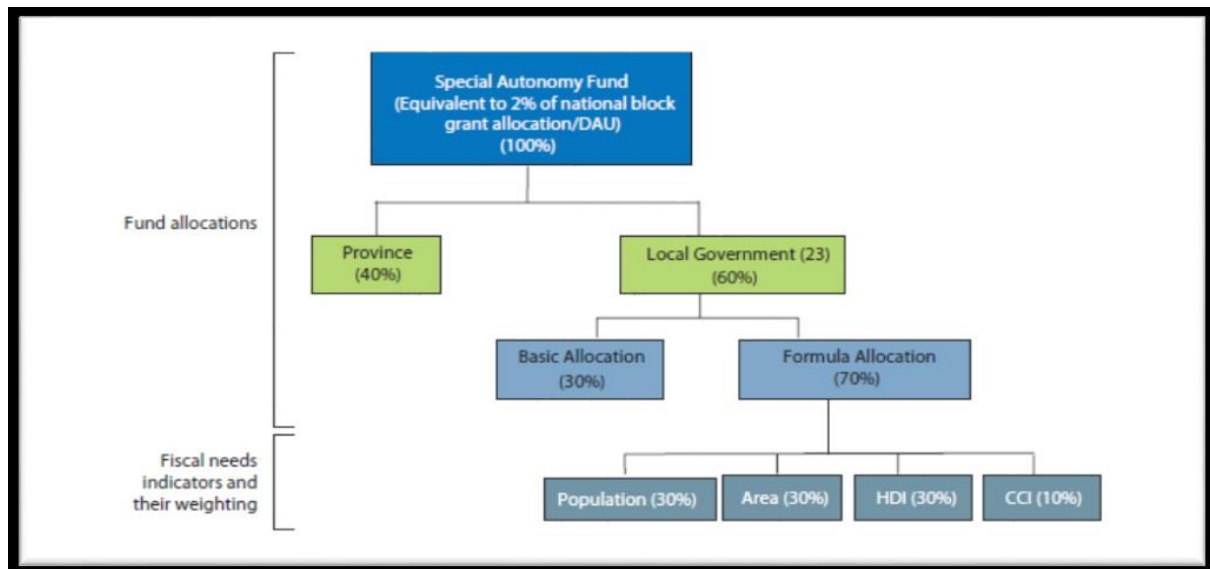
cent share is an effort to redress the imbalance of previous decades of the distribution natural resources, as the oil and gas in Aceh is already in decline. To avoid a confusing word swap, these two schemes of peace dividend are called Special Autonomy Fund (*Dana Otonomi Khusus-Dana Otsus*).

The utilization of the Special Autonomy Fund is regulated in Law of Governing Aceh (LoGA). It is aimed to finance the following development programs:

1. Development and maintenance of infrastructure
2. Economic empowerment of people
3. Eradicating poverty
4. Education

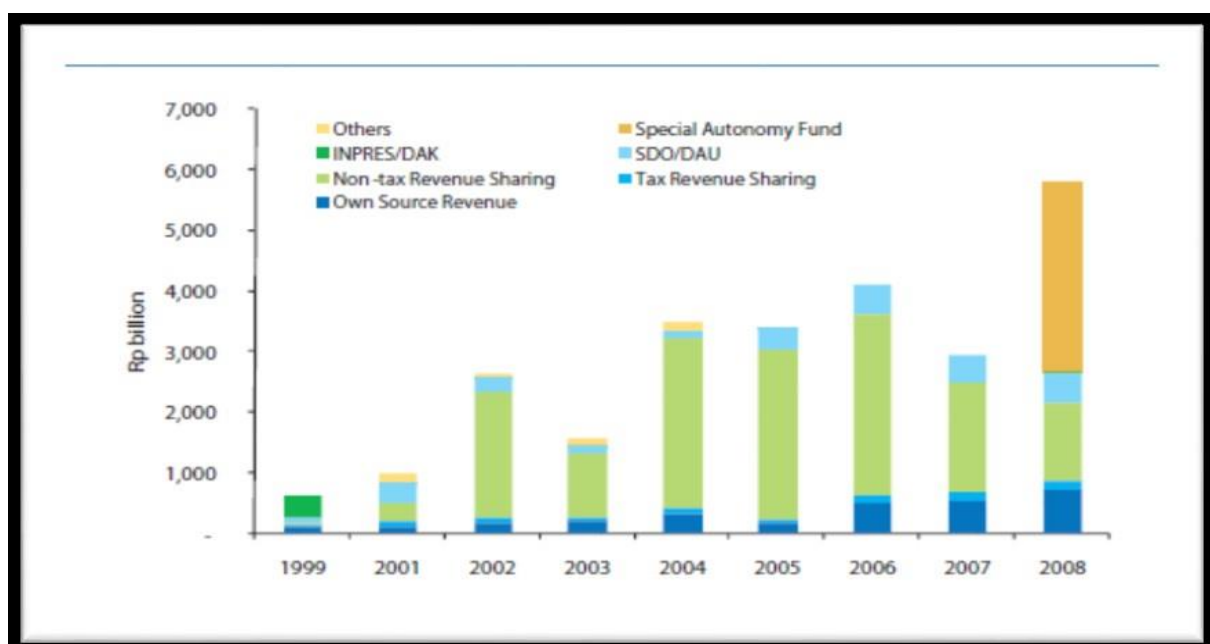
5. Social
6. Health (Law of Governing Aceh, article 183).

Figure 2. Allocation of Special Autonomy Fund into City/District



Source: World Bank (2011)

Figure 3. Aceh Provincial and District's Revenues 1999-2008



Source: The World Bank (2011)

From Figure 3 we can see that the Special Autonomy Fund had contributed significantly to Aceh's provincial and district's revenue. Aceh provincial and district revenue started to escalate and reached a peak in 2008 after the allocation of Special Autonomy Fund. Under Governor Irwandi's administration, the committee was established to decide how to allocate oil Special Autonomy Fund. The allocation was articulated in the Government of Aceh Mid-Term Development Plan period 2007-2011 and set out as follows:

- (1) Strengthening of governance, political processes and the law
- (2) Economic empowerment, employment opportunities and poverty reduction
- (3) Development and maintenance of investments in infrastructure
- (4) Development of education that is of high quality and accessible
- (5) Increase in quality of health care services
- (6) Development of religion, society and culture
- (7) Disaster risk reduction and management. (Hillman, 2011 pp. 537)

Among the five priorities, education and health were the priorities of Governor Irwandi. During the election campaign, Irwandi promised to allocate a large proportion of the fund to these two sectors (Hillman, 2011). Irwandi's policy echoes Collier (2006) argument about the importance of inclusive social expenditures such as expansion in

primary health care and education for growth in post-conflict settings that are often deteriorating during the prolonged conflict. In other words, there is a need to put greater emphasis on social inclusion and hold macroeconomic and long-term policy (Hehn, 2011 pp. 294). The items in the planning were based on the stipulation in LoGA with some additions on disaster risk and governance, two important subjects for the development of Aceh in post-conflict. This section will focus on the disbursement of Aceh Special Autonomy Fund in infrastructure, health, and education.

Infrastructure

Infrastructure is allotted the most significant share of the fund, with stark disparities in spending compared to other sectors such as economic development, education and health. According to the LoGA, infrastructure is one of the priorities to be financed by the Special Autonomy Fund. Between 2008 and 2010, infrastructure always received the biggest share of the fund. Most of the fund for infrastructure, 58%, is spent on road and bridge construction and maintenance. Allocation for irrigation is 11%, river conservation and flood control 9.8%, village infrastructure 8.7%, and housing 6.6% (World Bank, 2011).

However, from the survey conducted by the World Bank (World Bank, 2011) the level of satisfaction with infrastructure development is low compared to other sectors. The dissatisfaction occurred due to the poor quality of the construction and unfinished

projects. Another shortcoming of the infrastructure in Aceh is that most of the fund is allocated to small scale projects below IDR 200 million (approximately US\$ 20,000). Based on Presidential Decree No 70/2012, the procurement of goods/construction works/others are set at the maximum of IDR 200,000,000.00 (two hundred million rupiahs) that be implemented through the direct appointment. This regulation gives an opportunity to newly established and small contractor companies which only have the low skill to win projects, often through collusive practices that primarily occurred during post-conflict reconstruction.

Small-scale projects such as building paving blocks or fences will not have a significant impact on the broader community. Borrowing the term used by Muhammad Syarif (Jawa Post, n.d) development in Aceh is interest-based, not need-based. It is built to cater to political interests by creating patron-client networks rather than focusing on a long-term development strategy to create welfare and stimulate economic growth.

Education

The importance of education in post-conflict development in Aceh is manifested in the 30% allocation for education fund in Additional Revenue Sharing from Oil and Gas and one of the sectors financed by Special Autonomy Fund. Until 2027, when Special Autonomy Fund is phased out, Aceh will receive IDR 34, 7 trillion (USD 23 million) in education funding. One of the indicators of the

progress of education is by measuring the Human Development Index (HDI). Aceh's Human Development Index (HDI) was quite good in the past. Based on official statistics, in 1996 Aceh's HDI was 69.4 with it ranking 9th out of 26 Indonesian provinces while during the 2004-2010 period, Aceh's HDI gave the province a rank of 17-18th of 33 provinces (Barron, Rahmant & Nugroho, 2013). In 2016, Aceh's HDI was steadily progressing and in the relatively same level with the national index (CMI, 2017).

Figure 4. Aceh Human Development Index 2010-2016

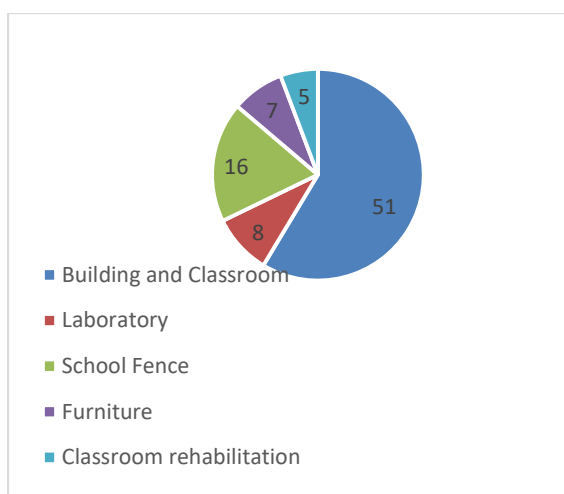


Source: CMI (2017)

However, the vast amount for education in Aceh has not been properly and strategically allocated for increasing the quality of education. As shown by Figure 5, the biggest proportion of the Special Autonomy Fund for the education sector was allocated to building classrooms and school fences, expenses that do not significantly contribute to the Aceh's educational excellence. As mentioned earlier, such minor

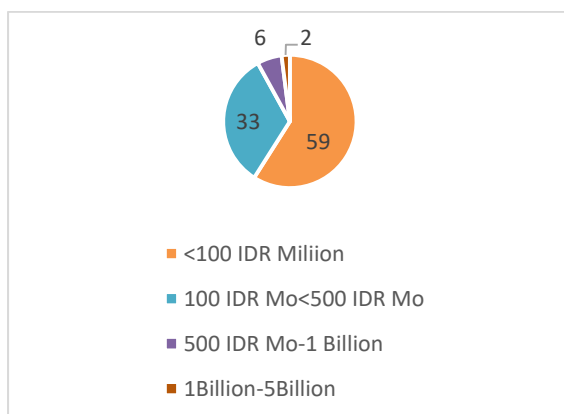
construction projects are normally valued below IDR 200 million. Because government regulation does not require a tender process for the low-value project, the local government can employ direct appointment, a practice that is prone to patron-client network.

Figure 5. Utilization of Special Autonomy Fund in Education Sector based on the type of expenses 2012 (In Percentage)



Source: ACDP (2014)

Figure 6. The Utilization of Special Autonomy Fund in the Education Sector in Aceh Based on the Value of the Project 2013 (In Percentage)



Source: ACDP (2014)

Another landmark of the utilization of Special Autonomy Fund in Aceh is by the establishment of Aceh Scholarship Commission, an ambitious tertiary education program that sends Acehnese to study in prominent universities in Indonesia or overseas. From its commencement in 2009 to 2013, this program has spent a total of IDR 609 Billion, sending 6031 scholarship recipients to pursue domestic or international postgraduate education (ACDP, 2014). This program is not free of problems. Lack of strategic analysis of scholarship has caused unemployability of the scholarship awardees upon their return in Aceh (Putri, 2018). Most recipients aspired to work in the public sector, partly due to the stagnation of the Aceh economy and lack of investment that leads to limited work opportunities. There is also a problem of misuse of scholarship funds by the recipient, which they spend it to non-educational expenses.

Health

As one of the priority sectors in the allocation of Special Autonomy Fund, health is an exemplary case in the utilization of peace dividends in Aceh. In 2010, Governor Irwandi launched Aceh Health Insurance (*Jaminan Kesehatan Aceh/JKA*), a provincial-level health insurance scheme for Acehnese. This populist program has been praised as one of the achievements of Aceh's local government post-conflict. This insurance offers a simple process for people to access health service and facility. Unlike national health insurance that is often

criticized of its layered referral system, BPJS (*Badan Pengelola Jaminan Kesehatan*/National Health Insurance or JKN/*Jaminan Kesehatan Nasional*/National Health Insurance Program), JKA beneficiaries are only required to show their ID card to access the health service in all hospitals in Aceh. In 2010, JKA had spent IDR 241 Billion or 15 per cent of the Special Autonomy Fund. In 2011, it used 9.5 per cent of the Special Autonomy Fund, and by 2017, IDR 773 Billion of the Special Autonomy Fund had been disbursed to finance JKA (Putri, 2018).

Despite the compliment as one of a successful program of local government in Aceh, JKA under Irwandi administration was severely criticized for its lack of means-testing. All Acehnese, regardless of their economic status and income bracket, are eligible to access free health services through JKA (Cahyono, 2016). During Zaini Abdullah's governorship, JKA was under BPK's (*Badan Pemeriksa Keuangan*/State Audit Agency) scrutiny due to IDR 63 Billion potential loss. It occurred during Zaini Abdullah's governorship because Aceh local government kept paying IDR 63 Billion to JKA beneficiaries who failed to validate their ID card (Putri, 2018).

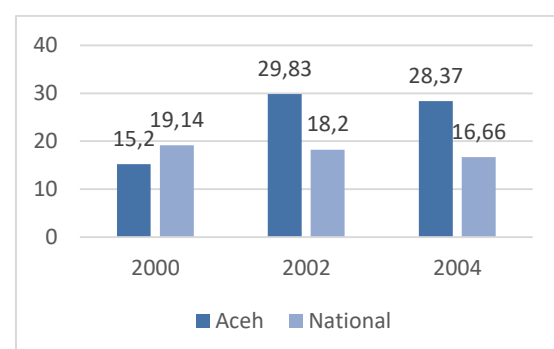
In sum, from the three sectors of the allocated Special Autonomy Fund, infrastructure, education and health, the fund is primarily disbursed to finance small scale projects and populist programs. Infrastructure is dominated by low quality and small projects that cantered around GAM elite and

contractors, while health and education are mostly invested in directing assistance in the form of health insurance and scholarship. This pattern of fund disbursement could be understood from the necessity of former GAM combatant to create legitimacy and maintain loyalty and trust from their beneficiaries through the patron-client network. However, as will be further elaborated in the next section, it leads to difficulty in generating performance legitimacy of the former combatant in post-conflict long term development.

Post Conflict Economic Challenges: Provincial Poverty and Inequality

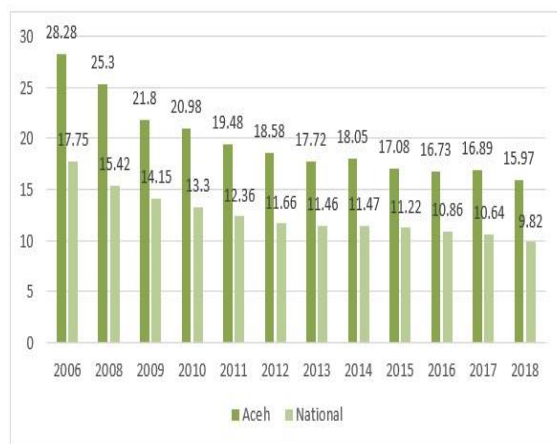
Poverty alleviation and equal economic development among all districts and municipalities are paramount in post-conflict-economic settlements, as the perceived inequality is the major contributing factor to the rebellion in Aceh. However, ten years after from its first disbursement, Special Autonomy Fund has yet to significantly contribute to poverty alleviation in Aceh as demonstrated in the following figures.

Figure 7. Comparison of Poverty Rate in Aceh and National



Source: BPS (Indonesia Statistical Bureau)

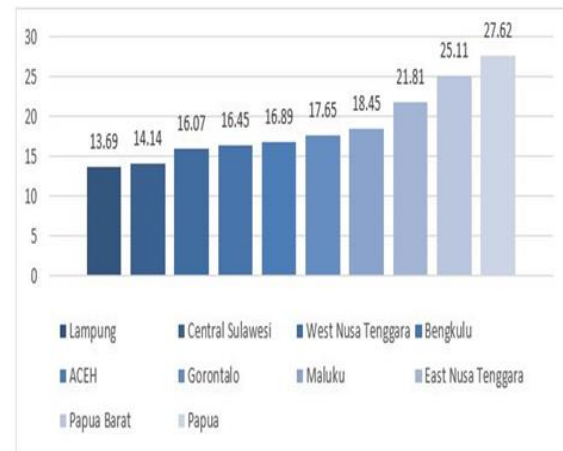
Figure 8. Comparison of Poverty Rate in Aceh and National in Post Conflict Period (2006-2018)



Source: BPS (Indonesia Statistical Bureau)

Figures 7 and 8 tell us about poverty, conflict and its aftermath. Interestingly, in 2000 the national poverty rate was higher than Aceh that might be caused by the residual impact of the Asian Financial Crisis experienced by Indonesia. Poverty in Aceh increased significantly in 2002 after Indonesia stepped into the post-authoritarian era but placed Aceh in security turmoil due to martial and civil emergency law. After the 2004 Tsunami and the peace agreement, poverty rates in Aceh began to demonstrate decreasing pattern even though the rate has been higher compared to steady declining pattern in the national average. However, if Aceh is compared to other provinces in Indonesia, its poverty rate has placed Aceh as the sixth poorest province in Indonesia in 2017, after Special Autonomy Fund has been allocating for ten years since 2008 as shown in following Figure 9.

Figure 9. Ten Provinces with Highest Poverty Rate in Indonesia 2017



Source: Databoks (2017)

Table 3 shows us a contradictory fact between the amount of provincial budget (*Anggaran Pendapatan dan Belanja Daerah/APBD* or *APBA* in Aceh) and the poverty level. With the highest provincial budget derived primarily from Special Autonomy Fund, Aceh scored as the poorest province on the island of Sumatra.

Table 3. Provincial Budget and Poverty Rates

No	Province	Provincial Budget	Poverty Rate
1	Aceh	IDR 14,76 Billion	16,89 %
2	Bengkulu	IDR 3,18 Billion	16,45 %
3	Lampung	IDR 6,80 Billion	13,69%
4	Sumatera Selatan	IDR 7,89 Billion	13,19 %
5	Sumatera Utara	IDR 13,03 Billion	10,22%
6	Jambi	IDR 4,34 Billion	8,19%
7	Riau	IDR 10.45 Billion	7,78%
8	Sumatera Barat	IDR 6,24 Billion	6,87%
9	Riau Islands	IDR 3,36 Billion	6.06%
10	Bangka Belitung	IDR 2,66 Billion	5,20%

Source: AcehTrend (2017)

In addition to the provincial poverty level, the other problem experienced by Aceh in the post conflict is the inequality among the districts. The six districts with the relatively persistent rate of 20 per cent poverty rate are Gayo Lues, Aceh Singkil, Bener Meriah, Pidie, Pidie Jaya and West Aceh. The three places with the lowest poverty level are all urban area with Banda Aceh is the only area with single-digit poverty rate and reached above the poverty line.

Three districts with persistently high poverty level, Gayo Lues, Bener Meriah and Aceh Singkil are resided by ethnically heterogeneous areas. Economic inequality in these two districts is perceived as the trigger of the ALA-ABAS partition movement. ALA and ABAS are the movements which aspired to create separate province based on Law No 22/1999 about Decentralization that authorizes the creation of new districts, often referred to as *pemekaran* (blossoming). ALA consists of Aceh central highlands, the district of Aceh Tengah, Aceh Tenggara and Aceh Singkil; while ABAS is covering areas along Aceh's west coast, Aceh Jaya, Aceh Barat, Nagan Raya, Aceh Barat Daya, Simelue, and Aceh Selatan.

Aceh will only repeat history if the economic inequality that is a legacy from the conflict period is continued during the peacetime. During the conflict period, Acehnese perceived that they were being colonized by the central government due to economic marginalization and the exploitation of natural resources; in peace,

the pattern has re-emerged. The GAM-dominated government could be seen as new "internal colonialism" especially by people from ethnically distinct areas that are politically disadvantaged and experienced persistent poverty during and after conflict.

Patronage Politics and Post-Conflict Economic Resources in Aceh

As has been mentioned in the earlier section, the utilization of post-conflict fund is characterized by a patron-client network. Although the relationship between political elites and their political support networks is a central feature in any political network, it is particularly pronounced in a post-conflict setting (Haass & Ottmann, 2017). The government elites depend critically on their constituencies which provided necessary recruits and political and material support during conflict while during peace times, these constituencies form the electorate of the related political parties (Haass & Ottmann, 2017).

Haass and Ottmann describe this feature as selective resource allocation in political patronage or "a politically motivated distribution of selected private benefits to relevant constituencies by political elites" (Haass & Ottmann, 2017 pp. 63). The resources can take the form of construction of public infrastructure and facilities, electrification and road and building management.

According to Aspinall (2009), there are three main sources of funds that GAM actors have been able to tap: post-conflict

"reintegration" funds, post-tsunami reconstruction funds, and the development budgets of provincial and district government. Thus, it is essential to also look at the other two sources of fund that create this clientelist economy in the post conflict era in Aceh. The patronage network had been started in the utilization of huge post-tsunami reconstruction fund. The former GAM members entered this business as a material supplier or construction contractors through the structure of KPA (*Komite Peralihan Aceh/Aceh Transitional Committee*) as an organizational-based of GAM mass' membership (Stange & Patock, 2010).

After winning seats in Aceh's politics, GAM expanded their influences in the construction business as contractors through KPA network. Since KPA is a civil organization, its members cannot be banned from joining in bids for construction works. However, due to the close connection with GAM elites in government sectors, contractors from KPA knew how to place the right bid and also often won the contract (Aspinall, 2009). It was helped by the presence of GAM elite in BRR, such as Teuku Kamaruzzaman, the former GAM negotiator and the head of BRR's executive agency (Aspinall, 2009). The leaders of KPA were usually awarded the major contract by the provincial government, the BRR and national government. Two examples were the national government project of a major bridge in Lhokseumawe and BRR project of the construction of metal frames for tsunami house in Calang (Aceh West

Coast), both are valued at approximately US\$ 2, 2 million that was won by Pulo Gadeng Company owned by Muzakkir Manaf (Aspinall, 2009).

The connection between the construction business and politics is not exclusive to Aceh. The Global Corruption Report with Special Focus on Corruption in Construction and Post-Conflict Reconstruction (Transparency International, 2005) provides global case studies of the nexus between politics and business in the construction industry from Asia and Africa including India, The Philippines, Lesotho, Iraq and in the Europe, Italy and Germany. However, the cases in post-conflict areas like Aceh are more extreme because of the legacy of violent conflict (Klinken & Aspinall, 2011). GAM members quickly turned into construction contracts, relying on influence, patronage, and coercion to influence business.

The next post-conflict fund is channeled through the reintegration program. Based on MoU's provision, a special provincial agency was established in February 2006 to manage the reintegration process, namely the Board for the Reintegration into Society of Former GAM Members, later shortened to the Aceh-Peace Reintegration Board or BRA. The tasks of BRA covered the implementation and monitoring of reintegration programs as well as coordination with related agencies and advisory role to the governor (Governor Decree No 330/145/2007). MoU also regulates the responsibility for such

programs rested with the Indonesian and Aceh governments, not international donors. From 2005 to 2012, the Government of Indonesia through the Ministry of Social Affairs has been transferring approximately IDR 2 trillion (US\$ 133 billion) for reintegration program through BRA.

The contribution to the reintegration program from provincial budget started in 2008, the first year of the allocation of the Special Autonomy Fund to Aceh. During the period of 2008 to 2015, the Aceh Provincial Government has been disbursing approximately IDR 700 billion rupiahs (US\$ 46 million) for the reintegration program. Generally, the type of assistance of the reintegration program in Aceh could be classified into three major categories. The first category is cash allowances in the form of *diyat* (individual cash disbursement to former combatant households that had lost family members). The second category is the economic empowerment fund through the livelihood program assistance. The last type is in-kind assistance that comprises of housing settlement and farming land.

After BRA was officially dismissed by Governor Irwandi, in 2013 during Zaini Abdullah's governorship, there was an attempt to maintain the existence of reintegration institution through the establishment of BP2A (*Badan Penguatan Perdamaian Aceh/Aceh Peace Strengthening Board*). The advocates of the establishment of BP2A based their argument on the unfinished reintegration programs such as land farming allocation,

housing and cash allowance and urged by the mandate of the reintegration process in MoU Helsinki. On the contrary, the opponents opposed the establishment of BP2A or any other ad hoc reintegration institution, instead preferring to hand over reintegration process to related SKPA (*Satuan Kerja Pelaksana Aceh/Aceh Government Work Unit*) for efficiency and transparency. SKPA (or SKPD in district level) is the provincial unit or regional office of national ministries. For example, the disbursement of cash allowance for conflict victims could be channeled through the regional office of social services and the allocation of land farming could be coordinated under the regional land agency.

The preference of individual cash disbursement indicates the patron-client relationship in the reintegration program, as personal loyalty is easier to guarantee than through community-based loyalty. BRA as an ad hoc institution is prone to be exploited by the ruling government as their political vehicle, especially in a political setting where the former combatants won the election and hold the political power. The reintegration fund for their fellow former combatants is easily manipulated or mismanaged to gain more control or political support as a cash disbursement program is a lucrative aspect in political competition.

The third source of funding in Aceh's post conflict era is the ordinary development budget in the form of Special Autonomy Fund. Barron and Clark note that "special autonomy boosted

natural resource revenues kept within Aceh by more than 150 times, from IDR 26 billion (US\$2.7 million) in 1999 (or 1.4 percent of total revenue) to IDR 4 trillion (US\$421 million) in 2004 (40 percent) (Aspinall, 2014).

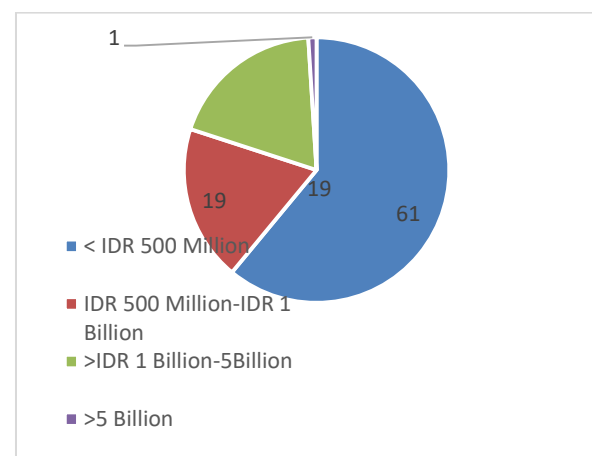
The increase in regional budget, including the one received by Aceh constitutes a huge injection of resources for predatory captures and patronage, particularly for GAM members and the supporters who have moved into government as well as their business and political allies (Aspinall, 2014). This patronage has taken form in direct budgetary transfers. In 2013, for example, the provincial budget includes grants of IDR 127,5 billion (approximately US\$ 125 million) to the Aceh Transitional Agency (*Komite Peralihan Aceh*) the organization representing former combatant (Aspinall, 2014).

In the subsequent years, the amount of grant gradually decreased to IDR 80 million in 2014 and IDR 61 billion in 2017. Although the trends show the declining patters, the continuity of this grant indicates the entrenched patronage in the post-conflict era in Aceh. It is important to note that the provincial budget receives the biggest share from the special autonomy fund, exceeding other income items such as Local Own-Source Revenue or Additional Revenue Sharing from Oil and Gas.

Another striking feature in the utilization of the Special Autonomy Fund in Aceh is the disproportionate use of funds. The problem of a massive

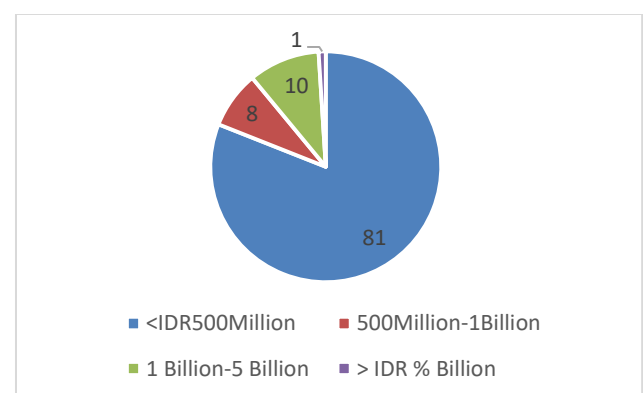
percentage of small value projects in infrastructure and education that is mentioned in the previous section is depicted in provincial and district/city data of the all priorities sectors of Special Autonomy Fund as shown in Figures 10 and 11.

Figure 10. The Utilization of SAF based on Value of the Project in Provincial Level 2014



Source: Bappeda Aceh (2015, n.d)

Figure 11. The Utilization of SAF based on Value of the Project in District/City Level 2014



Source: Bappeda Aceh (2015, n.d)

Small-value projects have been creating a problem for monitoring and evaluation programs. These projects are mostly implemented by direct appointment and could be executed without undergoing supervision and the monitoring system by LKPP (*Lembaga Kebijakan Pengadaan Barang Jasa Pemerintah*/ National Public Procurement Agency). Due to the domination of GAM in local government as a result of their victory in local elections, these small projects could easily be awarded to fellow GAM contractors and sustain the patron-client based economy.

The most current case of the mismanagement of the Special Autonomy Fund is the arrest of incumbent Governor Irwandi in July 2018 by KPK (*Korupsi Pemberantasan Korupsi*/Corruption Eradication Commission) due to allegation of taking illegal fee for development projects funded by special autonomy fund (Diela, 2018). Irwandi was accused to corrupt IDR 500 Million (USD 33,000), a relatively low amount compared to other corruption cases in Indonesia. However, Governor Irwandi arrest is the first high profile corruption case in Aceh after the peace agreement. The last case involving government official in Aceh was in 2004 when the former governor of Aceh, Abdullah Puteh was sentenced for 10 years due to marking up the price of the purchase of helicopter that caused IDR 2 Billion (USD 133,000) state financial loss. This “belated” KPK intervention could indicate the careful consideration of the national government to maintain the stability of the early phase of peace

building in Aceh, even though it cost a delayed good governance aspect.

Aspinall (2009) argues that GAM members and supporters have instead mostly been reintegrated into Aceh's political economy by way of predatory and clientelist patterns of economic behavior that seek to extract rents from the state. The reconstruction and reintegration funds had been utilized to create the patronage network in the post-conflict era and this practice is sustained in peace time through the disbursement of Special Autonomy Fund, that could indicate the long-term economic predatory behavior during the peace building phase in Aceh.

Conclusion

Economic factors were the major grievances that triggered a rebellion in Aceh. Grievances over the inequalities of distribution of natural resources have been a powerful narrative in mobilizing discontent during GAM insurgencies. The conditions have been worsened by the armed conflict, leaving Aceh as one of poorest provinces in Indonesia with low investment and high economic costs caused by illegal taxes by GAM and poor infrastructure due to the damaging impact of the conflict. The primary effort from the central government to alleviate economic grievances in Aceh was initiated in 2008, by a Special Autonomy Fund as a development fund. The government of Aceh channeled the fund according to the provisions in LoGA which gives the biggest share for infrastructure, education and health. Infrastructure has been

criticized for its low quality, the lengthy process, and the focus on small projects that gives insignificant impact on people's welfare and economic development.

While showing a positive impact, health and education sectors also suffer several shortcomings in the planning and implementation. The inequality of economic development within districts and municipalities in Aceh is also becoming a concern. To some extent, infrastructure, health and education programs contributed to the short-term legitimacy of GAM due to their populist character and the patron-client network. Particularly on the small-scale project, these practices indicate the continuation and maintenance of patron-client economic network among GAM circle that was initiated in the post-tsunami reconstruction industry and reintegration program.

Aceh's first post-conflict administration demonstrated an ability to identify policy targets of the disbursement of the Special Autonomy Fund but not an ability to formulate concrete strategies designed to meet those targets and a lack of capacity in implementation. Another shortcoming is state capacity in translating development plans into comprehensive programs. They lack the long-term vision to channel the peace dividend into inclusive growth and investment projects which can stimulate future economic welfare and justice.

It partially resulted from a lack of capacity building of the Aceh local bureaucrats dominated by former GAM

members. Various kinds of peace dividends in Aceh had successfully integrated former combatants into post-conflict economic development and peacebuilding at large, but the participation and integration will not be sufficient to maintain peace: there is also an urgent need of building and enhancing capacity. The economic settlement in post-conflict peacebuilding in Aceh is characterized by the establishment of an institution with patronage practices and limited participation in economic development. Given the fact that grievance over economic inequality has been the main driver of insurgency in Aceh, the incompetence of the new government in delivering services, stimulating inclusive growth and equal development among regions in Aceh can potentially harm the durability of peace.

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Implementing SDG to Village Level by Integrating Social Capital Theory and Value Chain: (Case of Village Tourism Pentingsari in Yogyakarta, Indonesia)

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Abstract

Since the publication of the 2030 blueprint, Sustainable Development Goals (SDGs) have been promoted as a global project. Many steps have been taken; however, until now, the achievement remains limited. This is due to the low understanding of SDGs from stakeholders at the local level, such as the village. This study examines how we can develop SDG awareness and implementation in the village level. This article argues that we need to look at two essential factors namely the notion of social capital and value chain management in order to fulfil SDGs at the local level. Arguably, social capital can be mobilized by the local leaders to socialize the importance of SDGs at the village level. Second, value chain management enables local leaders to manage sustainable economic activities at the village level. Hence, these two concepts eventually enhance the implementation of SDGs at the village level. This argument will be illustrated in the case of three tourism village development areas in Yogyakarta namely, Pentingsari in Sleman, Mangunan in Bantul, and Bleberan in Gunungkidul.

Keywords: Sustainable Development Goals, Social Capital, Value Chain Management, Community Based Tourism.

Introduction

Sustainable Development Goals (SDG) has become part of the global indicator and standard used by UN members in their national development strategy plan. At the national level, SDG indicators have been valued as important

standards for the Government of every State and its stakeholders, as well as industrial entrepreneurs, Multinational Corporation, Small-Medium Enterprises, and Community Leaders to conduct their respective business. The biggest challenge, however, is how to make this agenda

accommodated and implemented within the local values.

How can the leaders at the national level encourage the implementation of SDGs at the village level? This article shows that all resources and commitments to run development under SDG based plan programs can work with rapid and comprehensive acceleration under less than 10 years of remaining towards 2030. It is urgent to be accelerated by the state along with collaborative partnerships between government and stakeholders at all levels. (United Nations, 2018)

The government indeed must invite more public participation such as from industrial background, community leaders, and academics. The government has often functioned as an initiator as well as a regulator in the implementation of the 2030 SDG blueprint. However, the government function must begin to shift and place itself as a facilitator, as well as providing more space for community participation. Participation from the formal and informal community will be the motor of accelerating the implementation of the SDG. The top-down approach will be slightly reduced in portion, and shift to the bottom-up approach. Within this framework, it is noteworthy for us to elaborate on the concept of social capital as the core that linked the other capital, i.e. the cultural capital and environmental capital.

We argue that These social capital, cultural capital and environmental are linked to the concept of three bottom line

as known 3 P planet, people, profit for SDG implementation (Wise, 2015). Our arguments are also supported by Dwyer that he noted "triple bottom line dimensions are the core pillars of sustainability" (Dwyer, 2005).

This capital strength is important to the formation of sustainable community development. However, this abstract concept needs to be translated into more practical and easy steps to implement by all stakeholders. This vacuity then fulfilled by the concept of the value chain. The concept can be mobilized as a method to embrace each member of the community, government, and industry.

Our argument is that agents are the main key as a liaison between the government and industry and society for the creation of an institution capable of forming a synergistic value chain and strengthening among its members. We termed this method as "Sustainable Supply Chain Management" (SSCM).

Our research then aims to integrate social capital theory with strategic management especially value chain analysis to implement the community management with specific tools to reach as much as possible the value of SDG on rural areas. In this study, we focus on the tourism industry, especially the community-based tourism industry with Desa Wisata Pentingsari Sleman, Desa Mangunan Bantul and Bleberan Gunung Kidul (Tourism Village) of Yogyakarta, Indonesia, as our case.

The Framework

In this section, we aim to develop theoretical framework on social capital and value chain method. This framework arguably captures theories, fieldwork, and experiences. The framework is for shaping the model. The model can be used to implement SDG pillars to all levels of governance.

The framework and model have been implemented to specific fields on the Village Tourism Pentingsari, Mangunan and Blebersari Yogyakarta under their social, environmental and cultural potential and challenges. Pentingsari is a good example of how social empowerment starts from the power of leadership. Mangunan is a good example of how cultural capital is the key success to develop their tourism destination development. Blebersari is a good case of how to use their environmental capital to create Village Tourism. All of them is in the same territory as Yogyakarta. It takes only about 3-4 hours to reach all of them.

The reason we are using those as our study case is that their process of implementing community-based economy is very interesting become a model for other sustainable community development (Sudjatmiko, 2014). In addition, Pentingsari *“won the Indonesian Sustainable Tourism Award 2017 for the green bronze category”* (The Jakarta Post, 2017).

The research framework can be seen in Figure no 1, and the model can be seen in Figure no 2.

Research Framework:

Figure 1. Research framework



Source: Authors

As mentioned earlier, we are promoting three main variables for implementing sustainable development to the village level, Social Capital, Cultural Capital and Environment Capital. Those three variables must comply with the basics of SDG, which are called three bottom lines: People, Planet and Profit. The strategy is to shape the SDG implementation. We use the value chain approach which is based on institutional development and business development. We argue that three steps from the triple bottom line, three basic capitals, and the value chain are the fundamental framework to implement the SDG.

Social capital is generally defined as efforts carried out by civil society on a voluntary basis, outside of their relations with the government or the market (Kumar, 1993). The concept of social capital was popularized by James Coleman (1988) and immediately attracted the attention of academics as a field of study that continued to evolve as well as the basis for the preparation of new policies in an atmosphere that was pro-market economy from the 1990s. Social capital conception gives economics an insight into the combination of individual,

institutional, and other networks by incorporating (inter)-subjective, emotive, and affective elements, which are often excluded by the discipline of Economy that view humans as rational individuals acting instrumental and driven by incentives (Fafchamps, n.d). However, the biggest academic contribution of social capital is facilitating the exchange of ideas across disciplines.

The general definition of social capital is centered on social relations, which include elements of social networking, civic engagement, norms of reciprocity, and especially important concepts of trust. In this light, social capital is founded on shared norms, values, beliefs, trusts, networks, social relations, and institutions that facilitate cooperation and collective action for mutual benefits (Bhandari & Yasunobu, 2009; Fukuyama, 2001). However, every scholar has an emphasis on this general notion. For example, three major scholars of social capital whose works are often cited such as Bourdieu emphasizes social capital to “the aggregate of actual resources that are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” (Bourdieu, 1986), whereas Coleman defines it functionalistically as “a variety of entities with two elements in common: they are composed of various social structures, and they facilitate certain actors within the structure” (Coleman, 1988). Meanwhile, Putnam defines it as “a social network established by associational engagement such as voluntary organizations and

generated reciprocal norms and trust between citizens by such engagement” (Putnam, 2000).

Despite the emphasize in individuality of collective traits, it is clear that social capital is a phenomenon that arises in the context of free-market economic society, albeit their conceptual closeness and resemblance with traditional community traits (Fukuyama, 2000; Fukuyama, 2001). In this type of society, the economic function of social capital is to reduce transaction costs caused by formal coordination mechanisms such as contracts, hierarchies, and bureaucratic rules (Fukuyama, 2000).

Given this discussion, social capital is very relevant as a solution to Weberian functionalists’ predictions that modernization will replace traditional systems and institutions with a formal bureaucratic system. But recently, empirical research shows that informal norms are still very important and relevant in the present days, where modernization of technology sometimes makes a subordinate more aware of things that are technical in the field than their superiors/supervisors. This simple illustration gives us example on how social capital has a great opportunity to cut off long-term and convoluted bureaucratic decision-making inefficiency and has the potential to cut project costs, facilitate the process of approaching with partners, increasing sustainability, and strengthening civil society (Fukuyama, 2001).

However, social capital is also very closely related to the idea of development, even expanding the notion of development to things that are not solely economic. Development is a complex multidimensional process involving major changes in social structures, behaviors, and national institutions, as well as the acceleration of economic growth, reduction of poverty, narrowing of equity, and improvement in the quality of life (Todaro, 1999). Economic variables are indeed a prominent driving force of development, but the frontier of development transcends beyond income per capita. Socio-cultural value systems help shape the economic, social, and political behavior and affect development through multiple indirect channels (Bhandari & Yasunobu, 2009). In this context, development as a process involves government intervention within certain limits to create conditions that allow social capital to work. These conditions can be created through a combination of approaches that are bottom-up and top-down. The top-down approach, namely the government providing incentives to economic actors, intervening in creating media to open the door for community participation, building local community-based institutions, increasing budgets for capacity building for both institutions and individuals, providing assistance by inviting agents such as from NGOs or universities. The government has a role in fostering and nurturing the growth of social capital (Fafchamps, n.d). The interference of the government is significant as a facilitator of the creation of

a collaborative economy and avoids the occurrence of potential competitions that kill each other.

Social capital links to civil engagement, which is an important element in the bottom-up approach. The importance stems from the ability of social capital to maintain the authenticity of local norms. The social capital thus could be mobilized to create new social forms. Through this social capital-based model, the economic activities within the village can be integrated in order to increase the economic competitive advantage.

To further enhance social capital, the local governments' support through regulation is needed. This is because sometimes individual within societies lack of incentives to band together in their economic activities. The reason for this due to the lack of knowledge, experiences, financial capital that make the individuals in the villages little incentive to cooperate. Hence, the government plays a role to form the model (Higgins-Desbiolles, 2011).

This model then emphasizes the importance of relations between government and community. This is because, arguably civil engagement may grow in such a condition where government and civilians create the opportunity to synergize in order to build the model.

In this model, after social capital being formed, the next stage is to utilize cultural capital. The importance of cultural capital as argued by Fukuyama

lies in the idea that “societies in which people are accustomed to cooperating and working together in large groups are likely to develop strong and efficient state institutions.” Furthermore, culture is an essential element in the formation of trust and cooperation. To strengthen this cooperation, the emergence of an agency plays an important role as a medium for such a task.

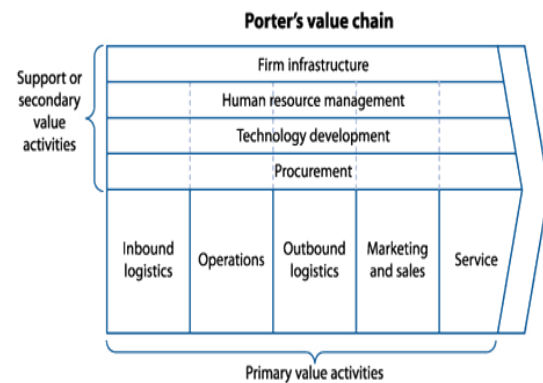
The above discussion focuses in understanding social capital in abstract way. In order to further implement the social capital model, this article utilizes value chain method.

The term value chain is coined by Michael Porter (1985) in his book entitled “Competitive Advantage”. His elaboration of his theory explained by de Mozota as follows,

“Every firm (institution) is a collection of activities that are performed to design, produce, market, deliver, and support its product. A reflection of its history, its strategy, its approach to implementing its strategy, and the underlying economics of the activities themselves.” (Mozota, 1998)

In principle, the Value chain consists of two parts, namely Supporting Activities, and Primary Activities as illustrated in the image as figure 2:

Figure 2. Value chain



Source: (Porter, 1985)

First part is Support Activities. The firm infrastructure is the umbrella for the institution. Its function is to form the agreement among members. The concept, values and legal matters are the basic methods to transform from informal to formalize the communities. This part is structuring the mind map of the communities from every member such as how to manage the monetary flows, providing materials, cash management, how much investment, How the organization mechanism etc. This part we can illustrate as the head of the human body. Transforming every interest of the member's needs, wish and hope into the collective purpose. It requires high participation for each member.

The second part of value chain is primary activities. The primary activities are processed to transform the raw material into production and deliver it to the customer until the customer makes the payment. Including product design, services design, packaging and marketing design (Porter, 1985). In context tourism,

the activities on this part are starting from developing tourism products such as destination, homestay, attractions and tour guide persons. The first things first to be done after those job descriptions and basic infrastructure have been done are 1. inviting the visitors, 2. picking up, 3. service them with activities such as art, cultural and rural events, 4. service them with home stay, 5. selling the souvenir and the last send the customer back to the airport. This part is the place for the distribution economy based on the capabilities of every member and the potential demand from customers. The agent must be clever enough to distribute economic capabilities to every member. Who will provide the raw material, who will provide homestay, who will act as tour guide and who will pick up visitors.

The reason why value chain method is helpful in implementation of social capital model is due to several reasons. First, it enables to divide individuals within groups according to their competencies such as knowledge, experience, and financial capital. Second, value chain method facilitates the coordination of each individuals to complement each other.

The analysis of the case studies

Having established the theoretical framework above, this section aims to examine the implementation of the model within three case studies. Before we went for a research fieldwork, we conducted a library review through various relevant academic journals, books, news and seminars. Then we proceed with

interviews with pioneers, local leaders, members of the Pentingsari, Mangunan and Blebersari village tourism. This method is very helpful to identify the practices of forming their social capital, knowing their values, how to manage their groups and communities, as well as the positive impacts they get. Our research analysis tool is linking the conception about three capitals (social, cultural and environmental), agency, and value chain analysis from Michael Porter and sustainable tourism approach coined by Bob McKercher.

Our first case is Pentingsari Tourism Village. The village was previously known as one of the poorest hamlets among the villages on the slopes of Mount Merapi with relatively low economic and community income. However, there was a local leader who initiated a program for tourists to stay at their native home with local family members. The leader is Doto Yogopratomo. Doto was starting to develop social capital first instead of the tourism business. His approaches have proven this slightly backward village to be more radiant, both socially and economically, and in turn brought broader trickle-down effects among its community, as reported by the local newspaper

"Through our tourism villages, we are able to have a tremendous effect on the community, because with tourism villages we will be able to accommodate all the components and improve the economy of the community" (Sudjatmiko, 2014).

The progress and the uniqueness approach from the stakeholder in Pentingsari called international attention, as reported in The Jakarta Post,

“World Tourism Organization (UNWTO) has pointed to Pentingsari Tourist Village as one of the pilot projects for Community-based Tourism and Sustainable Tourism Development program. The village also won the Indonesian Sustainable Tourism Award 2017 for the green bronze category” (The Jakarta Post, 2017).

Therefore, it will be an excellent example of how SSCM can become a feasible combination of the top-down approach and the bottom-up approach to create a sustainable economy for community-based tourism programs in rural area.

Therefore, we chose the formation of the Pentingsari Yogyakarta tourism village community as the case for this research. This is because the village is a real example of how the development of social capital can create positive economic impact. The social capital grows stronger through the emergence of local pioneers who received support and facilities from the local government. These local pioneers become agents that strength the bond between members of communities in the village. With the growth of social capital, it also increases the income of its members in the community.

The Mangunan Village tourism is an example of how Javanese culture creates the chain among social and

individuals in their tourism destination. During our visit to the Mangunan Village, we were accompanied by Fahlul Mukti as tour manager to meet with several village tourism pioneers. I met with Pak Hardi as the head of Watu Goyang. Watu Goyang is a rock that can sway located on the hill of the village of Mangunan Bantul, Yogyakarta. According to local history and stories, this place was one of the five other sites before Sultan Agung (the greatest Islamic Mataram King) determined the burial place of the kings of Islamic Mataram, now known as Imogiri. And all five places were scattered in several areas of Mangunan Village.

During our fieldwork, one of the homestays is operated with the traditional Master puppet families. The Father is also the *abdi dalem* (traditional servant) of the Yogyakarta Kingdom, the mother is *sinden* (traditional singer). So, every visitor to the burial kings of Imogiri, will get both a package of historical stories about Sultan Agung and the magical and spiritual culture and nature of Java. Another family focuses on providing craft for souvenirs and Fahlul itself acting as Village Tourism Tour Guide. The social capital based on culture has formed the economic activities chain among tourism village players on Mangunan Village.

However, the individualistic economic tendencies of this approach are still relatively high, especially from existing industries or individualists whose economic ego is eminent. Thus, the self-interested and individualistic side of classical capitalism (what Schumpeter

called “methodological individualism”) is still the biggest challenge in this model.

In Pentingsari Village Tourism, there are still domestic political problems about Doto's hegemony itself. While Doto is a local leader, at the same time, he acts as the system itself in the group. There is no system to prevent if Doto cannot perform its function due to his age. Some members still don't have enough alternatives to support the group when Doto can't do it anymore.

After significant socio-economic growth and development in the Pentingsari Tourism Village, Doto as a leader must begin to manage the village economic activities in a more structured manner. For the sake of the sustainability of the organization and business of the Pentingsari tourism village, regeneration is needed. In modern organizations, one of the keys to success in creating sustainability is regeneration. Doto's success will be an example of the next generation if Doto can prepare his successor to guarantee the principles of community-based business by strengthening social, cultural and environmental capital as Doto has done.

In Mangunan there are also cultural constraints. Seniority tends to make organizations less creative and cannot accelerate the younger generation to express their ideas, especially in the context of commercial problems. Senior people who cannot use digital instruments to adapt to the contemporary business environment, such as optimizing digital, to promote and coordinate business

processes. The gap between the senior and young generation is one of the biggest challenges in Mangunan Village Tourism. Culturally in Java, the younger generation is not comfortable speaking frankly with seniors. Seniority behavior is one of the communication gaps in the organization. That caused some of the talents of the younger generation to work outside the community. Then it became a new competition between them. Then, it became a situation in the village-based village tourism far from the principle of the social capital chain. Instead of complementing and synergistic, they create new competition.

To avoid increasingly sharp competition and to strengthen groups, the main function of agents is to create synergies between existing industries and social capital groups, while strengthening social capital institutions to strengthen group members. Thus, the demands of an agency are those that come from third parties outside the government and outside the community members. In its main competency, agents must be able to create bridges that connect each other so that a synergic work chain is created. As theorized by Partzsch (2017), “... for the non-state and non-collective agency... non-state and non-collective agency... I suggest three categories of individual agents, increasingly relevant to global governance: Celebrities, philanthropists and social entrepreneurs” (Partzsch, 2017). Here she emphasizes that one group of agent acts as “inventors of new ideas, norms, or products.” Partzsch sees it as the first phase of a life cycle, as

theorized by Sikkink & Finnemore (1998). The next phase is norm cascading, which makes a new norm of entrepreneurship widely spread (Finnemore & Sikkink, 1998). Followed by the next phase i.e. the institutionalization of entrepreneurship, norms are the role to reorganize and choose the best options for implementing the new norm. The last phase is the policy of entrepreneurs who play institutional arrangements and leverage to create new institutions that replace the old (Partszch, 2017).

“social capital research as it pertains to economic development and identify four distinct approaches the research has taken: communitarian, networks, institutional, and synergy” (Woolcock, Michael, Narayan, & Deepa, 2005.

The best example of the paragraph explanation above is from the village of Blebesari Gunungkidul with Mr. Tri Hajono as the leader. Incidentally Mr. Tri is the leader of the Yogyakarta tourism village communication forum. Compared to the example from Pentingsari and Mangunan, Blebesari is more modern in determining its social economic chain management. He used the village government apparatus to create his socioeconomic chain. Pak Tri is a former village head who has led for 18 years. While he was still in the lead, there was a major problem of the village which was the provision of clean water. Assisted by the Gajah Mada University Community Empowerment Agency, in 2003 received assistance from the Ministry of Public Development in the form of water pipes.

After The public water services became a village-owned enterprise running for about 8 years. The village's own enterprise creates some business units. One of them is Village Tourism. The experience as former Village government leader, Pak Tri has more experience of networking with university and government without eliminating the bottom up approach.

Based on the three cases above, we can see that an approach that uses a combination of formal and informal, seniority and structural, bottom up and top down, state and cultural is a suitable formulation for the development of socioeconomic chains.

The approach to the distribution of work functions, in a series of value chain systems is the key to the formation of synergistic, complementary cooperation and avoiding competition among members.

This approach needs not be carried out separately. Thus, we need to model it into a more operational framework while continuing previous study carried out by Xavier Font, Richard Tapper, Karen Schwartz and Marianna Kornilaki from Leeds Metropolitan University (WOTU Bank Research Observer, 2000, pp. 225-49). Using companies engaged in tour operator services as case studies, their study entitled “Sustainable Supply Chain Management in Tourism”, focuses more on environmental issues within tourism business (Font, 2000). As travel organizer services providers, they consider tourist destinations as vendors who are encouraged to provide environmentally

friendly tourism, food and equipment. This approach indeed inspired our study, but we emphasize more on how to build community-based tourist destinations.

We expand previous research by deepening and trying to build the possibility of synergy between Travel and Tourists Corporations who already have an awareness of sustainable tourism with a village tourism which is based on community development. Within this limitation, we argue that (1) if there is a synergistic relationship between industry and rural tourism communities, a sustainable tourism environment will be achieved; and (2) if sustainable tourism is created in one area, it will accelerate the process of implementing the SDG to reach rural areas.

It is also important to note that monitoring the progress achieved and reports on the improved environmental performance by both companies and their suppliers by awards and recognition that acknowledge the supplier's involvement in the environmental concerns.

"environmental achievement is also crucial (NEETF, 2001) National Environmental Education and Training Foundation (NEETF). 2001. Going Green Upstream ... the Promise of Supplier Environmental Management. NEETF: Washington, DC. Additionally, companies may also organize supplier meetings, in which useful information can be exchanged and companies' expectations can be communicated. Following this pattern, integrate environmental concerns into all

business processes (Lippmann, 1999)

Lippmann S. 1999. Supply chain environmental management: elements for success. Environmental Management 6(2): 175-182."

To facilitate community participation in the village tourism, the Ministry of Tourism is collecting the tourism activist called "Pokdarwis". Pokdarwis is an acronym from "*kelompok sadar wisata* (tourism activist group). The government provides and facilitates the community with training and capacity building

"Efforts to strengthen and increase capacity, roles and community initiative as one of the stakeholder's interests, to be able to participate and play an active role as a subject or actor or as a recipient benefits in developing tourism sustainable ". (Directorate of Strategic Planning, 2019)

The agent has to be well understood about the value chain and can be acting as moderator to motivate every member of the communities to involve to form the institutions. The agent has to be able design the institution development and also business plan. The circle to develop Pokdarwis will be among Government-Community-Business. To enhance Pokdarwis' capacity in Pentingsari Village tourism, some business sector from certain industry such as Asia Central Bank (BCA) support them through their Corporate Social Responsibility (CSR) program. Their programs mainly involve design training such communication skill, team building, service excellence and also

donate 109 million rupiah (Nugraha, 2015) The training aim also facilitate local community development more specific in-home stay management to reach international standard without eliminating the local values (CNN Indonesia, 2017)

Doto as leader said that the trainings provided by the Government and BCA have indeed increase their member's understanding on sustainability of their economic activities. This, in return, has an effect to their community financially. For instance, in 2008 the turnover of the economic activities in Pentingsari Village was 30 million rupiah. But after development and training by supporting from the government, the following year the turnover increased to 250 million rupiah. In 2011 to 2014 the turnover from Pentingsari jumped sharply to Rp. 1 billion per year or approximately Rp. 100 million per month after having supervising and development from BCA.

BCA continues to supervise Pentingsari on 2015-2017 and the result turnover reaches Rp 2.5 billion per year or around 200 million rupiah per month. Those performances provide about 55 units or 150 rooms and consist of 1255 heads of households. The community development is really making a good impact on the people relations to their environment, culture and people to people relations. Pentingsari Tourism Village was appointed as one of the pilot projects of the Community Based Tourism and Sustainable Tourism Development

Program by the world tourism organization UNWTO (Aprilyani, 2017).

In these three case studies of Pentingsari, Mangunan and Bleberan Village Tourism, we also observe how the villages create a tourism product that incorporate farming activities along with its natural uniques. Travelers who came to these villages will experience not only as a guest but also an active participant of the farmers who can feel the real life of the village community.

Given this arrangement, the village community were given different type of tasks. For instance, some members are responsible for the homestay, others are responsible to provide meals, while some are responsible to perform cultural activities ranging from entertainment to game playing in rice fields. So, each member of the community has a role in this type of tourism areas.

During our fieldwork, Doto, Fahlul and Tri told us that the above arrangement shows that indeed distribution of roles create individual incomes for the member of community. This in return enhance local trust and solidity. As leaders, they are willing to sacrifice their portion of roles as long as the community having bigger benefit from such arrangement.

In his words, Doto told us

"in every arrangement, each member of the community who perform their roles will instantly get the income from their respective roles. For instance, if the member is the one

who provide the homestay with the price of Rp. 100,000 per night, he will get instantly Rp. 90,000. The other Rp. 10,000 will be put into community saving. This 10% contribution will be reinvested to cover operational cost for the community such as common infrastructure and maintenance in the village. If there is money left, it will be used as a bonus for every member of the community after deducted with all expenses at the end of period once a year."

Conclusion

Based on the empirical analysis above, there are some insights that can be used by others in their pursuit of social capital.

In order to create a sustainable development-based community, fundamentally, the stakeholders should maximize the local potentials from their culture and environment. In order to maximize these potentials, the stakeholders must create a social bond among the community members. In this stage, the social capital is needed in order to engage each member of communities to take part of the economic activities.

While the social capital is indeed important. The next step is to translate this concept into practice. One way of doing this is by using value chain method. Value chain method helps the community to distribute the roles within arrangement to each member of community. Thus, in this community, the system will run as if the community is one single cooperation.

As a result, the integration of social capital theory and value chain method will ensure the sustainability of the community.

Based on the above the analyses of the case studies, it turns out that the theory of social capital combined with a management strategy approach with value chain tools has been able to produce sustainable community development. So that the implementation of SDG as a global value was able to be implemented up to the village level. The sustainable development community is the basic understanding for each stakeholder to implement the SDG. Thus, the SDG implementation for village level can be started from the integration among social capital theory and value chain method.

Supporting Activities on Value chain has proved that social capital, cultural capital and environment capital has been designed and agreed among members. They use those capitals as product differentiation, in the context of institution development. Supporting activities deepening the members to agree that every transaction will be deducted 10% as community saving. The kind of arrangement is the most democratic, inclusive, transparent and flexible according to members aspirations. Thus, supporting activities can be used to form the social capital of the key success of Pentingsari, Mangunan and Bleberan village tourism. Moreover, the primary activities proved that distribution activities from inviting visitors, entertain with local art, culture, farming event,

home stay, culinary, selling the souvenir make them more synergize instead of competing with each other.

At the end of the day, this model can only be successful with the existence of good cooperation between the government-business and the community that put the social, cultural and environmental capital as the principle. The government functions as a facilitator. The business is anchor or foster father. And the community is the executor. The academic sector provides research and community development center. Those actors are the most important actors to implement the SDG to the micro level of village community

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Digitalization in the Community-based Tourism Development in Peripheral Areas: A Case Study of Sumbermanjing Wetan Village, Malang Regency

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Abstract

The paradigm of digital-based peripheral area tourism development is carried out within a broader development of technology and communication in Indonesia. This is done as a way to reduce the level of disparity between the city and the peripheral region. This study examines the paradigm of local communities related to digital-based tourism development. This digital-based tourism development is illustrated through the case of community-based tourism in the Sumbermanjing Wetan area of Malang Regency. This article shows that community participation in tourism is classified into three forms of local participation. First, digital-based tourism can be solutions for tourism development in the Sumbermanjing Wetan region. Second, the community also understand the digitalization of tourism as an effort to alleviate poverty and improve the welfare of local communities. Third, digital-based tourism can be the strategy for improving the quality of life of the Sumbermanjing Wetan community.

Key words: *community-based tourism, peripheral area, gua Cina beach and local economy*

Introduction

Effective collaboration between existing resources, community, and government create a healthy and sustainable regional economy. The government, as a regulator, plays a strategic role in seeking broad opportunities for local people to participate fully in every economic activity, one of which is the tourism sector.

Indonesian Statistics Agency shows a rapid increase in tourist visits to

Indonesia. The number of foreign tourists coming to Indonesia before 2015 is always under 10 million people. International tourist visits then surged above 10 million in the following period. Foreign tourist arrivals in 2018 grew by 12.6% compared to 2017, which amounted to seven million visits. Overseas tourist growth exceeds neighboring countries such as Malaysia and Singapore. Even in 2018, Malaysia experienced negative growth in bringing in foreign tourists.

However, the interest of foreign tourists to stay longer in Indonesia is still low. This is indicated by the relatively short duration of tourist visits. Indonesian Statistics Agency (2019) also recorded the average length of stay of foreign tourists in Indonesia is 2.81 days in Bali Province, 2.42 days in Papua Province, and 2.33 days in Southeast Sulawesi Province, while the shortest average length of stay of guests occurred at 1.25 days in Central Java Province. The numbers of occupants of the hotel rooms in Indonesia decreased in December 2018. The most significant number of decreases occurred in four islands: (1) Sulawesi Island, namely Central Sulawesi Province at 14.38 points, (2) Sumatra Island consisting of Aceh Province 14.37 points and North Sumatra Province at 14.31 points. (3) Papua Island decreased by 12.80 points in West Papua. (4) Java Island decreased in three provinces, namely Central Java province by 4.23 points, DI Yogyakarta Province by 2.01 points and East Java Province by 1.73 points. This shows that efforts to improve equity and improve the performance of tourist destinations other than Bali still need to be adjusted.

The above conditions show the government's lack of attention to peripheral tourism. Okech *et al.* (2012) study on Kenya show that the government has done very little to boost rural tourism and justified by lack of tourism offices in various provinces. Thus, the role of government is enormous in developing peripheral tourism areas.

The peripheral region can be defined as an area far from the population and economic centers, travel to them requires time and costly. Peripheral tourism development is expected to increase value-added peripheral area and triggering peripheral region development process.

Peripheral tourism is part of the development strategy of the periphery. Peripheral tourism can be used as the choice of tourist destinations to extend the length of stay of tourists. Besides, the development of peripheral tourism is also expected to encourage the development of the local economy by utilizing the momentum of increased tourist visits. The results of the Probst *et al.* (2013) study on the Alpine area show that the development of peripheral regions is very instrumental in maintaining economic sustainability in the region. The development strategy must be oriented towards a unique experience for tourists. A preliminary study on the Mediterranean region in Turkey shows that people in the region did not feel that they were competing with the main tourism area (Seckelmann, 2002; Burak *et al.*, 2004). This has led to differences in behavior between communities in the coastal zone and communities in the main tourist destinations.

Research on peripheral area tourism in Indonesia is still rare. Lew (2011) explored the Indonesian peripheral region in Manado and Lembeh straits in Indonesia and stated that tourism in the area was still disguised and had not yet

joined the global tourism network. Primadany *et al.* (2013) conducted a study tour in Nganjuk, Indonesia and showed that optimizing regional tourism development faced obstacles in the lack of funds for the development of facilities and infrastructure to support tourism activities. Khotimah *et al.* (2017) in a study related to the study of Trowulan cultural tourism in Mojokerto, Indonesia explained that limited funds, limited promotion and supporting facilities and infrastructure for tourism activities were obstacles in developing cultural tourism sites. Therefore, the pattern of setting up tourist destinations is needed in optimizing peripheral areas. Local Government, as the leading sector has a strategic role in developing the facilities and infrastructure needed.

Tourism 4.0, in its development also became a significant concern in developing peripheral tourism areas in Indonesia. The results of the study conducted by Hakim (2018) related to the rise of cyberculture in the tourism sector indicates a significant change in tourism ecosystems, where the strategy of developing tourist destinations and tourist attraction will be influenced by digital information developed and obtained. This phenomenon explains that the era of tourism 4.0 is an excellent opportunity for the development of tourism, especially the peripheral region.

However, technology and information development in tourism 4.0 is still hampered by the lack of supporting infrastructure in the peripheral region.

Sumbermanjing Wetan are faced with communication inconsistencies that are still concentrated in the core region; this harm tourism destinations in the peripheral region. Digitalization of the tourism sector has so far been built downstream, this has led to the promotion of peripheral tourism areas that have not been able to be received in full and detailed by tourists. Tourists do not know in detail the accessibility of tourist attractions to interpret tourism products such as cultural attractions, souvenirs, language and customs of the people.

Sumbermaning Wetan is part of peripherally located far from the city center of. Malang. Sumbermanjing Wetan has tourism potential which is a Chinese Cave Beach tour; unfortunately, this is not widely known by the general public. So, that tourism has not been able to increase regional income (Supriadi, 2016). The tourism sector which is located in Sumbermanjing Wetan is seen as not being able to benefit the local community. Tourism development must provide economic, social and cultural benefits to the communities around the destination. Therefore, the community has a role in the development of Sumbermanjing Wetan tourism.

Community-based tourism is an approach in optimizing tourism development, especially in the digital era. Local communities take the initiative to build, own and manage tourism facilities and services directly so that the community is expected to receive direct economic benefits and reduce

urbanization. Community-based tourism is expected to be an instrument developing tourism digitalization in Sumbermanjing Wetan. There are four principles in the development of tourism digitalization, namely: (a) sustainability of potential tourism, (b) the development of local community institution and partnership, (c) digital education in society (d) tourism digitalization strategy plan.

The problem is that there are still a few local people who have the financial ability and expertise in utilizing technology and information in supporting the tourism digitalization. The formulation of the problem in this study is 1) How is the community paradigm related to digital-based tourism development by the Sumbermanjing Wetan Malang area? and 2) How is the application of community-based tourism conducted by the Sumbermanjing Wetan community in managing digital-based regional tourism? This paper finds that tourism digitalization is essential in optimizing the Sumbermanjing Wetan tourism sector. The tourism sector is believed to be able to improve the welfare of local communities. Communities paradigm related to digitalization is the basis for building a community-based tourism digitalization strategy.

Review of Related Literature

Supply and Demand in the Tourism Sector

There is growing literature discussing the relations between tourism

and development. They can be divided into two types of approach; First, is supply approach, the supply approach focuses on developing tourist destinations. Second, is the demand approach; the demand approach focuses on tourist spending. Utami *et al.* (2016) estimated the function of tourism demand in seven tourist destinations in Indonesia. The study shows that tourism prices are the primary determinant of tourist spending.

This phenomenon shows that the factors influencing the development of supporting tourist areas in terms of supply and demand include four main issues. First, attractions of tourist destinations, defined as tourism product components that can attract tourists include natural wealth, developing culture and special events or interests. Potnov and David (1999) in the results of their study regarding the growth of peripheral regions indicate that the attractiveness of migration of an area affects the growth of a sustainable regional population. In this case, the ability of a region to attract new tourists and maintain the number of tourists is a significant factor in developing peripheral areas. Second, accessibility in reaching tourist destinations, these factors include; terminals, ports, airports, systems and transportation routes, travel costs, travel time and frequency of transportation to the destination. Third, amenity, supporting facilities for tourism, including; accommodation, food and beverage, shopping, entertainment and money changers, and tourist information centers. Four, institutions. These can be

institutional elements, partnerships or supporting organizations in developing and marketing tourism destinations and activities of local communities.

Based on the study of the drivers of the development of the tourist area, a strategic plan is needed in tourism development. The tourism development strategy has implications for three things. First, improvement of existing products. In our case, the potential for peripheral tourism is increased through the development of potential areas that will be used as tourist destinations. Second, identification of opportunities in determining new markets. In this case, internal and external factors in the peripheral region determine the tourism development strategy. Third, the existence of the local industry as a priority in the long term.

Regional and local policies are expected to be oriented towards the growth of the peripheral tourism sector. Policy orientation refers to six principles of developing the peripheral tourism sector. First, tourism development strategies are oriented towards improving quality growth. The approach aims to develop potential locations and the quality of tourist area attractions. Secondly, digital-based promotional activities are part of the development of tourism areas. Third, cooperation in the form of public and private partnerships is a form of interaction between stakeholders. Fourth, tourism development at the destination level must be actualized in regional and local policy

planning. Fifth, peripheral tourism areas that are developed must be able to stimulate business in supporting regional development. This is supported by regional and local policies in accelerating the formation of peripheral tourist areas. Sixth, business activities with government and non-profit attractions can be integrated through system. This is written in the form of the realization of the attraction business planning policy (natural and cultural) which is supported by travel and accommodation business.

Peripheral tourism

Peripheral tourism can be defined as tourism in an area that is not a major destination. Peripheral tourism can be in a less strategic area (Chaperon & Bramwell, 2013). The relationship between core and peripheral tourist destinations has been discussed in various previous studies. Kurnianingsih *et al.* (2014) explain that as the relationship between rural and urban areas, exploitation can be carried out by the core region to the peripheral region. Core tourism areas usually have a higher economic level, high innovation and are equipped with infrastructure and amenities. Widodo and Lupiyanto (2011) explain that the lack of attention to tourism development in the periphery of the region precisely in the Bantul Regency of Yogyakarta had an impact on the waning of the region's superior potential and environmental degradation. This phenomenon shows that development in the peripheral area are needed in improving people's welfare, optimizing its potential, preserving the environment,

strengthening community participation in developing peripheral tourism destinations.

Peripheral tourism activities are believed to have an impact on the economy of Bukit Tinggi City. The activities also create multipliers effects on the hospitality industry with the increasing number of tourists around tourism objects (Arianti, 2016). This phenomenon implies that Indonesia's tourism development strategy is oriented to increase the socio-economic sustainability of peripheral tourism areas. This has implications for the reallocation of the Government's financial budget in encouraging the acceleration of peripheral tourism development. The strategy for planning peripheral area development can be realized in four strategic steps, including; (a) establishment of tourist destination clusters based on evolving geographical, economic, social and cultural characteristics, (b) financial concentration of the central and regional governments on potential area development, (c) active promotion by involving the private and public, and (d) land use limitation regulations in the core region (Potnov, 1999).

Community-Based Tourism

Community-Based Tourism is defined into three perspectives, among others; 1) form of tourism that provide space for the community to actively participate in planning, developing and controlling tourism development, 2) form of tourism that benefit the community both actively and passively involved in

tourism businesses, 3) tourism strategies oriented to political empowerment and democratization, and 4) a form of tourism that makes the people of rural areas prosper. Thus community-based tourism is an approach to tourism development that is oriented towards local communities (both those who are directly involved and not involved in the tourism industry). Community-based tourism provides access in planning, building and developing tourism based on community empowerment and equitable distribution of benefits to the community.

Community-based tourism has the following basic principles: a) recognizing, supporting and developing community ownership in the tourism industry, b) including community members in the planning stage, c) developing community pride, d) developing community quality of life, e) guaranteeing environmental sustainability, f) maintaining the uniqueness of character and culture in the local area, g) developing learning of cultural exchange in the community, h) tolerance of cultural differences and human dignity, i) distributing benefits equitably to community members, j) playing a role in determining income distribution processes (Suansri, 2003). These basic principles are the essence of implementing development in local communities. Community-based tourism implements ten basic principles by establishing a balanced relationship between local communities and tourists in terms of community ownership status, fair distribution of benefits, mutual respect,

and awareness in protecting the environment.

Community-based tourism is developed in the community by containing three dimensions, including 1) economic dimension, explained through three indicators, among others; funds available for community development, employment in the tourism sector, local people's income generated from the tourism sector; 2) social dimensions explained through four indicators, among others; the quality of life of the community, the emergence of pride in the community, the distribution of roles fairly in the community, the formation of cooperative relationships in the community; 3) cultural and environmental dimensions are explained through four indicators, among others; community initiation for mutual respect for different cultures, the creation of close ties of society with local culture, concern for environmental sustainability and the existence of community rights in managing natural resources. Therefore, the local government, in this case, plays a role in assisting the community so that the objectives of community-based tourism can be carried out. Community-based tourism is an approach oriented to community participation to achieve the goal of equitable distribution of benefits, poverty alleviation and efforts to preserve the culture and the environment. Community-based tourism also has implications for strengthening local institutions, where the development of tourism businesses in rural areas is difficult to regulate by existing institutions.

Therefore, community-based tourism is an institutional approach involving community members. Community-based tourism also has implications for the creation of strong relationships at regional and national levels. Community-based tourism bridges local communities with national or international markets so that domestic and foreign tourists can enjoy peripheral tourism areas.

Digitizing Peripheral Region Tourism

Digitalization of tourism has been built up in the downstream region or the main destination so that attention to peripheral tourist destinations has not been optimal. The digital transformation of the tourism sector has resulted in major changes in the world. Foreign tourists who visit Indonesia as much as fifty percent consist of millennial tourists with an average age of 15-23 years. The digital era has also changed tourist behavior to be more independent and individual. For example, Chinese tourists who were initially been famous for group tourism are now more into individual tourism. This is the right moment for the development of Indonesian tourism. Human resources are the main key in building and developing digital tourism. Therefore, the paradigm of local communities related to tourism digitalization is the main factor in efforts to understand and build solutions to the problems faced by peripheral regions.

The paradigm of digital-based peripheral area tourism development is carried out amid the development of technology and communication. This is

done as a form of reducing the level of disparity between the city and the peripheral region. The peripheral community also needs accurate information in determining the right solution in building the quality of the tourism area and the participation of the community. The results of Arifin (2017) study of tourism digitalization explain that digital-based tourism can provide a positive image for regional tourism and human development. Hence, a change in the paradigm of peripheral tourism development from traditionally based into digital-based needs to be done. The strategies that can be carried out in building a digital-based peripheral tourism development paradigm are as follows (Badri, 2016). First, building the website of village areas with desa.id domains. Second, migration of open source technology. Third, developing peripheral tourism partners with various online tourism service providers. Fourth, building regional interconnections that support the development of the potential of local tourist destinations.

Discussion

A paradigm of Digital-Based Peripheral Tourism Development

Gua Cina is beach tourism in Sumbermanjing Wetan region that has developed from year to year, but in its development, there are still many tourism potentials that have not been optimally worked on. Accommodation and transportation facilities are still an obstacle for several tourists who want to visit Gua Cina. This is certainly a

challenge in tourism digitalization. Digitalization is expected to bring positive changes to the improvement of the Sumbermanjing Wetan area.

The community also understand the digitalization of tourism as an effort to alleviate poverty and improve the welfare of local communities. People put high hopes in developing digital-based tourism, where the region will grow and economic productivity increase. The tourism development of Gua Cina in Malang Regency is expected to be able to absorb large numbers of workers every year so that it will have an impact on the welfare of the Sumbermanjing Wetan community.

The strategy for improving the quality of life of the Sumbermanjing Wetan community is through digitalization. Digitalization can encourage infrastructure improvements in the telecommunications and internet, transportation and information sectors carried out by the Regional Government. The paradigm of the digital-based development of the Gua Cina beach can be identified as a form of positive public trust in economic and social improvements.

Tourism digitalization in the tourism industry's supply and demand perspective is a medium in integrating the behavior of tourism industry players and tourists. Gua Cina beach still has potential problems, which are identified by three factors. First is accessibility. Public transportation facilities leading to coastal tourism objects are still very minimal. The road to Gua Cina Beach is still very

limited in lighting, thus hampering tourists' interest. Second is amenities. Promotion of tourism objects is still the biggest problem because there is no travel agent incorporated in the promotion of tourism objects. Tourism activities, including the creation of souvenirs developed by local people, do not exist. This has implications for the lack of attractions that can be displayed to tourists. there are inadequate supporting facilities such as ATMs, lodging and health posts that are not yet available. Telephone and internet networks are not yet available.

The above phenomenon is obstacles in the realization of digitalization of the Gua Cina Beach tourist destination. Therefore, it is necessary to strengthen the communication and information technology infrastructure that is maximally integrated. Information, communication, and technology available make it easier for tourism industry players to access data such as destination promotion, destination development, tourism industry growth, and tourism human resource needs. The central government has a role in supporting digital transformation so that the changes are in the right direction. Regulations determined by the government will help businesses and the local governments in carrying out integrated digital transformation.

The paradigm of the digital-based development of the Gua Cina tourism built by local communities is carried out

in several stages. The first stage is to develop peripheral tourism information networks by creating integrated regional tourism websites on Malang Regency website. The second stage is to develop the attractiveness of tourist destinations including local cultural attractions, local crafts such as souvenirs and culinary snacks that are promoted online. The third stage is to improve online promotion, not only through Instagram, Twitter and websites but also various other digital platforms. The fourth stage is to establish cooperation and partnerships with online travel agents, governments, universities and community social institutions.

Development of Peripheral Tourism Community Based Tourism

Community-based tourism is a form of approach in increasing community participation in regional tourism. The perspective of community participation in tourism is classified into two forms of local participation, first is community participation in the decision-making process. With the participation of local people, the benefits of tourism activities can be received by the local community. Second is the involvement in the process of determining and distributing profits derived from local tourism development. The community is directed in the process of identifying needs, interests, and commitment to planning tourism to improve the welfare of the local community. Thus, the community is given the full right to manage resources and allocate potential resources by regional characteristics. The

local people can get benefits according to the use of resources.

Community-based tourism can be developed using three approaches. The first is spontaneous community participation (spontaneous participation). Spontaneous participation is defined as community efforts to initiate ideas and implement the ideas together. Thus, the planning and tactics implemented are from the community (bottom-up). This is proven in the stages of building community commitment, where the Sumbermanjing Wetan Village community is aware of tourism opportunities that can be developed and are committed to developing them. Spontaneous participation is also implemented in the decision-making process, where communities are involved as decision-makers in shaping the institutions and management of existing tourist attractions. The second is the establishment of tourism village institutions, involving village officials, district governments, the private sector, and local communities following their roles and functions in developing Sumbermanjing Wetan tourism potential. The institution is needed as an effort to optimize the tourism performance of Sumbermanjing Wetan. Therefore, the involvement of community members in the institutional element is very necessary. It aims to regulate relations between residents, resources, and visitors. Institutions can be strengthened by training and developing community skills with the essential soft skills (including management, communication,

entrepreneurial experience, and organizational experience).

The third is diversification of business products. Local communities are encouraged to initiate in creating potential tourism business products such as making souvenirs, marine tourism education, homestays, and culinary businesses. The community is not only directed to manage the tourist attraction but also creates other business products that are interrelated with each other. Thus, the variety of business products that are raised, can provide many choices for tourists to enjoy a tourist village product. The community involved can feel and experience the economic benefits of China Cave tourism activities.

Conclusion

Digital-based tourism has indeed provided solutions for tourism development in the Sumbermanjing Wetan region. The community also understand digitalization of tourism as an effort to alleviate poverty and improve the welfare of local communities. The strategy for improving the quality of life of the Sumbermanjing Wetan community. Digitalization provides positive trust in the peripheral community to get a better life.

Community-based tourism can be developed through three approaches. First, community-based tourism can be developed through mobilizing spontaneous participation of local communities. This is an effort to build community awareness and commitment

to tourism opportunities that can be developed and encourage the community in making decisions in the process of establishing tourism village institutions. Second, community-based tourism can be achieved by establishing tourism village institutions by involving Sumbermanjing Wetan community members as administrators. Institutions function in regulating relations between residents, resources, and visitors. Therefore, institutional strengthening is done by training and developing community skills with the necessary soft skills. Lastly, community-based tourism can be developed through the creation of a diversification of the potential of tourism products. Diverse business products can provide many choices for tourists to enjoy a tourist village product. Thus, the people involved can feel and experience the economic benefits of Gua Cina tourism activities.

About the Author

Ayu Dwidyah Rini was born in Jombang, East Java. She had been studied Master of Economic Education at State of Malang University. Prior to working at State of Malang University, Universitas Ciputra, East Java, and in 2017 until now she became a lecturer in economics at Universitas Trilogi.

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Reinventing Place-identity and Embracing New Economic Opportunities: Promoting Creative Economy of Sanur Through Public Participation

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Abstract

Every place on the planet has unique characters that make it distinguishable from other sites. Place-identity is the term widely accepted to explain this phenomenon. It is argued that the place-identity could not only strengthen the sense of belonging of the locals to a place and improve social cohesion but, in the age of global tourism, it could also increase the attractiveness of the place to visitors. Therefore, it contains economic values if managed in a proper way. But places are transforming. The dynamics of contemporary activities where tradition is seen as outdated, new government system, new economic activities, and new actors and their roles challenge the stability of place-identity. Unfortunately, the transformation of a place may benefit some actors but may trouble other groups. Some places, however, maintain their place-identity for the social and economic values it holds. Collaboration among different actors in managing the transformation of such place could maintain the place-identity of a place which ensures its attractiveness to visitors, sustains its economic values amidst rapid changes. The collaboration confirms no one is left behind. The case study research conducted in Sanur showed that the sustained place-identity could economically benefit all actors.

Key words: *place-identity, economic opportunities, tourism, role of local actors*

Introduction

The construction of place-identity involves many dimensions and is not a simple process. It is dynamic, consists of tangible components, such as the built and natural physical components of the place in which daily life takes place and its morphological transformation; and intangible components, such as the history

of the place and the perceptions of the locals, as well as the visitors (Watson & Bentley, 2007). Both tangible and intangible components are not static but in a state of constant change. Nevertheless, each place has enduring quality upon which its place-identity is mostly associated with. It ensures the stability of place-identity amidst rapid changes in its components. However, stability is

challenged when immediate and significant transformation occurs. This may happen when a new governance system takes over or dominates the management of a particular place formerly administered by traditional society members (Bourdier & AlSayyad, 1989). Powerful stakeholders may control the decision-making process and lead the transformation to fulfil their needs.

On the other hand, some people may feel powerless because they could not participate in the process (Santos, 2004; Madanipour, 2013). This may increase the feeling of insecure because their life is threatened. Most importantly, large scale changes could also lessen the attractiveness of a place to potential visitors craving for authenticity.

Human identification with a place presupposes that a place has a character which consists of physical components, shapes and concrete things that create the atmosphere of the place (Norberg-Schulz, 1980). Vernacular building processes of the traditional people in the pre-industrial era, where materials were gathered from surrounding areas and construction processes were locally developed, made the settlement familiar and blended in with the occupants. The locals created a deep process of identification with the physical components of their built-environment from which people could differentiate their village from another. The relationship between the people and a particular place builds place-identity that helps them define who they are as individuals and as members of a

community (Watson & Bentley, 2007). Therefore, place-identity is the understanding of humans with the place in which they are living in (Proshansky & Kaminoff, 1983). A deeper meaning of place-identity is about what a place means to people. Meaningful places are often content with a sense of stability. This can be understood because the meaning of the place is important for the inhabitant's life both as an individual or a member of the community. Given that they convey a sense of stability, the place-identity of a particular place often associated with authenticity. By most standards, authenticity is considered to be the quality of a building or landscape developed with local materials and construction methods following local building traditions (Watson & Bentley, 2007). Authentic places are often attracting visitors who bring economic benefits to the locals. Tourism is nowadays considered as one among many businesses that dominate global economic development. It provides jobs, increases family earning and boosts local and national revenue. Therefore, place-identity attracts investment, job seekers and is favored by the local and national government as part of their development strategy.

A particular place, however, may be occupied by different people and different groups. Each person or group may develop a different relationship with the place because the association to a place is largely influenced by experience and perception. Different ways of experiencing and perceiving a place are, in turn, creating a distinctive human's

association with a place. One place may be explained differently by different people because each person has personal feelings. Moreover, the same person may also explain the same place in different ways in different timeframes as their experience with the place grows.

Different place's narratives of different person or group of people may raise tensions of representation. This may occur if those whose representation is not included in the narration of the place. For example, when the government makes plans to advertise a city in order to attract tourists, the most attractive and visually appealing parts may dominate the narrative. In contrast, urban activists may expose the poorest parts of the city in order to gain sympathy and hide the more prosperous areas. This means that access to shared meanings is political (Appleyard, 1976). The political problem of who tells the story and what purpose the story serves may cause disputes and conflict. Those whose voices are not represented may feel a sense of powerlessness. This sense could be reduced by involving all community members in developing a consensus to construct place-identity (Hague & Jenkins, 2004). Public participation mechanism, where different voices are accommodated, is believed as a means to reduce tensions of representation in place-identity construction. Moreover, the inclusive process may strengthen the sense of communal control over the place in question (Putra, 2017).

The physical components of a particular place are in a state of constant transformation. The evolution may influence how it is experienced and perceived; therefore, bring impact to the place-identity of the place. Because every place is in a state of constant change, its place-identity should be managed in order to avoid its negative impacts on social and economic potentials of the place (Putra, 2017). This paper investigates the management of place-identity of a particular place rooted in tradition, based on agriculture, but in contemporary situation is ruled by the national government, who offers non-traditional economic activities, and rapidly change. It explores the roles of local inhabitants who consolidate their power in order to have significant roles in the transformation processes.

Methodology

Case study research is relevant to inquire about the place-identity because it is place-specific. In order to do so, Sanur, in Denpasar Bali-Indonesia, was selected as the case for this study. Sanur is one of many settlements that construct the City of Denpasar in Bali. It is located in the easternmost part of the city, next to a beach. Originally, the local people worked as farmers, but nowadays tourism sector dominates economic activities. The shift from traditional economic system to a creative-based economy of tourism has transformed the place-identity of the area.

The investigation of the area was started by evaluating the components that construct the place-identity and how those

components have transformed. In this case, urban morphology method was used. By employing urban morphology, the physical components of the case study are analyzed. Firstly, the transformation of the overall layout of the village is investigated. To do so, development plans and their implementation in different timeframes which causes the place to transform are investigated. Maps to carry out morphological analysis were derived from google earth. In order to understand how the case has been transforming, interview data were translated into spatial analysis. This spatial analysis was superimposed to see the pattern of physical transformation. From the document analysis, the physical transformation of the area is revealed. This will be presented in morphological maps and images. On the second stage, the roles of different institutions in the development of the area are also studied. This included analysis of different political systems and decision-making processes from which the logic of space planning in relation to socio-economic and culture could be understood. Furthermore, since the place-identity is also constructed from people's perception, it is also important to appreciate the voices of the people and to look at their creative ways of managing the place-identity. Therefore, in-depth qualitative interview was also conducted.

The morphological analysis is conducted to analyze different actors in different periods of development as well as local perception analysis were compared and related. The results are

grouped into four dimensions of analysis: cosmological transformation, socio-political and economic transformations, spatial and physical transformation, and architectural transformation.

Results

The evaluation on socio-political and physical transformation showed that Sanur has gone through several morphological periods from pre-colonial to post-colonial. In each period, the governance structure has been shifted from one system to another. This has impacted the social, economic, and, in turn, the spatial and physical arrangement of the village which makes its place-identity to transform. Analysis on the four dimensions of transformation shows that the cosmology is the most resistance to change while architecture is the most vulnerable. Paragraphs below show the analysis of transformation of the village.

The pre-colonial period

The majority of the villagers were work as farmers to support their family. Wet rice was the most importance crop not only in Sanur but Bali in general. Wet-rice farming has formed the basic cosmology for the Balinese including the people of Sanur. Water, the main element of the farming activities is important. Therefore, water sources are protected and seen as the source of wealth. In order to protect the sources, the mountains and highlands were respected. These areas are also believed as the residences of the ancestor spirits. On the other hand, areas that are less fertile were less valuable

although are still respected because these locations are believed as the dwelling of impure spirits. With this duality, the people develop a sense of location where they live between the two distinctive locations of highland and sea. In Sanur, rice fields and temples are located on the mountain-ward of the village and areas around the sea was avoided. The locals occupy area in the middle. This cosmological-based lay out was implemented since the pre-colonial until the colonial era when agriculture dominated the cultural landscape of Sanur. The inhabitants defined and associated themselves as farmers and agriculture.

A traditional village governance was responsible in managing the operational of the place. Originally, the village was established by a priest family and their supporters. The supporters were, then, divided into five hamlets. At this level, democratically-elected leader led each hamlet. In higher level, the village, the leader was elected among the priest family members. Although the village leader held the highest position in the local governance system, the hamlet leaders were also important because they were the ears of the top leader. This shows that in the traditional period, the local inhabitants had full control over the area. Independently, they manage all village's rituals, economic activities as well as daily life.

Access to natural resources was also in the hand of local people. This enable them to build the village using local materials such as local wood, stone

derived from the beach. Moreover, local builders also developed regional construction methods. As a result, the village's lay out and the physical components of the area fit with its environment and occupants.

The traditional cosmology, agriculture, local governance system and the physical components formed the place-identity of the area.

The colonial period

In the colonial period, there was a shift in the governance system of Sanur. In the first decade of the 20th century, the island of Bali fell under the control of the Dutch Colonial Government. The traditional way of managing the area of the Island of Bali was impacted by the new system. In order to consolidate the powers of many traditional governments all over the island, the new government formed a centralistic system. The island was managed under one residency led by a formal leader. The main motif of the new government was to get economic benefits from local resources to be sold to international market. Two important features of the colonial city were area with rich natural resources and harbor from which the resources were sent to international market. In this period, Sanur with relatively small agriculture lands offered little opportunity although it is located in close proximity with Denpasar as the City Centre. Therefore, the colonial government paid little attention to this village. This situation, however, open another opportunity. Its close proximity and its traditional life attracted foreigners

to visit and stay. A Belgian born artist, Adrien Le Mayeur, preferred to stay in Sanur than in the city center. Furthermore, some other foreigners also came and stay.

New government system brought little impact to Sanur but economically it had become a tourist destination. People were started to invest in commercial bungalows and homestays. Local people and some foreigners managed these facilities where buildings were designed in traditional architecture. Because the colonial government had little interest, the traditional leaders maintained their domination over political landscape of the area.

The Post-Colonial era

After the independence of Indonesia was declared, Bali joined as one of its provinces. The intention of the newly born government was to introduce the country to international audiences. Tourism was seen as an effective means to fulfil this aim. In order to do so, the central government evaluated the potential of Sanur as it already known by the westerners.

In addition to introducing the new country, the Government of the Republic of Indonesia also would like to show the word that this country is not lagging behind. They believed that employing modern architecture would make Indonesia known as part of the modern world. Moreover, modern architecture was also used to raise the pride of the people of Indonesia who were stigmatized during the colonial period. Furthermore,

this strategy was believed would diminish the feeling of powerlessness.

With its political power, the central government constructed a new hotel in Sanur in 1963 with the hope that it will host hundreds of guests. The guests were hoped to introduce Indonesia to the world after staying in the hotel. International style of modern architecture was the norm at that time and the hotel was designed with it. It was built in a boxy building with white cladding ten floors above the ground. This would invite a massive number of tourists. The building was the tallest structure on the island and its form was strange in the eye of the locals. Following the government strategy, to attract tourists, private investors also built similar facilities but with different styles. Knowing that the markets were craving for authenticity, facilities that were built by these groups of developers employed traditional building styles. They believed that the place-identity of Sanur is the main features that attract tourists and, therefore, should be strengthened instead of being replaced with the newer building styles.

Many hotels, which were designed and built in the early Indonesian independence, were following the path of the early investors. Along the coastline of Sanur, hotels and homestays with traditional styles dominated the cultural landscape. The new style was the antithesis of the government intention to introduce modern building style to develop pride. This shows that the central government and the investors saw place-identity from two different perspectives.

On one hand, the central government would like to employ it as a means of introducing the country as the new modern nation. On the other hand, the investors saw that place-identity could be employed as income generators.

Although the locals praised the new government strategy and the investor's effort to provide new economic activities, they locals felt that both could impact their place-identity. New actors potentially outweighed the roles of local people in maintaining their area. Manuel Castells argues that when a group people under the domination of another, they may consolidate their power to build trenches and protect their identity (Castells, 2009). In 1964, the people of Sanur established a new foundation named '*Yayasan Pembangunan Sanur*' or the Sanur Development Foundation. The locals would like to play important roles in the development of the areas so that they voice could be heard by both the government and the investors. Moreover, the locals also would like to develop businesses so that they could enjoy the benefits of the attractiveness of their place-identity. Supplying raw food materials for hotels and restaurants, providing laundry services, opening school specializing in tourism management, and establishing micro finance for the locals were among the early activities of the foundation. In addition, nowadays, the foundation also manages some hotels and villas. However, managing the overall landscape of the village, including physical component and activities accommodated by it, is the

strongest role they played. Therefore, the *Yayasan Pembangunan Sanur* has anticipated the domination top down decision-making process that may impact their life.

Today, all planning schemes and building permits will only be getting approval after being reviewed by the *Yayasan Pembangunan Sanur*. This does not mean that they hold full control over the development of the area. Their role is to ensure that any new development and activity will not offend or obstruct the place-identity of the area. The role of *Yayasan Pembangunan Sanur* is to coordinate the needs and intentions of different actors in the development of the Area.

Contemporary period

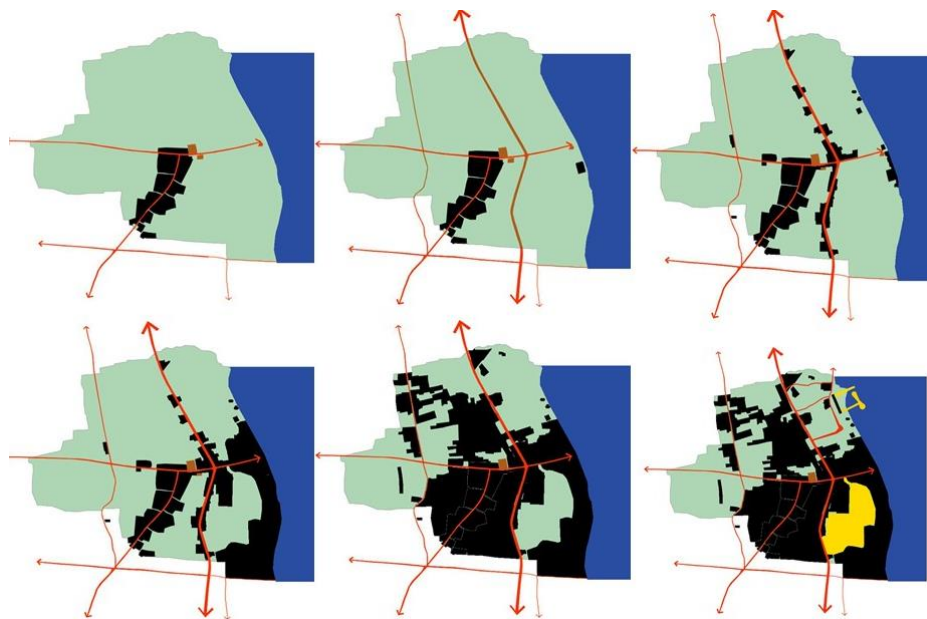
The success of Sanur in maintaining their place-identity continues. Areas on the beach keep attracting tourists and also investors. Investments grow at a neck-racking pace. One could not find any place along the beach without tourism activities. Hotels, restaurants, villas and other leisure facilities occupied the coastline. Working on tourism industry is also offering better income if it is compared with being a farmer. Agriculture no longer attractive and, therefore, is declining. This has influencing job market where young generations are leaving agriculture to work on leisure industry. Not only local people, tourism industry also attracts workers from other places, creates the phenomenon of urbanization. Tourism industry necessitates large amount of land

to build facilities as well as housing for their worker. This leads to spatial transformation.

The beach is transforming from an avoided place with little economic values to the most attractive area. The government, investors, and the locals alike nowadays favor the beach. Therefore, its value is increasing. Therefore, the price of lands close to the beach is higher than the

agricultural site. Ruled by land market, the spatial arrangement of Sanur shows a division between three different groups. The first group is the traditional people who occupied the traditional part of the area. The second group is the investors who control lands that offer economic value in relation to tourism business and the third group is the migrants who get the benefit from the declining attraction of agriculture.

Figure 1. Morphological change of Sanur in different development periods. Black areas show the built-form while green and blue signify rice fields and sea respectively



Source: Author

This situation is different from the pre-colonial period when cosmology ruled division of land.

However, the locals maintain them believe that cosmology is important and should still be used as a guidance in maintaining and managing the area. Although the landscape has changed, the locals maintain the ritual that is based on

cosmology. In physical arrangement, the locals maintain and sustain the traditional part of the area based on cosmology. Traditional village arrangement is preserved where the temple is still seen as the most sacred and respected part of it. At smaller scale, the building height is limited not be higher than 15 meters.

Traditional architecture implementation is encouraged.

The spatial transformation of the area in different time-frame could be seen from Figure 1. Six images show how Sanur has grown from a small traditional village based on agriculture into a large area containing many economic activities

where tourism is the most important feature.

The spatial transformation of Sanur is shaped by the transformation of power struggles among different actors. Table 1 shows the shift in the governance system of Sanur and its socio-political impacts on the place.

Table 1. Shift Governance System

Governance system-economic means	Stakeholders/actors	Decision making process
Pre-colonial Village republic-agriculture	Traditional society; Traditional Village's governance	Semi-democratic led by village leaders
Colonial Centralistic government focusing on trading	Colonial government; Individual entrepreneur (small scale); Traditional society; Traditional Village's governance	Top down
Post-colonial Centralistic government focusing on national political agenda - tourism	National government in national, provincial and municipal level; Private entrepreneur; Traditional society; Traditional Village's governance, <i>Yayasan Pembangunan Sanur</i>	Top down at national level
Contemporary De-centralistic government - tourism	National government in national, provincial and municipal level; Private entrepreneur; International investors; Traditional society; Traditional Village's governance, <i>Yayasan Pembangunan Sanur</i>	Top down at municipal level and bottom up by the democratic process at village level

Source: Author

Conclusion and future works

A place is both a product and a process. It is shaped by power struggles and as a product it also shapes the power struggles that construct the place. Given that the interaction between people and place contains evaluative instruments, cities have changed and will continue to change. Immediate and large-scale change imposed from outside may heighten fear and anxiety because the society has

limited power to manage and control it. Lack of access to the decision-making process might also lead to a feeling of being socially excluded because the goal of contributing to managing change is not always being accommodated. In this situation, willingness to participate in developing the city may decline (Madanipour, 2013), leading to a weakening sense of attachment and sense of belonging, two essential features of place-identity.

Nowadays, economic themes have transformed many places in the world. Sanur is also experiencing similar trend where focus on financial benefits have influenced the place-identity of the area that is rooted in tradition that an active process of transmission, interpretation, negotiation and adaptation of vernacular skills, knowledge and experiences and, to be' socially accepted, it is often commented on and even criticized. Thus, it is continuously renegotiated. The negotiation is often becoming they key to tradition to survive. This paper shows that the local people of Sanur is also renegotiated their tradition in order to maintain the place-identity of the area and embrace new opportunity brought by tourism.

The place-identity dynamics of Sanur shows that the involvement of local actors is significant. The local actors succeed in consolidating their power in order to have significant role to participate in development. Thus, they neither feel insecure nor powerless. Furthermore, they roles also maintain the place-identity of the area and sustain the sense of authenticity that attracts tourists and investors. Therefore, the place-identity of the area continues inviting visitors and investors, ensures its economic values.

This research is based on multi actor involvement in the construction of place-identity dynamics. It revealed that the participation of the locals is important. However, this paper has some limitation. The first limitation is its sample that is only one area and this area. It needs to be

tested in other areas with different socio-cultural background to see if the actor involvement framework could be generalized. Furthermore, in local level, the role of the locals in maintaining agricultural lands should also be studied. This is important because agriculture is acknowledged as the original *raison d'être* of the area. This will reinforce the sense of rootedness that support the strength of the place-identity of the area.

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The Predatory State and Radical Politics: The Case of the Philippines

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Abstract

This paper examines why the radical approach to politics of President Rodrigo Duterte, halfway into his term, has not overcome the predatory nature of the Philippine state. The predatory nature of the state implies that politics in the country is still defined by vested interests. The struggle of the Filipino is largely due to the structural nature of the injustices suffered by the country. Duterte's brand of politics is antagonistic. The president is a polarizing figure. Despite the declaration that he will punish corrupt officials, traditional politicians and elite clans continue to rule the land with impunity. The country's political ills are actually systemic. Elitism is rooted in colonial history that is perpetuated by an inept bureaucracy. It will be argued that the strong resolve and charisma of a leader is inadequate to remedy the troubles in fledgling democracies such as the Philippines.

Key words: *predatory state, elite democracy, radical politics, President Duterte*

Introduction

What is the fundamental task of every Filipino president? There can only be one answer – to change the political landscape in Philippine society. In order to do so, Filipinos have to become mature in terms of their choices. Yet, it is wrong to blame them for their situation. The problems of the Philippine state are structural in character. Political overlords control the lives of the people and manipulate political exercises to perpetuate themselves into power. As a result, millions have not escaped the poverty trap and continue to suffer from the discomfort of an inept bureaucracy. In

2016, Rodrigo Duterte was elected by an overwhelming majority of the electorate hoping that the radical approach of the tough-talking politician will alter the fortunes of the Filipino people. In this new study, the author uses the interpretive method in textual analysis, using texts and materials culled from various sources, including books, recent newspaper articles, and scholarly works on the subject matter at hand.

Democratic Paralysis in the Predatory State

John Sidel's *Capital, Coercion, and Crime: Bossism in the Philippines* explains

that bossism is the “interlocking and multitier directorate of bosses who use their control over the state apparatus to exploit the archipelago’s human and natural resources.” (Sidel, 1999) The roots of bossism in the Philippines can be traced to the American period. The Western colonizers put the coercive and extractive power of the state into the hands of the traditional ruling class. Elected officials, untrained in the sophistication of democratic governance, found at their absolute disposal the opportunity to manipulate the affairs of the state. The systemic exploitation of the Filipino was entrenched in the politics practiced in the country. The landed class enforced the monopolization of enterprises. Bureaucrats became tools of corrupt rule. This is apparent in provinces and cities that are dominated by political dynasties. The Philippine state even after the People Power Revolt of 1986 is a paralyzed form of democracy that has been subordinated to the vested interests of traditional politicians and corporate masters.

Since the time of President Manuel L. Quezon, the traditional politician remains to be the boss in Philippine society. Bosses, Sidel (1999) argues, “are predatory power brokers who achieve monopolistic control over both human and economic resources within given territorial jurisdictions or bailiwicks.” Business interests and the politics of money mix up in the Philippines. The businessman, who often monopolizes the trading of goods of a locality controlled by a few, finances the politician because the former expects the latter to protect his

profit-making ventures. This scheme is mutually beneficial for both but is dangerous to the basic welfare of the people. Nathan Quimpo (2005) thinks that “bossism reflects a common conjuncture in state formation and capitalist development: the superimposition of the trappings of formal electoral democracy upon a state apparatus at an early stage of capital accumulation.” State formation in the Philippines is the conspiracy between two evil masterminds: the traditional politician and the oligarchs who continue to subjugate, abuse and ultimately exploit the Filipino to the hilt.

Predation in the Philippine state is about the use of machinations to control the population. Understanding the political consciousness of the poor matters in this regard. But one cannot blame the masses. The poor have been forced into circumstances that influence the way they think about and choose a candidate. This explains why the masses still elect corrupt politicians. The traditional politician has successfully portrayed that for the *masa* (people), it does not really matter who rules them. This fatalistic attitude is a consequence of latent as well as obvious forms of maneuvering from the barangay up to the provincial level. Party bosses hire starlets and celebrities, transforming election campaigns into entertainment shows and public spectacles. At the root cause of it all is the politics of money.

In Sidel’s theory, the state is a Mafia-like enterprise that exploits with impunity the natural and human resource of a political jurisdiction. The predatory

state feeds on the weaknesses of the poor, many of whom lack formal education. Having no decent means of living, the poor succumbs to dependency. Political leaders organize the poor in urban centers as well as in rural areas into groups. Leaders sell their votes wholesale. Folks are made to attend fake seminars and mass rallies. Even senior citizens are paid to distribute election materials. The poor see this as means to make money during elections. The electorate will ignore candidates who do not provide them with food packs or cash. In the end, the damage that a predatory state makes is irreparable. The people are used as means to perpetrate a systemic exploitation that is seemingly legitimized by dirty electoral exercises. The politics of money paralyzes democracy by influencing the outcomes of elections.

Quimpo (2009) explains that in a predatory regime, “clientelism and patronage give way to pervasive corruption, a systematic plunder of government resources and the rapid corrosion of public institutions into tools for predation.” Public officials only approve business applications after they are bribed with shares of stocks. Corrupt politicians also have a say on who must get the licenses in legal gambling like the Small-Town Lottery. Developers of subdivisions are forced to give *padanlug* (grease money) to have their land conversion requests approved. In addition, there are politicians who are engaged in smuggling and drug trafficking. The individuals who conspire in these evil schemes – businessmen, local

police, and public officials – divide the loot. They do not only paralyze the bureaucracy; their wicked ways also destroy the future of the nation.

Culture and context will always matter. (Paredes, 2002) For example, the value of “utang na loob” (debt of gratitude) is negative when applied in the political arena. According to Oona Thommes Paredes (2002), “in the case of the Philippines, it is clear that certain cultural factors configure social and political relations between bosses and their supporters, as well as within a given network of bosses.” People see their political overlords as their first resort when they need money during town celebrations, weddings, or baptism. In return, their sense of gratitude will translate into votes. Paredes (2002) says that for Sidel, “electoral democracy and bossism go hand-in-hand.” For this reason, the reality of bossism is inevitable in impoverished societies like the Philippines. Since the electorate is conditioned to think that they owe something to the traditional politician, the latter thinks that the people are no longer entitled to anything. The boss dictates not only the rules of the game but also the outcomes of the lives of the people.

Sidel’s analysis is important in understanding the type of leadership that usurps the state. The failure of any government to protect the welfare of its citizens may be due to the incompetence of technocrats but the root of the problem is dynastic rule. In the Philippines, 169 or 84% of the 200 elected members of

Congress belong to pre-1972 ruling families. (Tadem & Tadem, 2016) Senator Manny Pacquiao, a Filipino boxing hero, thinks that “too much democracy is bad for the Philippines” (Elemia, 2019). Pacquiao, who is also building his own dynastic rule in Sarangani Province, has the highest number of recorded absences in the Senate (Talabong, 2019). The effect of dynasties is apparent – persistent poverty. The monopoly of power means that people do not have the means to voice out concerns. As a result, the interest of the public is not attended to by their government officials. By limiting the field of candidates to a few, dominant family, national progress stagnates. But the bosses – mayors, governors, including the president – become richer.

President Duterte is a polarizing figure. His brand of politics is disruptive. But to put things into context, it is important to revisit the real reason why Filipinos put Duterte in Malacañang. D. S. Panarina presents a positive view on the Philippine president. Panarina (2017) observes that “Duterte made a strategic decision to start his domestic policy with reestablishment of law and order using rather authoritarian and militaristic methods, but at the same time rapidly earned him the abovementioned trust of ordinary people.” Duterte does not seem to mind the opinion of the West against him. A realist by heart, Duterte’s pivot to China and Russia presumably is for the sake of national interest, arguing that the US is meddling over his domestic policies, especially his war on drugs. Panarina (2017) believes that despite the president’s

“lack of diplomacy, Duterte clearly comprehends the biggest dangers for his nation (potential or existing) and acts accordingly.” In fact, Duterte’s timid yet realist position on the West Philippine Sea issue is simply misunderstood. While some accuse him of selling the country off to China, the president is clear in saying that he only wants to protect national interest by not instigating any potential military conflict against China.

That Duterte is an autocrat is debatable, but what seems clear is that he has the tendency to ignore public morals. To his critics, he sometimes speaks like a thug (Wood, 2017). Indeed, in his three years in office, critics and admirers alike would remember his rape joke, his cursing of Pope Francis and President Barack Obama, and above all else, his decision to allow the burial of the late strongman Ferdinand Marcos at the *Libingan ng mga Bayani*. The burial happened at early dawn. It was a strategy that caught his critics by surprise. But as of the moment, protests on Duterte’s decision has since subsided. But while the president is projected negatively, he has also achieved unique accomplishments through his maverick ways. Duterte solved the “laglag bala” racket at the Ninoy Aquino International Airport, he made Lucio Tan’s Philippine Airlines pay its seven billion-peso debt, and the Bangsamoro Organic Law (BOL) was passed by both houses of Congress and ratified in a referendum.

The Pejorative Term “Buang”

Senator Ronald dela Rosa, who led Duterte’s “War on Drugs” then as head of the Philippine National Police, was criticized for describing the death of Kyla Ulpina, a three-year old girl killed in a drug operation as “collateral damage” (Aurelio, 2019). Police operatives alleged that the girl was used by his father as a shield, although the report of Human Rights Watch (HRW) indicates that the latter was actually unarmed. The human rights group said that the girl is a victim of Duterte’s drug war (Conde, 2019). The excessive use of force is the object of criticism. When Duterte mentioned that he will protect law enforcers from legal suits emanating from anti-drug operations, critics said it gave the police a feeling of impunity. When the “right to due process” was raised by the Catholic Church and the country’s constitutionally independent Human Rights Commission, Duterte rebuffed his critics, saying that “your concern is human rights, mine is human lives” (Villamor, 2018). Critics were alarmed that murder has become a national policy. The problem of the president’s statement is that human rights and human life are not mutually exclusive. To protect human lives, one needs to value human rights.

But one needs to ask, what is the reason for the huge support for Duterte’s violent anti-drug war? Arguably, it lies in the prejudice against drug pushers and drug users. Drug addicts, in the mind of the Philippine president, is “buang” (crazy). Calling a person “buang” is

reflective of the kind of bias that is still prevalent in Philippine society. Someone who is “buang” is not only an irrational man. The same is also considered as undesirable in society. This prejudice might have come from the fact that there are insane persons roaming the streets, the ones called “taong grasa”. They have been abandoned by their families and are left to scavenge for any leftover in garbage bins. This reminds us of the politics of exclusion, in which the bad elements of society are to be separated from the good ones. Duterte characteristically portrayed the drug addict and drug dealer as vicious villains. For the president, both should be punished. Steffen Jensen and Karl Hapal (2018) in researching their paper, interviewed a law enforcement officer who put it this way: “The people we put down are not people anymore. They are demons that need to be removed from the face of the earth. We the police are like angels that battle those demons. We know what is right and we know that what those criminals do is not right.”

According to HRW, the Philippine Drug Enforcement Agency (PDEA) has recorded 4,948 deaths of suspected drug users and pushers in police operations since July 1, 2016 up to September 30, 2018. The same report indicates that 22,983 such deaths have been classified as homicides under investigation (Human Rights Watch, 2019). Some critics say that Duterte only targets small drug dealers, although during the Senatorial Debate, then candidate Dela Rosa fired back at critics in defense of the president saying that police anti-drug operations have

neutralized 'big fishes' like the Parojinogs of Ozamiz City and Albuera Mayor Rolando Espinosa, the father of the suspected drug lord Kerwin Espinosa. However, in a survey conducted by the Social Weather Stations in December 2018, it was shown that 78% of the public are worried about extra-judicial killings. In the same survey, 50% of the victims of summary executions in the country belong to poor households. Only 3% come from wealthy families (Rappler, 2019). However, the Filipino public has not shown any massive indignation against the president's war on drugs. Even the members of the clergy are divided. Daniel Franklin Pilario (2017) says that it is because "the official political machine officially extols the success of the anti-drug project." Beyond this observation, however, is the feeling that the war on drugs has made many communities safe from criminal elements.

Duterte's mystique was reinforced when he met with the alleged drug kingpin Peter Lim of Cebu City. The president has warned that he would kill the Chinese businessman. So far, that has not happened. For some critics, Duterte's war on drugs is morally troubling. They argue that it is an extermination program (Esmaguél, 2017). Violence is at the heart of this anti-drug campaign. For three years, scores of drug suspects have been killed and then marked with a cardboard, "Wag Tularan" (Do not follow). The context is clear. It warns the public to keep themselves away from illegal drugs. Critics contend that Duterte's radical approach revolves around a world of

crime and punishment. For historian Vicente Rafael (2016), the president's violent ways are nothing but a manifestation of a principle of vengeance. He writes that "for Duterte and the rest like him, justice means revenge." Rafael argues that the president is using his campaign against criminality as an excuse for his dictatorial infatuations.

Randy David (2016) says that such phenomenon of blind obedience and ultra-fanaticism is "pure theater – a sensual experience rather than the rational application of ideas to society's problems." David says that Duterte is using the coercive power of the state against his dissenters. The sociologist thinks that Duterte is the "incarnation of a style of governance enabled by the public's faith in the capacity of a tough-talking, willful, and unorthodox leader to carry out drastic actions to solve the nation's persistent problems" (David, 2017). He calls such phenomenon, "Dutertismo". Benjiemen Labastin (2018) explains that the idea "could be read as a prophetic warning to remind the people not to be trapped again with the sweet promises of authoritarianism as an easy path to solve the country's woes." David believes that Duterte's type of governance is nothing short of a demagoguery. Labastin says that for David, the president is subverting the sovereignty of the Filipino people (West Philippine Sea issue) and bastardizing its democratic processes (right to due process of drug suspects), suggesting that such an attitude is a characteristic of leaders who pay no respect to the rule of law.

The paralysis of state and society in the Philippines is manifest in the deaths of thousands in the war on drugs. It is no secret that the violent means employed by the state through law enforcers have resulted in the murder of innocent lives. The reason is simple. Police operatives are human beings who make mistakes. They can also be abusive and so by giving them the absolute blanket of authority to kill every drug suspect, such an approach will have far reaching implications that can destroy Filipino families. Duterte, in this sense, is not only ruining Philippine democracy, but is also obliterating the future of children whose parents have not been given the chance to reform. The death of thousands is a disturbing reality. In this regard, critics contend that the president is a danger to Philippine society (Panarina, 2017).

Politics as Usual: The Corrupt Ways of Post-Colonial Philippines

According to Michael Cullinane (2003), "bureaucrats who were appointed to implement the new laws more often than not abused them." The ilustrados aggrandized themselves. Moreover, the same cabals impoverished the Filipino people. The incompetent brand of service rendered to the people would be carried over decades thereafter. At the heart of the ilustrado rule is centralized governance. The Spanish authorities instituted a system to administer the islands more effectively, although the main motive of the friars were land and the subjugation of the local population. When Spain left the country, the Americans maintained the

system and distributed the resources in the country to the elites in Manila. Since the provincial elites were beholden to the national leadership and the oligarchs in the capital, the American imperialists knew that all they had to do was keep close ties with the ruling class in Manila.

Paul Hutchcroft and Joel Rocamora (2003) explains that "the logic of Philippine politics became driven to a considerable extent by the politics of patronage and the division of the spoils among the elite and the expansion of the quantity of spoils available to the elite as a whole." The EDSA People Power failed to emancipate the Filipino from oligarchic rule. The elites used their status to influence policy. Post-EDSA II governments promised to serve the Filipino under the pretext of moral reform, but the predatory culture of corruption continued to stifle progress and governance. The elites in the provinces too wielded great power and influence. The Philippine state had no real means to control them. Instead, national leaders used local dynasts to perpetuate their positions. In return, the bosses in the poor provinces persisted in their greedy and corrupt ways. While relative economic growth was achieved during past administrations after EDSA II, this has not trickled down to poor households.

The ascent of Duterte to power can be attributed to the discontent of the Filipino. Duterte succeeded in projecting himself as the right candidate for the job by building that image of an alternative to a lousy leadership. But Duterte is not

someone who can be exempted from the predatory nature of the Philippine state. While Davao City can be showcased as a success story, this success is not about good governance, but the kind of discipline imposed on the people. It is the personality of Duterte, more than his principle of governance, which charmed the Filipino electorate. This makes manifest what Patricio Abinales and Donna Amoroso (2005) calls “the slide of Philippine society from institutionalism into pure politics.”

Elite democracy only privileges the few. Its rent-seeking ways only benefit those at the top. In such kind of politics, extraction and exclusion characterize the system. The Filipino, as a result, finds himself serving two overlords – Chinese-Filipino tycoons and dynasts. Chinese migrants effectively integrated themselves into Philippine society. While they were unable to do so in Malaysia or Indonesia, it was a different case for the Philippines (Kusaka, 2017). Filipinos of Chinese descent control 60% of the non-land capital in the Philippines. Chinese tycoons own the biggest banks, manufacturing firms, and malls. They have shares in infrastructure, mining, and in utility firms. A rising oligarch, Dennis Uy is of Chinese-Filipino blood. Injap Sia, an emerging tycoon who at a very young age became a billionaire, is also of Chinese descent. This is not to diminish the huge contribution of Chinese Filipinos to the development of the country. What we this claim intends to show is that opportunities have been scarce for the ordinary Filipino but not for those who live in gated communities.

The silencing of the voices from the margins, including the media, the perpetuation of a neo-colonial regime, and the presence of a semi-feudal socio-economic order, reveal the predatory nature of the Philippine state. The real problem of politics in the Philippines is that it has been reduced into the pursuit of personal interests. President Benigno Aquino III campaigned on the promise that he would reform Philippine society by running after corrupt government officials. Yet, as his administration started its mission, it has become clear that he was only interested in prosecuting President Gloria Macapagal Arroyo. Aquino’s government was also embroiled in many controversies, the most prominent of which was the Development Acceleration Program (DAP) where then Budget Secretary Florencio Abad was accused of re-aligning surplus funds from the national budget into discretionary projects without the proper authorization from Congress as mandated by the Philippine Constitution.

Three years into the Duterte presidency, it seems that it is “politics as usual” for corrupt politicians. Duterte understands what power means. For this reason, he has to make alliances with dynasts and the traditional politicians in pursuit of all his agenda. The senatorial elections of 2019 proved that the president still has that charm, although some in the political opposition would like to insinuate that the exercise was rigged. Clearly, the election of his Special Assistant Christopher Lawrence “Bong” Go is a testament of the high trust and

confidence of the majority of the people on President Duterte. The Liberal Party's slate of senatorial candidates known as "Otso Diretso" that included the incumbent Senator Bam Aquino and former Department of the Interior and Local Government Secretary Mar Roxas, all lost in the election. The midterm election was simply a vote of confidence for Duterte.

The LP slate represented the elite. But the defeat of "Otso Diretso" does not also mean the defeat of the ilustrado class. In fact, many of the candidates who won in the 2019 midterm election are political butterflies or turncoats. The majority of the congressmen and senators who are now allied with Duterte formerly belonged to the Liberal Party. For obvious reasons, politicians change loyalties for political expediency. So, despite the strong pronouncement of the president against corruption, it still widespread. Indeed, traditional politicians have positioned themselves since time immemorial with the ruling party to secure their place in the hierarchy and the necessary funding for pet their projects. Infrastructure projects are a potential source of kickbacks that range from 10 to 30 per cent. As a consequence, it is the people who suffer. In fact, it can be said that Duterte has not dismantled elite rule in the country.

The reason why the predatory nature of the Philippine state remains is apparent. Corruption in the country is systemic. Unless the people mature in politics, there is no way to overhaul the elitist nature of Philippine democracy. The

cycle continues because no single man can reform this system. Duterte himself knows that he has to play his cards well and dance with the wolves if he wants his agenda to push through. Change does not happen overnight, not even after three years. The political machine has embedded itself and the traditional ways of politics have penetrated the deepest roots of Philippine society like a cancer. While roads and bridges have been built in the countryside, poor houses occupy the landscape. Without jobs, there is no way for the Filipino to overcome his situation. Politicians give people a reason to hope, but it is our choice of principles that would matter in the end. The traditional politician has none.

Moral Politics and the Radical President

Agonistic politics is grounded in the idea of struggle. Society is not a homogenous set of identities. Antonio Gramsci's constructivist view of the world tells us that human society has no intrinsic nature. What becomes of society is a product of hegemonic relations. This is the case for the Philippines. For instance, the ownership of vast landholdings by the ruling class during the colonial period defined the economic as well as the social landscape of the country. There remains to be hierarchical differences that influence how citizens relate to each other politically. In fact, it is the case to this day. As such, after Duterte won, big businessmen from Manila came to see him at his temporary office in Davao. They all wanted a big part of the action. But more than anything else, they simply needed

assurance and security for their businesses.

The thing that people call consensus is no more than an ordering of power. Prior to Duterte, those in the capital dictated what was to become of the country. The idea of dialogue is nothing but a disguise for the selfish motives of the powerful. The anti-establishment strategy that Duterte employs is a type of antagonism. This type of conflict comes in various forms – Manila versus Mindanao, the educated versus the unschooled, the rich versus the *masa* (people) (Kusaka, 2017). This is even clear in the reaction of Mayor Sara Duterte, the president's daughter, when she reacted against the use of the song "Manila" during the Opening Ceremony of the 2019 SEAGAMES. Yet. It can be said that Duterte's rule is not defined by class struggle. It is more of a disruptive type of politics that uses to the fullest extent the divisive situations of people in order to control the state and its political machinery.

The daily life of the people cannot be separated from the dimension of their communitarian soul. Nation-building as the slow unfolding of history in political movements is something that the atomism of most liberals has never paid attention to. Radical democracy maintains that the political cannot be limited to rational discourse because doing so is to tie politics to the narrow limits of logic and explanation (Mouffe, 1995). Indeed, the notion of identity cannot be established without the reality of difference. Any form

of rational consensus ignores the value of passion in the political. Indeed, the normal way of doing things will not work in a society like the Philippines where the situation is abnormal. The clamor for someone who is strong, even this leader will bypass legal processes, becomes inevitable.

Thus, with his aggressive and adversarial style of leadership, Duterte may have inaugurated radical democracy in the country. The moral vision of politics in the Third World is that ideal of establishing an egalitarian society. There is a true concern for the equal rights of the poor and the disadvantaged who have been perpetually oppressed. The reason for every desire for radical reform is that social inequalities are unjustified. Duterte has always considered himself a progressive. He has endured having embraced this principle, even with all the political divergences, many breaking points, and splits in the country after EDSA I. But as a "contested democracy", to use Quimpo's term, Duterte's style is of course subject to the judgment of history. It must not be forgotten that the kind of society Filipinos have is not a matter of fate but a conscious act on the part of their bosses to exploit the powerless.

In modern democracies, it is unexpected for a provincial politician to seize power from the ruling class of traditional political families. Duterte is the product of a society that has failed on its democratic experiments, the latest of which was grounded on Aquino's moral recovery model of reform. Even the

development-oriented model of President Arroyo did not work in the country. Arroyo's corruption plagued administration gave legitimacy to someone who represents change. President Aquino became that person when his mother, the former president, died. The second Aquino administration began with a great promise, only to suffer from the same malady the Arroyo administration had. While President Aquino may not be corrupt, he was not emulated by his fellow politicians as an example. Aquino was a weak leader. But this weakness, it can be presumed, is not just a personality thing. It bespeaks of the lack of concern of the ruling elite beyond their own kind.

It appears that most Filipinos are not against shortcuts if the same can bring actual results and immediate benefits. The only problem is that the masses look up to their idols like some kind of a demi-god who will solve their problems. Moral development, in this respect, is farthest from the mind of the electorate. What brings a poor man to City Hall is not the desire to live the good life. Rather, it is about his daily survival, the problem that he is embroiled in, and that hope that the politician-patron will be able to give him money to free him from his troubles. A poor man is not in search of virtue when it all comes to politics. He is looking for attention from the politician who is also a caring father figure, one who is expected to provide solutions to impossible problems. Technical expertise may be crucial to the success of the state, but the most immediate concern of the poor

Filipino is really the way out of his desperate situation.

The above attitude is ingrained in Filipino political culture. Politics has become some form of ritual for people wherein they worship their political idol. Duterte is a political paradox. Many of his critics say that he is no more than a dictator who use his colorful language to hide his true motives and ambitions of power. It is possible, for instance, that his daughter will run in the 2022 presidential elections given the weakness and lack of unity of his political opponents. But to his supporters, Duterte's maverick ways can help a society find the means and measures to achieve change. While the antagonistic nature of his politics will require people to go beyond the limits of rational discourse, Duterte thinks that a politician must distinguish his politics from morality to realize the meaning of the common good. Liberalism provides a straight path in achieving the ideals of democracy through discussion and dialogue. But the dynamics in Philippine society, given the hegemonic relations rooted in an oppressive colonial past, leads one to think that Duterte's radical kind of leadership is necessary.

Limiting politics to the binaries of morality misses the important aspect of decision making which is crucial in realizing change. This should not mean that people must reject morality. It only means that citizens have to make the distinction when it comes to the political. For Carl Schmitt, politics refers to institutions designed to govern society.

The political, on the other hand, is about relations of power. Indeed, it is argued that the concept of a perfect consensus is an illusion. The same is utopian and unrealistic. Despite the criticisms, Duterte is using well the card of hegemony to his advantage. This is not to suggest that he has the wrong motives in doing so. But what is obvious is that he has been able to consolidate his powers to protect himself from any threat from those who may have plans to challenge his position, including the military.

Radical politics may characterize the situation of the Filipino's post-colonial struggle. But the ordinary Filipino still finds himself voiceless in the affairs of the state. This colonial legacy appears to give some semblance of legitimacy to Duterte's radical leadership. But the death of elitism is temporary and the reason is often obvious. Duterte has not implemented principle-based reforms to change the socio-political establishment. In fact, the president is aware that the same cabals in Congress are still there. He has to depend on the normal state of things in order to pursue his agenda. The president also knows that he has to deal with the oligarchy and the traditional elites in Philippine society. There's the rub.

Conclusion

The history of the Filipino people is generally presented through the eyes of Manila. Such shatters the voices in the margins of Philippine society. The radical approach of Duterte is no less than his way of challenging the *status quo*. Duterte as a father-figure knows how important it

is for him to bring out the agenda of the masses. On the other hand, as the boss he also realizes the pragmatic reality of Philippine politics. The only way forward, in this regard, is for the president to have the radical resolve to face the problems that bedevil the nation. The norm is for an elected leader to conform to tradition and protocol that befit the highest position of the land. But Duterte shows that in his case, it is the other way around. The weakness of Philippine institutions manifests the political and moral divide in society. Institutional decisions are based on the choices made by people in authority in whom the electorate entrust political power. As such, it matters how people choose their leaders. People should play a part in the formulation of policies that are to affect their situation. It is beyond question that the development of modern nations draws from the principles of democratic governance because political maturity and economic progress must go together. The political will of Duterte is a good thing, but the Filipino people must also embrace the virtues of democratic governance and the rule of law if the country must escape from the ills of the past. The Filipino people cannot just rely on outside help because in the first place, it is foreign rule that has bedeviled this society and cemented the latent and obvious moral and hegemonic divide among its people. Filipinos must face their most pressing political problem – the absolute dismantling of a predatory state. The way forward is to overhaul a corrupt system and empower a people who have been deprived of their rights. Nothing replaces institutional reforms

that are truly grounded in democratic principles.

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