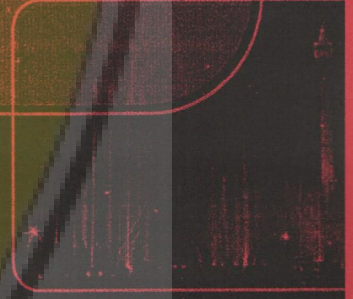
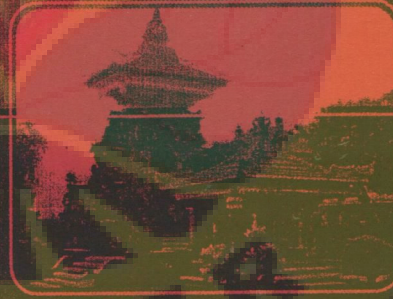
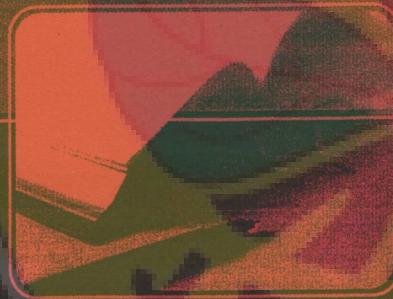


ICSSEA 2011



Proceeding Of The International Conference on Social Science, Economics and Art (ICSSEA) 2011

Cutting Edge Sciences For Future Sustainability
Hotel Equatorial Bangi-Putrajaya, Malaysia, 14-15 January 2011

Main Sponsor

**Indonesian Embassy
Kuala Lumpur, Malaysia**



Organizer

**Indonesian Students Association
Universiti Kebangsaan Malaysia**

Foreword

We are very pleased to welcome all delegates to the International Conference on Social Science, Economics and Art (ICSSEA) 2011 in Malaysia.

This conference is part of the International Scientific Conference 2011 (ISC 2011), which is the 6th annual conference organized by the Indonesian Students Association (Persatuan Pelajar Indonesia, PPI) Universiti Kebangsaan Malaysia. The ICSSEA 2011 provides a mean for academicians, researchers and professionals to present and exchange their research findings in a scientific environment. It also useful to build a basis for establishing networks among them. The conference theme, "Cutting Edge Sciences for Future Sustainability", will highlight on research topics that cover every all fields of social sciences.

The number of paper submissions was tremendous. We received a total of 111 submissions with around 70% of them were from 13 countries outside Malaysia such as Indonesia, Iran, Korea, India, Bangladesh, Australia, Pakistan, Qatar, United States, Japan, Jordan, Philippines and United Kingdom. Following the reviews and recommendations from the paper reviewers, a number of 60 high quality papers have been accepted for oral presentation or, in other words, about 40% of the submissions have been rejected. We are also pleased to inform that all registered papers are being evaluated by the Editor of Journal of Asian Society for International Relations and Public Affairs (JASIRPA) and submitted to the Conference Proceedings Citation Index (ISI Thomson Reuters), CiteSeerX and Google Scholar for indexing.

We would like to express our high appreciation and best gratitude to the keynote speaker, Education Attache Indonesian Embassy Kuala Lumpur, Pusat Perkembangan Pelajar Universiti Kebangsaan Malaysia, members of advisory committee and reviewers for their support in this conference, and members of organizing committee for their excellent job in organizing and conducting this international event. Finally, we would like also to thank all delegates for attending ICSSEA2011 and we wish you all to take the utmost benefits from this conference.

Slamet Riyadi

Chairman of ICSSEA 2011

Nabil Ahmad Fauzi

President of PPI UKM

Advisory Committee

Prof. Dr. Kenneth M. George	University of Wisconsin-Madison (USA)
Assist. Prof. Dr. Ahmad Syamil	Arkansas State University (USA)
Assist. Prof. Dr. Etin Anwar	Hobart and William Smith Colleges (USA)
Dr. Viren Swami	University of Westminster, London (UK)
Prof. Dr. Vladimir I. Braginsky	University of London (UK)
Prof. Dr. Brij V. Lal	Australian National University (Australia)
Dr. Iwu Dwisetyani Utomo	Australian National University (Australia)
Assoc. Prof. Dr. Ariel Heryanto	Australian National University (Australia)
Prof. Dr. S. Ghon Rhee	Sung Kyun Kwan University Business School (Korea)
Prof. Dr. N. Rajendran	Bharathidasan University (India)
Prof. Dr. Hsin-Huang Michael Hsiao	Academia Sinica (Taiwan)
Prof. Dr. Rommel C. Banlaoi	Philippine Institute for Peace, Violence, and Terrorism Research (Philippine)
Prof. Dr. Jimly Asshiddiqie S.H., M.H.	Universitas Indonesia (Indonesia)
Prof. Dr. Hikmahanto Juwana S.H., LL.M	Universitas Indonesia (Indonesia)
Prof. Dr. Ali Nina Liche Seniati, M.Si.	Universitas Indonesia (Indonesia)
Dr. Zulkifliemansyah	Universitas Indonesia (Indonesia)
Prof. Dr. Koentjoro	Universitas Gadjah Mada (Indonesia)
Dr. Wahyudi Kumorotomo	Universitas Gadjah Mada (Indonesia)
Dr. Riwanto Tirtosudarmo	Lembaga Ilmu Pengetahuan Indonesia
Prof. Dr. Mohd Safar Hasim	Universiti Kebangsaan Malaysia (Malaysia)
Assoc. Prof. Dr. Mohd Kamarulnizam Abdullah	Universiti Kebangsaan Malaysia (Malaysia)
Dr. Md (Muhammad) Anowar Zahid	Universiti Kebangsaan Malaysia (Malaysia)
Dr. Ali Salman	Universiti Kebangsaan Malaysia (Malaysia)
Prof. Dr. Saedah Siraj	University of Malaya (Malaysia)
Assoc. Prof. Dr. Jas Laile Suzana Jaafar	University of Malaya (Malaysia)

Prof. Dr. Ooi Keat Gin	Universiti Sains Malaysia (Malaysia)
Prof. Dr. Fauziah Md Taib	Universiti Sains Malaysia (Malaysia)
Assoc. Prof. T. Ramayah	Universiti Sains Malaysia (Malaysia)
Assoc. Prof. Dr. Atikullah Hj. Abdullah	Universiti Sains Malaysia (Malaysia)
Dr. Mohd Farid Mohd Sharif	Universiti Sains Malaysia (Malaysia)
Dr. Usman Jakfar	Al Medinah International University (Malaysia)



Digital Repository Universitas Jember

Organising Committee

Program

Chairman

Slamet Riyadi

(Universitas Muhammadiyah Yogyakarta)

Co-chairman

Serida Nauli Harahap

(Universiti Kebangsaan Malaysia)

Secretary

Ifa Puspasari

(Universiti Kebangsaan Malaysia)

Administration

Afzalur Alfian

(Universiti Kebangsaan Malaysia)

Susinarli Y

(Universiti Kebangsaan Malaysia)

Treasurer

A. Faroby Falatehan

(Institut Pertanian Bogor)

Funds & Sponsorship

Pramudita Lestari

(Universiti Kebangsaan Malaysia)

Fauzi Syauki

(Universiti Kebangsaan Malaysia)

Cindenia Puspasari

(Universiti Kebangsaan Malaysia)

Publication

Balza Achmad

(Universitas Gadjah Mada)

Guido Benny

(Universitas Indonesia)

Publicity

Adhi Harmoko S

(Universitas Indonesia)

Ramdhan Muhaimin

(Universiti Kebangsaan Malaysia)

Program

Abrar Ismardi

(Universiti Kebangsaan Malaysia)

Rahmat Hidayat

(Politeknik Negeri Padang)

Dafrizal

(Universiti Kebangsaan Malaysia)

Khairi Suhud

(Universitas Syah Kuala)

Uca Sideng

(Universitas Hasanuddin)

Diah Febrina

(Universiti Kebangsaan Malaysia)

Ayusia Sabhita Kusuma

(Universiti Kebangsaan Malaysia)

Ceremonial & Local Arrangement

Rina Marnita

(Universitas Andalas)

Riki Rahman

(Universiti Kebangsaan Malaysia)

Mochamad Reza Assani

(Universiti Kebangsaan Malaysia)

Transportation & Logistics

Rikki Vitria

(Politeknik Negeri Padang)

Awang Pratomo

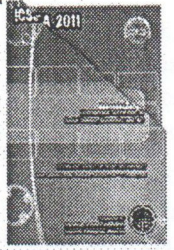
(UPN "Veteran" Yogyakarta)

List of Reviewers

A. Faroby Falatehan	Institut Pertanian Bogor, Indonesia
Achmad Lutfi	Universitas Indonesia
Airil Haimi Mohd Adnan	The University of Auckland, New Zealand
Ali Nina Liche Seniati	Universitas Indonesia
Ariel Heryanto	The Australian National University
Ayusia Sabhita Kusuma	Universiti Kebangsaan Malaysia
Azmizam Abdul Rashid	Ministry of Housing and Local Government, Malaysia
Dafrizal	Universiti Kebangsaan Malaysia
Denik Iswardani	Universiti Kebangsaan Malaysia
Diah Febrina	Universiti Kebangsaan Malaysia
Eka Siskawati	Politeknik Negeri Padang, Indonesia
Esther Sri Astuti S. Agustin	Universitas Indonesia
Helmi	Universitas Andalas, Indonesia
Hidayatul Ihsan	Politeknik Negeri Padang, Indonesia
Ismail Wekke	Universitas Hasanuddin, Indonesia
Jarita Duasa	International Islamic University Malaysia
Joy Elly Tulung	Universitas Sam Ratulangi, Indonesia
Khairil Anwar	Universitas Islam Negeri Riau, Indonesia
Khang Sin Tan	Multimedia University, Malaysia
Kim Piew Lai	Multimedia University, Malaysia
Makna Ani Marlia	Universitas Andalas, Indonesia
Manjinder Gulyani	Kurukshetra University, India
Mohd Faiz Hilmi	Universiti Sains Malaysia
Mohd Farid Mohd Sharif	Universiti Sains Malaysia
Mojgan Bahrami Samani	Universiti Teknologi Malaysia
Naser Khani	Universiti Teknologi Malaysia
Nor Wahiza Abdul Wahat	Universiti Putra Malaysia



Noviarti	Universiti Kebangsaan Malaysia
Rahmat Hidayat	Politeknik Negeri Padang, Indonesia
Ramayah T.	Universiti Sains Malaysia
Ramadhan Muhaimin	Universiti Kebangsaan Malaysia
Ratni Prima	Universitas Andalas, Indonesia
Riki Rahman	Universiti Kebangsaan Malaysia
Rina Marnita AS	Universitas Andalas, Indonesia
Rodi Wahyudi	Universiti Kebangsaan Malaysia
Serida Nauli Harahap	Universiti Kebangsaan Malaysia
Shazlinda Md Yusof	Universiti Kebangsaan Malaysia
Shyue Chuan Chong	Universiti Tunku Abdul Rahman, Malaysia
Tee Suan Chin	Multimedia University, Malaysia
Vera Pujani	Universitas Andalas, Indonesia
Wahyudi Kumorotomo	Universitas Gadjah Mada, Indonesia
Warjio	Universitas Sumatera Utara, Indonesia
Zefri Ariff	Universiti Brunei Darussalam
Zulmaidi Yaacob	Universiti Sains Malaysia



Foreign Aid and Decentralizations: a Study on The Role of USAID Programs Towards Decentralizations in Indonesia

Rachmat Hidayat

*Departement of Public Administration, Faculty of Social and Political Sciences, University of Jember
Jl Kalimantan Kampus Bumi Tegalboto, Jember East Java, ZIP 68121, Indonesia
Tel.: +62331335586, E-mail: kognisi_otak@yahoo.co.uk*

Abstract— Indonesia plays an important role in U.S. efforts toward maintaining political and economic stability in Southeast Asia, countering terrorism, and promoting Democracy in the region and the Islamic worlds. As the largest Muslim country in the world, Indonesia is also known for its moderate, pluralistic, and tolerant practice of Islamic religions. Thus, Indonesia are too important to all be the United States government. This study examine USAID efforts to support Indonesian democratizations thorough decentralization, it places recent policies of the Indonesia government in terms of decentralizations and reviews the experience of the USAID project that focuses on decentralizations. The findings suggest the main objective of the programs that designed by USAID to be Indonesian peoples are to ensure the transition in Indonesia heading to the right directions, furthermore ; the outcome of Indonesia's democratic transition has intense implications for U.S. strategic interests of preserving their in fighting terrorism; preserving regional stability in Asia; Strengthening democratic principles, the rule of law and respect for human rights; and opening access for U.S. exports and investment in the fourth largest country in the world

Keywords— Decentralization, Foreign Aid, USAID Program

I. INTRODUCTION

Since World War II, foreign aid has been an important instrument of United States foreign policy. During much of this time it has been controversial and complex policy issues. Foreign aid is ambiguous term, and the lack of a consistent definition has led to considerable confusions concerning what is meant by American aid.

Wood in *Rethinking Economic Aid*, emphasized that the United States was the primary source of bilateral development aid during the cold war. US aid programs started under the 1947 Marshall Plan, which was primarily designed to revive decimated US allies in Western Europe, and also involved more than \$2 billion in economic aid to China in the Middle East and South Asia.

Foreign aid emerged as a goal of United States foreign policy during the early 1940s. Bickerton [1] argues that since 1945 American foreign aid programs have included three

different kind of activities, which are :1) reconstructing the economies of war devastated allied , 2) Strengthening the military defenses of non communist countries, and, 3) encouraging the economic development of so called underdeveloped countries. This best depict the importance of foreign aid for gaining allies, and at the same time reducing the spread influence of communism.

Between 1946 and 1983 the United States contributed more than \$131 billion in grants and loans for overseas economic assistance alone. American bilateral aid has been supplemented by nearly \$173 billion from nearly dozen a multilateral organizations over the last four decade [2]. Since the US is a member of, and the major contributor to almost all of these bodies, as much as a fourth of this \$173 billion came from the US.

The largest category of US foreign assistance is developmental, over the 40 year s the US has contributed some \$131 billion in loans and grants around the world to spur development, and another \$55 billion to directly

international commercial transactions between US and others nation [5].

Intriguing opinion derived from Sogge [4], he concludes that the official purposes of aid at the beginning of the twenty first century may be stated as basically three, which consist of : 1) reducing material poverty, chiefly through economic growth, but also through provision of public infrastructure and basic social services. 2) Promoting good governance, chiefly in effective, honest and democratically accountable institutions to manage the economy and the legal order, but also in promotion of civil and political rights. 3) Reversing negative environmental trends." The point above provides there has been some kind of movement on the objective of foreign aid, from gaining allied and stopped the communism influences in the 1940s, moved towards to promoting good governance democratization in the 20th century.

By the beginning of the 20th century the United States government move toward to embraces several categories of foreign assistance, that consist of : development aid, economic aid/ security aid, military, humanitarian aid, multilateral aid , and food (non-emergency) [5]. These categories serve its own objective; I will summarize them as follow.

TABLE 1.
UNITED STATES MAJOR CATEGORIES OF FOREIGN ASSISTANCE

Foreign Assistance	Objective
Development aid	Fosters sustainable, broad-based economic progress and social stability in developing countries
Economic/Political/Security aid	Helps meet special US economic, political or security interest, including providing cash grants to help countries stabilize their economies
Military aid	Help US friends and allies acquire US military equipment and training
Humanitarian Aid	Funds emergency disaster aid and the refugee program administered by the state department
Multilateral Aid	Finances multilateral development project, in combination with contributions from other nations through international organizations like the United Nations Children funds (UNICEF) and the World Bank
Food (Non-emergency)	Provides US agricultural commodities to developing countries, as well as technical advice and training; known as the Food for peace program.

Source: Congressional Research Service, Foreign Aid: An Introductory Overview of US programs and Policy, April 6, 2001

Decentralizations have been some kind of important issue for Indonesia as results of *Reformasi* movement in 1998. The Indonesian government adopted Law 22 of 1999 to revise the Law 5 of 1974. The rhetoric of the reform has not yet seen substantial change in the central government to complement the decentralization of power to regions.

Said [6] concludes several reasons for Indonesia to reshape its governmental systems from a centralized country to a decentralized countries, one of them it's the value of globalization, he proposed that "Globalization has been driving Indonesia to pursue democratic decentralization. Indonesia relationship with international organizations and its dependency on international donors has some extent forced the central government to align itself with their international values with regards to the principles of democratization and decentralization." In this light of perspective, decentralizations in Indonesia can be associated with the programs that designed by donor country to support provide the establishment of good governance, which proposed by Sogge earlier [4].

II. FOCUS OF THIS STUDY

Indonesia plays an important role in U.S. efforts toward maintaining political and economic stability in Southeast Asia, combating terrorism, and promoting Democracy in the region and the Islamic worlds. As the largest Muslim country in the world, Indonesia is also known for its moderate, pluralistic, and tolerant practice of Islamic religions.

Argument above provide important points for the United States to keep Indonesia move toward embracing democracy values, as well as supporting Indonesia to face new challenges of radical governmental changes of Decentralizations as the results of *reformasi 1998* movement.

This study examine USAID efforts to support Indonesian democratizations through decentralization, it places recent policies of the Indonesia government in terms of decentralizations and reviews the experience of the USAID project that focuses on decentralizations.

III. A BRIEF ASSESSMENT OF UNITED STATES AID

By the edge of World War II, Europe had suffered considerable loses, physically and economically. Responding to Europe's calls for assistances, the international community established the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (the World Bank) on December 27, 1945. On April 2, 1948, through the enactment of the Economic Cooperation Act, the United States responded by creating the Marshall Plan (Browne 1999:23). While the IMF and the World Bank were created as permanent institutions, the goal of the Marshall Plan was specific: To stabilize Europe, not as a permanent program for European recovery but as an emergency tool of assistance [7].

When Marshall Plan ended on June 30, 1951, Congress was in the process of piecing together a new foreign aid proposal designed to unite military and economic programs with technical assistance. On October 31, 1951, this plan

...became a reality when Congress passed the first Mutual Security Act and created the Mutual Security Agency. In 1951, the Foreign Operations Administration was established as an independent government agency outside the Department of State, to consolidate economic and technical assistance on a world-wide basis. Its responsibilities were merged into the International Cooperation Administration (ICA) one year later [2].

The ICA administered aid for economic, political and social development purposes. Although the ICA's functions were vast and far reaching, unlike USAID, ICA had many limitations placed upon it. As a part of the Department of State, ICA did not have the level of autonomy the USAID currently maintains. At the time, multilateral donors (such as those affiliated with the United Nations and the Organization of American States) were playing a greater role in foreign assistance.

By 1960, the support from the American public and Congress for the existing foreign assistance programs had eroded. The growing dissatisfaction with foreign assistance highlighted by the book *The Ugly American*, prompted Congress and the Eisenhower Administration to focus U.S. aid to developing nations, which became an issue during the 1960 U.S. presidential campaign [2].

In proposing a new United States foreign assistance program in 1961, President Kennedy provided a justification for foreign assistance based on three premises: (1) then current foreign aid programs, "America's unprecedented response to world challenges", were largely unsatisfactory and ill suited for the needs of the United States and developing countries, (2) the economic collapse of developing countries "would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience", and (3) the 1960s presented an historic opportunity for industrialized nations to move less-developed nations into self-sustained economic growth [8].

In September 4, 1961, the Congress approved the Foreign Assistance Act, which reorganized the U.S. foreign assistance programs including separating military and non-military aid. The Act mandated the creation of an agency to administer economic assistance programs, and on November 1, 1961, President John F. Kennedy established the U.S. Agency for International Development (USAID). The 1961 reorganization of America's foreign aid programs resulted from an increasing dissatisfaction with the foreign assistance practices that had evolved from the days of the Marshall Plan, to which USAID and U.S. foreign assistance policy owes its roots.

USAID became the first U.S. foreign assistance organization whose primary emphasis on long-range economic and social development assistance efforts. Freed from political and military functions that plagued its predecessor organizations, USAID was able to offer direct support to the developing nations of the world. The bureau unified already existing U.S. aid efforts, combining the economic and technical assistance operations of the International Cooperation Agency, the loan activities of the Development Loan Fund, the local currency functions of the Export-Import Bank, and the agricultural surplus distribution

activities of the Food for Peace program of the Department of Agriculture [7].

A. USAID in the Modern Era and its General objective

Foreign assistance -supports many objectives. Foreign aid has taken on a more strategic sense of importance, arguably, from the end of World War II until the early 1990s; the underlying rationale for providing foreign aid was the same as that for all U.S. foreign policy the defeat of communism. U.S. aid programs were designed to promote economic development and policy reforms, in large part to create stability and reduce the attraction to communist ideology and to block Soviet diplomatic links and military advances

In September 2002, President Bush released his Administration's National Security Strategy that established global development, for the first time, as the third "pillar" of U.S. national security, that comprised of 1) economic growth, agriculture, and trade; 2) global health; and 3) democracy, conflict prevention, and humanitarian assistance. More recently, a USAID White Paper on American foreign aid identified five "core" operational goals of U.S. foreign assistance [9]

- Promoting transformational development, especially in the areas of Governance, institutional capacity, and economic restructuring;
- Strengthening fragile states;
- Providing humanitarian assistance
- Supporting U.S. geostrategic interests, particularly in countries such as Iraq, Afghanistan, Pakistan, Jordan, Egypt, and Israel; and
- Mitigating global and international ills, including HIV/AIDS

The Congressional Report Service report for congress (Tarnoff and Nowels 2004: 3) concludes several different types of foreign assistance into five major categories, that consist of Bilateral development assistance, Economic aid supporting US political and security objectives, Humanitarian assistance, Multilateral assistance, Military assistance. I will try to summarize those objectives above by list it below:

- Bilateral development

The development assistant programs are intended and designed to promote sustainable broad-based economic progress and social stability in developing countries, these funds are managed by the U.S. Agency for International Development (USAID) and are used for long-term projects in the areas of economic reform and private sector development, democracy promotion, environmental protection, population and human health.

- Economic aid supporting US political and security objectives.

The downfall of the Soviet Union impact to the establishment of two new aid programs which meet strategic political interests of the United States. The SEED (Support for East European Democracy Act of 1989) and the FREEDOM Support Act (Freedom for Russia and Emerging

Eurasian Democracies and Open Markets Support Act of 1992), these programs were designed to help Central Europe and the new independent states of the former Soviet Union (NIS) achieve democratic systems and free market economies. Several other global issues that are considered threats to U.S. security are: terrorism, narcotics, crime and weapons proliferation, have received special attention from the foreign assistance program, especially since the war on terror began.

- Humanitarian Assistance

The humanitarian assistance programs goes to several activities, such as the refugee program administered by the State Department, it supports a number of refugee relief organizations, including the U.N. High Commission for Refugees and the International Committee of the Red Cross. The Offices of Foreign Disaster Assistance (OFDA) and Transition Initiatives (OTI) in USAID provide relief, rehabilitation, and reconstruction assistance to victims of manmade and natural disasters.

- Multilateral assistance

The multilateral assistance is aimed to finance multilateral development projects that implemented by international organizations. The United Nation Children Funds (UNICEF) and the United Nations Development programs (UNDP) and Multilateral Development Bank such as World bank are the international organizations that execute and designed the programs of designated multilateral assistance.

- Military Assistance

United States provide military assistance to U.S. friends and allies to help them achieve the U.S. military equipment and training. There are three main programs of military assistance, first, Foreign Military Financing (FMF), is a grant program that enables governments to receive equipment from the U.S. government or to access equipment directly through U.S. commercial channels. Like ESF, most FMF grants support the security needs of Israel and Egypt. The second is The International Military Education and Training program (IMET), this programs designed to offers military training on a grant basis to foreign military officers and personnel. The last one is the Peacekeeping programs, this programs is intended to support voluntary non-U.N. operations, such as training for an African crisis response force and the assistance for the Afghanistan National Army.

B. Countries Receiving United States foreign aid

In this light of perspective, I will use the report that prepared by Curt Tarnoff and Larry Lewis [10] for the Congressional Research service in 2004 to exhibit several recipients countries of United States assistance. The United States is providing some form of foreign assistance to about 150 countries, although this program were designated to many countries, but still it's concentrated heavily in certain countries, reflecting the priorities and interest of the United States foreign policy for surely. Although the figure below exhibit the United States foreign aid for the year 2004, but it represents the amount of consistent policy that embrace by the United States regarding their foreign aid policy

As shows from the figures below, three top United States aid recipients in the year of 2004 are Iraq, Israel, and Egypt. This was reflects the United States foreign policy interest in supporting peace in the Middle East. The importance of Latin America counter-narcotics efforts is also an evident for the importance for the US for assisting Bolivia, Peru, and more recently, Colombia to combat counter narcotics efforts, they among the top U.S. aid recipients. Assisting countries emerging from conflict, usually under more temporary circumstances, is another characterization of U.S. foreign aid. The leading recipients for these categories are Liberia and Sudan.

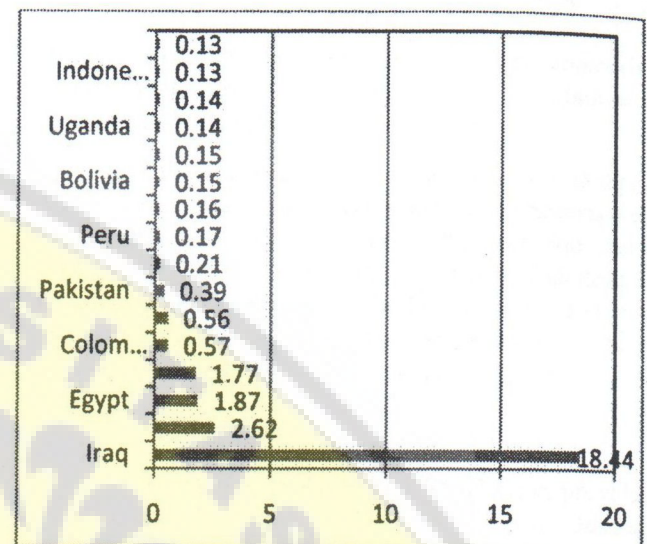


Fig 1. Top 15 Foreign Aid Recipient for year 2004 (in billions Dollars)

The impact of the terrorist attacks on September 11, 2001, raised the awareness for the United States government to support other nations threatened by terrorism or helping the U.S combating terrorism. The effort to combat the global threat of terrorism is clearly seen in the countries such as Afghanistan, Pakistan, Turkey, Jordan, and Indonesia are key partners in the war on terrorism for the United States government.

C. The Law of United States Foreign Aid

The most significant permanent foreign aid authorization laws are the Foreign Assistance Act of 1961, the report that prepared by Curt Tarnoff and Larry Lewis [10] for the Congressional Research service described that "this laws covering most bilateral economic and security assistance programs (P.L. 87-195; 22 U.S.C. 2151), the Arms Export Control Act (1976), authorizing military sales and financing (P.L. 90-629; 22 U.S.C. 2751), the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), covering food aid (P.L. 83-480; 7 U.S.C. 1691), and the Bretton Woods Agreement Act (1945) authorizing U.S. participation in multilateral development banks (P.L. 79-171; 22 U.S.C. 286)" [9].

Long before that, the congress usually scheduled every two years debates on omnibus foreign aid bills that amended this permanent authorization measures, authorizing legislation for voluntary contributions and refuge programs are usually contained in omnibus foreign relations

management and transparent and accountable local legislative practices, the Indonesian people can fully experience the benefits of a democratic society.

If the Indonesian peoples can get the benefits of decentralization, the local governments need to have a core skill set that will enable them to plan, budget and manage their new responsibilities in a transparent and effective manner. Equally important is a sense that local government performance is truly based on the needs and desires expressed by the citizens government officials serve.

The document of strategic objectives of USAID for Indonesia (USAID Strategic Plan for Indonesia [11] disclose that "USAID will provide assistance to approximately 100 selected local governments and their legislatures to build core competencies in Participatory development planning, Performance budgeting, and Effective Administration. USAID's local governance program will focus on building the foundation for good governance and improved service delivery by addressing core competencies. Core Competencies include planning, budgeting, financing, and human resources management. Training and consultant assistance for local government executive officials, as key technical departments, and local legislatures will support sector specific assistance in basic education, health, and water services."

At least, USAID assistance in Indonesia expect to impact in the three main area that support the effective local governance, which is : the increase in the supply and demand of effective and accountable local governance, Regional parliament will perform effectively in representing their constituents interest, and the Nongovernmental organization will advocating for a greater transparency, accountability, and improved public services.

• Objective 2: Consolidating the Reform Agenda

Important national reform agenda have been enacted since the 1999 elections. Many legislative measures are not yet implemented or embedded in the structures and practices of governance. There are also important components of the agenda that still need to be addressed.

The document of strategic objectives of USAID for Indonesia [11] disclose that "USAID assistance will advance and safeguard key reforms by supporting key reformers in government, political parties and civil society". In working with these partners, USAID will improve the effectiveness of key political institutions including the constitutional court, the national legislature, the supreme court and political parties"

The main notion was that institutional support will be sharply focused on the ability of key institutions to advance and protect reform. This strategic approach shifts the assistance from broad civil society development and capacity building to key aspects of the democratic reform agenda.

Furthermore, the USAID Strategic plan proposes that USAID assistance will advance and safeguard key reforms and also strengthening the rule of law by supporting key reformers in government, political parties and civil society. In working with these partners, USAID will try to improve

the effectiveness of key political institutions including the constitutional court, the national legislature, the Supreme Court and political parties. Institutional support will be sharply focused on the ability of key institutions to advance and protect reform, as well as the same time strengthens the rule of law.

• Objective 3: Addressing Conflict and Encouraging Pluralism

The document of strategic objectives of USAID for Indonesia [11] disclose that "USAID will build the foundations for indigenous capacity to promote conflict resolution, reconciliation, tolerance and diversity." this strategic plan also proposed of integrated approach in strengthening and reinforcing strong foundations of tolerance and pluralism in Indonesia society.

USAID also concern to provide assistance to leading local organizations promoting pluralist values to encourage civic participation in government and public decision making, furthermore the USAID plan to support Indonesian in building greater capacity to bridge religious and ethnic dialogue, as well as provided civic education that embedded the notions of democracy, civic traditions of tolerance.

V. USAID PROGRAMS IN INDONESIA

The objective that displayed by USAID above provide the basic notions for programs that designed and intended to support decentralizations in Indonesia.

There are several programs that intended to provide the support for decentralizations in Indonesia. For the objective of this paper I will try to display the program and limited the exploration on the programs that derived from the objective of USAID "Effective Democratic and Decentralized Governance".

The USAID programs in supporting decentralizations documents reveals that programs that support of effective and accountable local governance, to address conflict and encourage pluralism, and to consolidate national-level democratic reforms, the U.S. government has dedicated \$129 million over five years (2004-2008) [13]. I will summarize the programs of USAID from the documents above as follows:

USAID Provides the Local Governance Support Program (LGSP) to supports Indonesia's decentralization by helping local governments become more democratic, more competent at the core tasks of governance and more capable of managing public services and resources.

Local Governance Support Programs offers technical assistance and capacity development to local governments, local legislatures, civil society organizations, the media and citizens in strategic and participatory planning, finance, budget and accounting and management systems for service delivery. At the national level, LGSP works to improve implementing regulations and policies. This work is complemented by Democratic Reform Support Programs (DRSP), which supports decentralization policy at the national level. The coverage area for this programs comprise several provinces such as Aceh, East java, Central

in South Sulawesi, Papua, North Sumatera, South

USAID provide institutional support to the National House of Representatives, National Regional Representative Council, and over 60 district-level legislative councils. Several activities includes: promoting constituency and public outreach; developing the capacity to draft and analyze legislation and operational budgets and encouraging legislative commissions to carry-out their functions. This work is complemented by National Legislative Strengthening Program (NLSP), NLSP assists Dewan Perwakilan Rakyat (National Parliament) as it assumes greater responsibility for law-making, deliberation of the annual State Budget, and government oversight in a democratic Indonesia.

USAID has initiated a program of support for the upcoming 2009 Presidential and Parliamentary elections. Working through both international and local non-governmental organizations, the election support package includes: political party development, election administration, voter education, election monitoring and oversight and strengthening of the legal framework. This work is complemented by Post Elections Support to the DPR, DPD and DPRD's Program, main feature to be achieved by its programs is developing the representative functions of a newly created DPD and enhancing its role as a key check and balance in the new political system.

USAID provides a program that performs collaboration with the civil society organizations and government institutions to strengthen democratic civic culture, focusing on respect for pluralism, religious diversity and the rights of women and minority groups. Activities under this program will include civic education, advocacy, engaging traditional leaders, building networks to support tolerance and pluralism, and assisting the government in reviewing policies that conflict with the constitution and human rights standards.

USAID plays as a key donor in mitigating social violence and enhancing peace building efforts in conflict-affected areas, including Nanggroe Aceh Darussalam, Papua, Maluku, and Central Sulawesi. Through the Support for Peaceful Democratization (SPD) and the new SERASI Initiative, USAID supports conflict-sensitive approaches to development, technical capacity building, civil society and academic input in legislative drafting and transition assistance to conflict-affected persons.

USAID provides technical assistance and training to judges, prosecutors and staff members at the Constitutional Court and Attorney General's Office with the aim of developing a more effective, professional, transparent, accountable and independent judicial branch. This works is implemented through the Justice Sector Reform Program (NSP) and the Democratic Reform Support Program (DRSP).

VI. CONCLUSIONS

Indonesia is a fast growing democratic country that faces many challenges years ahead. The transition from authoritarian and centralistic government to a decentralized

and democratic country is a big homework for the Indonesian peoples, thus why, the importance of Foreign aid assistance become requires to keep Indonesia on track as well as maintaining good and stable transition.

Indonesia is too important to fail for United States, thus its important role of a role model for a democratic-Muslim country in the world. The objectives of United States aid in Indonesia that embed on the USAID strategic plan displayed several positive aim that support the Indonesians to improve the quality of Democratic and decentralized Governance. The three main objectives that embedded in the USAID strategic goals for supporting decentralization in Indonesia are: Consolidating the reform, Expanding Participatory and effective and accountable local governance, and Addressing conflict and encouraging pluralism.

The objectives above provide the bases for several programs that endorse by USAID to support decentralizations. Several program that designed were varied such as Democratic Reform Support Program (DRSP), Local Governance Support Program (LGSP), National Legislative Strengthening Program (NLSP), Post Elections Support to the DPR, DPD and DPRD's Program and etc. the main objective of the programs that designed by USAID to the Indonesians peoples are to ensure the transition in Indonesia heading to the right directions, furthermore; the outcome of Indonesia's democratic transition has intense implications for U.S. strategic interests of preserving their in fighting terrorism; preserving regional stability in Asia; Strengthening democratic principles, the rule of law and respect for human rights; and Expanding access for U.S. exports and investment in the fourth largest country in the world.

REFERENCES

- [1] Bickerton, Ian .1978 "Foreign Policy ." Encyclopedia of American Foreign Policy. 1 ed.
- [2] Bandow, Doug . 1985. Critical Issues: U.S Aid to Developing World, A free Market Agenda. Washington: The Heritage Foundation, 1985.
- [3] Cooper, Mary H.. 2002 "Foreign Aid after Sept 11." The CQ Researcher 12 : 362-391.
- [4] Porter, David : 1990 U.S. Economic Foreign Aid : A case Study of the United States Agency for International Development. New York and London: Garland Publishing.
- [5] Rondinelli, D.A.,and Cheema, G.S, Eds.,1983, Decentralization and Development : Policy Implementation in developing countries, Sage Publications, Beverly Hills
- [6] Said, Mas'ud, M, 2005, New Directions for Decentralizations in Indonesia: Decentralization Policy and its implementation in district and provincial administration. (Thesis) Flinders School of Political and International Studies, Adelaide
- [7] Schain, Martin A 2001 The Marshall Plan: fifty years after, Palgrave, 2001, ISBN 0312229623, p.132]
- [8] Sogge, David . Give and Take : Whats the matter wiith Foreign Aid. Halifax: Fernwood Publishing Ltd, 2002.
- [9] Tarnoff, Curt . and Larry Nowels. "Foreign Aid: An Introductory Overview of US Programs and Policy." CRS Report fo Congress April 15 (2004), <http://fas.org/sgp/crs/row/98-91>
- [10] USAID: USAID History." U.S. Agency for International Development. 29 Apr. 2008 http://www.usaid.gov/about_usaid/usaidthist.html>.
- [11] USAID Strategic Plan for Indonesia 2004-2008.: Strengthening a moderate, Stable and Productive Indonesia. 28 July 2004. 1 May 2008
- [12] USAID Program Description." Democracy and Governance. <http://indonesia.usaid.gov/en/Program.3a.aspx> (accessed Feb. 5, 2008).