

Better Policies Better Lives™

WORKING PAPER 29

Policy, change and paradox in Indonesia: Implications for the use of knowledge



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January 2018

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The authors' views expressed in this publication do not reflect the views of the Government of Australia, the Government of Indonesia, or the Knowledge Sector Initiative. Entities do not accept any liability arising as a result of this publication.

The authors wish to thank interviewees who generously gave the research team their time and knowledge, We also wish to thank KSI staff for attending the validation workshop and providing comments to the report, as well as Fred Carden, senior research advisor for KSI, for providing a constructive review, which improved the content, focus and clarity of the report.

Executive Summary

The Indonesia Knowledge Sector Initiative (KSI) has run for four years and entered in July 2017 its second phase. Against this backdrop, KSI commissioned this research to inform its design and delivery. It aimed to explore what specific factors and actors shape the policy process? Whose and what type of knowledge tends to be influential in shaping policy and why? How is knowledge used as a resource by key actors and for what purpose? And what are the implications for KSI and how it works with its partners?

We answered these questions through the study of three cases: 1) struggles to expand the autonomy of higher education institutions; 2) efforts to reform the bureaucracy and 3) regular processes to identify strategic priorities and allocate resources in Indonesia's over 500 districts. The approach taken focussed on policy actors, relationships of power between them and how they shifted over time; it acknowledged the diversity in types of knowledge and the multiple ends to which they can be used and recognised that the use of knowledge was structured by characteristics of the policy process. The research comprised documentary reviews; interviews with a wide range of stakeholders; and a validation workshop.

Key Findings



Our research suggests policymaking is characterised by seven, overlapping, pairs of tensions or what might be interpreted as paradoxes:

Inclusion versus exclusion: With the legalisation of political parties, a more active parliament, the emergence of civil society, a more vibrant media and devolution of power to the regions, civil servants are aware that they need to engage with a wider set of actors to facilitate change. Nevertheless, formal policy processes featured actors primarily from the executive arm of government, usually appointed for their experience and seniority rather than their analytical skills. Socialisation processes to promote uptake of regulation were usually top-down affairs based on a sender-receiver mode of communication. With little two-way engagement between those drafting policy and those whose behaviour they were trying to change (such as local agents), the latter tended to fall back on existing routines and practices.

Policy discussions would sometimes feature academics, often from the top universities who tended to draw on ideas that had influenced their thoughts over the length of their career. In some cases, donors and international agencies could be particularly influential by investing in the production of research reports, supporting pilot projects and funding expertise. The political elite and to a greater extent, civil society groups tended to be less conspicuous with fewer resources (such as expertise as well as financial) with which to engage. Against this backdrop, public dissent was often expressed after policy was drafted in the constitutional court, through parts of the media and protest.

Predictable behaviour versus an unpredictable context: civil servants appeared to be consumed by habitual practices, such as elaborate annual planning and budgeting cycles and the issuance of regulatory instruments to sub-ordinate institutions. But plans and budgets were often seen as outputs to produce rather than opportunities to discuss policy problems and strategies to address them. This was in a context where the work of government was punctuated by a series of spontaneous events or critical junctures which were of varying significance and whose impact could not be predicted in advance. These events could result in real change, but could also create great anxiety for civil servants. Unsurprisingly they did what they could to shield themselves from what was a fluid and unpredictable political environment through, a reluctance to seek new knowledge or engage those beyond their immediate group.

Legality versus informality: Dutch rule combined with quasi military dictatorship resulted in an extensive bureaucratic and highly codified legal system, which is characterised by a hierarchy of laws, regulations, decrees and instructions at all levels of government from the president down to the village. The sheer volume of regulation, together with the fracturing of top-down lines of authority has resulted in high levels of incoherence. But non-compliance with some rules could lead to dire consequences including being found guilty of financial mismanagement by the state audit board. Policymakers tended to deal with the complexity of the legal framework by engaging in high levels of informal behaviour including exercising discretion, ignoring and circumventing the more onerous regulation and gaming/playing the system when needed. When policymakers needed advice, they often acquired knowledge informally through their networks rather than commissioning work formally.

Competition versus collaboration: Policy discussions were often characterised by high levels of competition which played out through debate where information, expertise and

stakeholder perspectives were often used as a key resource. It meant that stakeholders such as academics were often brought in to discussions to give weight to the views of senior officials, the process or the proposals that emerged. Not only was there competition between the executive and legislature, but also between institutions of the state, and units within specific institutions, likely to be a result of civil servants keen to safeguard the rewards they have from being in public office and the legacy of a centrally planned state. This meant that institutions would reluctantly engage, or share data and information, with each other. Whilst policy discussions were characterised by competitive tendencies, they also emphasised collaboration and consensus building. Although this fostered joint ownership of final decisions, it made everyone a veto player with small issues often consuming huge amounts of time. Passing unpopular reform measures into law was subsequently difficult. A preference for 'no-lose outcomes made prioritising issues a challenge. Gentle persuasion was preferred over the issuing of directives or punishments. And frank discussions often took place informally behind closed doors rather than in more open multi-stakeholder forums.

Individuals versus groups: Committed and competent individuals in senior positions could have tremendous influence. In some cases, these people could influence an institution's direction and the motivations and commitment of its staff as well as ensure that policy discussions were robust and that expertise was brought in to inform proceedings. Although these individuals were crucial to promoting change, they tended to come and go, sometimes rapidly and were both constrained and enabled by the people around them, both formally and informally and both above and below them in the hierarchy.

Neoliberalism versus the role of the state: Indonesia was imagined as a unitary state based on socialist traditions. However, this has been challenged over the last few decades with the rise of neoliberal ideas and practices. These

have included the separation of powers, the rule of law, decentralisation, accountability of state resources, and ideas of efficiency and autonomy. However, the uptake of neoliberal ideas had faced several obstacles. Despite a focus on accountability, policy discussions continue to be opaque. The case study on higher education suggests that the political elite have essentially rejected a neoliberal model of higher education, advocated by civil servants and their donor allies (which neighbouring countries have arguably embraced to varying extents). Instead the political elite have preferred a model which was state led, but which had led to persistent problems, in for instance, the quality of teaching and research.

Continuity versus emergent change: Our case studies highlighted the persistence of regressive practices despite the production of laws and regulations proposing change. For instance, although mandated by legislation, local level officials, across more than 500 districts and municipalities had found it difficult to promote a change in attitudes and processes away from input based budgeting toward a focus on improving performance. Nevertheless, our research also suggests that the interests of certain stakeholder groups were not unitary or set in stone and that change had emerged at local level, albeit piecemeal and incrementally. This had happened in relatively high capacity administrations or institutions and spread outwards, mediated by motivated and committed local leaders in collaboration with groups of mid to senior level civil servants keen to realise economic opportunities. As Sandercock (1998) said “transformative social and political action begins with a thousand tiny empowerments not with grand gestures.”

Issues and questions for KSI to consider

Questioning the policy cycle: KSI has committed to undertaking a broad range of interventions in its second phase including strengthening the policy cycle in the Government of Indonesia. The policy cycle is often perceived as a continuous process, made up of a number of

stages, with, for instance, the evaluation of a past policy in one cycle leading to agenda setting in a new policy. The cycle also gives the impression that policymaking (and ultimately change in social and economic outcomes) is driven by a relatively small number of policymakers at the ‘centre’.

But in light of our analysis, does a cycle exist? Our research shows that policymaking is a far messier and unpredictable process in which many actors are involved and where the separation of stages is difficult to maintain. For instance, policy discussion initiated to reform university autonomy and bureaucratic reform did not happen because of a formal agenda setting process (which might be associated with medium term development planning) but primarily because of political opportunism amongst parliamentarians. So, policymaker attention clearly lurches unpredictably from issue to issue driven by spontaneous events, their networks and contextual issues. What does this mean for KSI’s work? We answer this with further questions.

Work within or beyond formal constraints?

Should the programme work within formal constraints (and enablers) or go beyond them? Practically this might mean choosing between working with central level champions in government or working with a broader group of stakeholders at multiple levels.

A focus on process or outcomes?

Our research suggests that bureaucratic practices, for instance, have been more likely to improve when leaders and civil servants have targeted improvements in economic outcomes. So to what extent should KSI orient itself to achieving specific social or economic outcomes where policy and the use of knowledge is means to achieve this rather than an end itself?

Work directly with stakeholders or an intermediary?

Although KSI is only a third of the way through a potential fifteen-year programme, it will ultimately come to an end. Is it more worthwhile seeking to establish (or strengthen) a domestic entity which will champion the

knowledge sector rather than KSI being a (temporary) champion itself?

How can KSI do development differently?

Whatever the answers to these questions, given the inherent contradictions in the Indonesian

policy process, KSI's work will need to be undertaken using an iterative, participatory and adaptive approach. But how can this be reconciled with increasingly robust accountability requirements? And what are the implications for the room and incentives to innovate, staff skills and bureaucratic processes?

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Abbreviations

ADB	Asian Development Bank
APBD	<i>Anggaran Pendapatan dan Belanja Daerah</i> /Local (sub national) Budget
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> /National Budget
ASEAN	Association of South East Asian Nations
ASN	<i>Aparat Sipil Negara</i> /Civil Service Apparatus of the State
AusAID	Australian Agency for International Development, now DFAT
BAPPEDA	<i>Badan Perencanaan pembangunan Daerah</i> /Local (sub national) Development Planning Agency
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> /National Development Planning Agency
BHP	<i>Badan Hukum Pendidikan</i> /Education Legal Entity
BKN	<i>Badan Kepegawaian Negara</i> /The National Civil Service Agency
BPS	<i>Badan Pusat Statistik</i> /Central Statistics Agency
DAK	<i>Dana Alokasi Khusus</i> /Special Allocation Fund
DAU	<i>Dana Alokasi Umum</i> /General Allocation Fund
DFAT	Department for Foreign Affairs and Trade, Government of Australia
DG	Development Goal
DGHE	<i>Direktur Jenderal Pendidikan Tinggi</i> /Director General of Higher Education
DIPA	<i>Daftar Isian Pelaksanaan Anggaran</i> /Budget Implementation Checklist
DPPKA	<i>Dinas Pendapatan, Pengelolaan Keuangan, dan Aset Daerah</i> /Local Government Office for Income, Budget, and Aset Management
DPR	<i>Dewan Perwakilan Rakyat</i> /Legislative/House of Representative
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> /Local House of Representative
GBHN	<i>Garis-Garis Besar Haluan Negara</i> /Broad guidelines of State Policy

GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> /German's International Development Agency
Gol	Government of Indonesia
HEIs	Higher Education Institutes
<i>Kabupaten</i>	(rural) district level
KASN	<i>Komisi Aparat Sipil Negara</i> /Civil Service Commission
KCs	Knowledge Communities
<i>Kecamatan</i>	sub district
Kemendagri	<i>Kementerian Dalam Negeri</i> /Ministry of Internal Affair
Kemenkeu	<i>Kementerian Keuangan</i> /Ministry of Finance
KemenPANRB	<i>Kementerian Pemberdayaan Aparatur Negara dan Reformasi Birokrasi</i> /Ministry of Administrative and Bureucratic Reform
KemenRistekDikti	<i>Kementerian Riset Teknologi dan Pendidikan Tinggi</i> /Ministry of Research, Technology and Higher Education
Kopertis	Private University Coordinating Offices/ <i>Koordinasi Perguruan Tinggi Swasta</i>
KORPRI	<i>Korps Pegawai Republik Indonesia</i>
<i>Kota</i>	(urban) district level, municipality
KPK	<i>Komisi Pemberantasan Korupsi</i> /the Corruption Eradication Commission
KPRBN	<i>Komite Pengarah Reformasi Birokrasi Nasional</i> //Steering Committee for National Bureaucratic Reform
KSI	Knowledge Sector Initiative
KSP	<i>Kantor Staf Presiden</i> /Executive Office of the President
KUA	<i>Kebijakan Umum Anggaran</i> /General Budget Policy
LAKIP	<i>Laporan Akuntabilitas Kinerja Instansi Pemerintah</i> /government's accountability report
LAN	<i>Lembaga Administrasi Negara</i> /the National Institute for Public Administration
LKPj	<i>Laporan Kerja Pertanggungjawaban</i> /government's responsibility report
LKPP	<i>Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah</i> / National Procurement Policy Agency
LPPD	<i>Laporan Penyelenggaraan Pemerintahan Daerah</i> /the Local Governance Management Report
MDG	Millenium Development Goals

MoEC	Ministry of Education and Culture
MoF	Ministry of Finance/ <i>Kementerian Keuangan</i>
MONEC	Ministry of National Education (the former name of MoEC)
Musrenbang	<i>Musyawarah Rencana Pembangunan</i> /Bottom-Up Development Planning Forums
NGO	Non Government Organization
Nota Keuangan	Financial Note
NU	<i>Nahdlatul Ulama</i>
OECD	Organisation for Economic Cooperation and Development
Panggar	<i>Panitia Anggaran</i> /Budget Committee
PNS	<i>Pegawai Negeri Sipil</i> /Civil Servant
PPAS	<i>Prioritas Plafon Anggaran Sementara</i> /Provisional Budget Priorities and Funding Levels
PPP	<i>Partai Persatuan Pembangunan</i> /United Development Party
PPPK	<i>Pegawai Pemerintah dengan Perjanjian Kerja</i> /Government Apparatus Under Special Assignment
PRIs	Policy Research Institute
Renja	<i>Rencana Kerja</i> /Guideline for Workplan of Ministries and other State Agencies
Renstra	<i>Rencana Strategis</i> /the Government's Strategic Plan
RKA	<i>Rencana Kerja Anggaran</i> /Budget Planning Document
RKP	<i>Rencana Kerja Pemerintah</i> /Government's Annual Working Plan Document
RKPD	<i>Rencana Kerja Pemerintah Daerah</i> /Local (sub national) Government Workplan
RPJMD	<i>Rencana Pembangunan Jangka Menengah Daerah</i> /Local (sub national) Medium Term Development Plan
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> /National Medium Term Development Plan
RPP	<i>Rancangan Peraturan Pemerintah</i> /Government Regulation Draft
SBY	Susilo Bambang Yudhoyono, President of Indonesia 2004-2014
Sekda	<i>Sekretaris Daerah</i> /Local, sub-national Secretary
SKPD	<i>Satuan Kerja Perangkat Daerah</i> /Local (sub national) Governments Working Units
SPM	<i>Standar Pelayanan Minimum</i> /Minimum Service Standard

TIRBN	<i>Tim Independen Reformasi Birokrasi Nasional</i> /the Independent Team for the Reform of the National Bureaucracy
TPAD	<i>Tim Penyusun Anggaran Daerah</i> /Local (sub national) Budget Preparation team
UGM	<i>Universitas Gajah Mada</i> /Gajah Mada University
UI	<i>Universitas Indonesia</i> /University of Indonesia
UKP4/UKPPPP	<i>Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembangunan</i> /the President's Delivery Unit for Development Monitoring and Oversight
USAID	United States Agency for International Development
UU BHP	<i>Undang-Undang 9, 2009 tentang Badan Hukum Pendidikan</i> /Law no 9 2009 on Education Legal Entities
<i>Walikota</i>	Mayor

Introduction



Background

The Australian Aid funded Knowledge Sector Initiative (KSI) was established in 2013 to promote improvements in the quality of policymaking and related outcomes in Indonesia. To achieve this, the programme is designed to work simultaneously on four elements: i) improving knowledge production, ii) building demand and capacity to use knowledge among policy makers, iii) strengthening knowledge mediation, and iv) promoting an enabling environment for using knowledge in public policy.

KSI supports a wide range of organisations, including policy research institutes (PRIs), which are made up of NGOs, university research centres and think tanks; government institutions including Bappenas, various line ministries, research and development units within ministries (Balitbangs); and key bodies responsible for national level research and development, including AIPI and the National Research Council.

In 2015, work with partners was focussed on policy issues in three broad Knowledge Communities (KCs)¹: i) the implementation of the new Village Law, ii) bureaucratic reform, and iii) reform aimed at increasing both the level of research funding and the emphasis placed on research in the university system. Three working groups involving government and non-government partners were established to facilitate this. The emphasis, until the end of Phase One (in June

1 A Knowledge Community (KC) is defined as an “adaptive ecosystem of individuals and organisations in the public, private and civil society sectors that are actively engaged in the production, transmission, demand and use of all kinds of knowledge that contributes to public policy processes”.

2017), was on developing closer interactions among KCs on specific policy issues within these broad areas (the last three paragraphs draw from Datta et al, 2016a).

Objectives and research questions

With the first phase drawing to a close and a second phase having been approved by the Australian Government Department for Foreign Affairs and Trade (DFAT), KSI commissioned this research to inform the design and implementation of phase two. KSI agreed to use this research to answer the following questions:

1. What specific factors and actors shape the policy process?
2. Whose and what type of knowledge tends to be influential in shaping policy and why?
3. How is knowledge used as a resource by key actors and for what purpose?
4. What are the implications for KSI and how it works with its partners?

This study builds on two previous pieces of work commissioned by KSI: the first exploring the politics of policymaking in Indonesia and the incentives of decision makers to demand and use knowledge, especially research knowledge, by Datta et al (2011) and; the second, an assessment of how decision makers acquired research and other forms of knowledge by Datta et al (2016b)

Approach

The study team decided to draw insights about the policy process through study of the following three cases:

1. Efforts to expand the autonomy of higher education institutions
2. Processes to reform the bureaucracy
3. Processes to identify priorities and allocate resources at the sub-national level

The first two were selected because they would inform the work of two of the aforementioned working groups, which were relatively more active during phase one and were likely to continue into phase two, whilst the third was chosen to explore how KSI might intervene to support planning institutions at sub-national level, something which KSI senior management

has been keen to do.

Information for each of the cases was collected through a review of academic and grey literature (including by prominent commentators of Indonesian policy such as Marcus Mietzner and Andrew Rosser) as well as 25 interviews and 2 focus group discussions with a total of 34 people during a two and a half week period during December 2016. People interviewed included:

- Retired and serving senior and mid-level civil servants from central government institutions including Bappenas, KemenPANRB, Ministry of Research, Technology and Higher Education (MORTHE) and the Civil Service Commission (KASN);
- Civil servants from the Bappeda at provincial and district level in Yogyakarta;
- Academics from a range of top universities (including Universitas Gadjah Mada (UGM), Universitas Indonesia (UI), Gunadarma University and Universitas Padjajaran (UNPAD)) including prominent academics who have held senior positions in government (including that of a vice minister and director general);
- Technical advisors from donor funded initiatives (such as Analytical and Capacity Development Partnership (ACDP));
- Leaders and senior managers from think tanks and NGOs;
- A representative of the Indonesian Academy of Young Scientists.

Where we received permission from the interviewee to do so, interviews were recorded and transcribed. Where respondents preferred to speak in Bahasa Indonesia, we transcribed the Bahasa and then translated this to English. Transcripts were coded with the themes identified used to draft a report. Once a report was drafted, KSI organised a workshop to validate the findings to which the study team and KSI programme staff were invited. Taking place in April 2017, the study team presented the key findings and asked participants for comments, which were incorporated into a revised version of the report in early May.

Organisation of the report

The report is organised as follows: section two provides an overview of the concepts we use to guide our study; section three places the cases in context by describing briefly the history of elite political interactions in Indonesia; sections four, five and six summarise studies of the three aforementioned cases. Each case identifies key problems or issues, the main actors involved in policymaking and describes how actors act and relate to one another during key processes. These relate to ad hoc policy making processes such as

the drafting and socialisation of legal documents such as laws and implementation guidelines and more regular processes of planning, budgeting and accounting. In the case of higher education and bureaucratic reform we also explore how key actors (such as higher education institutes and district level government institutions) change and adapt outside the scope of formal laws and regulation. Section seven draws on the concepts described in section two to analyse key issues from the three cases whilst section eight concludes with implications and questions.

2

Guiding concepts



Our case study work was underpinned by four broad ideas:

1. Policy emerges because of the interactions between key actors and their interests over time
2. Evidence or knowledge can mean different things to different people
3. Knowledge can be used in a variety of ways
4. Characteristics of the policy process tend to structure how knowledge is used and to what end.

We elaborate on these below

A focus on actors, power and relationships

Drawing on the political economy work of Mushtaq Khan (2010) we suggest that policy results from the interests and agendas of competing domestic and social actors, the relationships of power between them and the way they shift over time. Thus, identifying key actors and the way they relate to one another is crucial. Actors can be individuals or collectives, and collectives can range from private companies to interest groups to government bodies.

A diversity of knowledge

Experience suggests that the term evidence is often seen as an abstract term. Some decision makers have said they do not have time to use evidence: they have more pressing things to do, or that it simply isn't possible to use evidence in the 'real world' given political constraints (See Paine Cronin and Sadan, 2015 and du Toit, 2012). However, evidence is intimately bound up with

what employees in government institutions do in their day to day work. But they may not refer to what we call evidence as evidence. For instance, the term evidence might have legal connotations: as something which is presented in a court of law. Or government employees might view 'evidence' narrowly as, for instance, a piece of academic research that is rigorously peer reviewed in a top journal. Nevertheless, policymakers will often draw on evidence of some kind when drawing up plans and strategies or in making a decision. To promote a broad scope, we use the term 'knowledge' instead. Based on a study of how national decision makers acquired and used knowledge in policymaking, Datta et al (2016b) identified six types of knowledge used in policymaking processes in Indonesia:

- Administrative and statistical data such as the number of domestic workers, local government revenues and the price of commodities, such as rice
- Research studies: this was defined as information gathered from 'materials and sources' (which might include other forms of knowledge such as statistical data and citizen experiences) in a systematic way mainly by scientists, academics, consultants, experts or professionals in order to establish 'facts' and draw conclusions, usually couched in technical terms.
- Expert advice: this was advice from people considered knowledgeable about an issue such as academics and consultants. Their expert opinion could be based on a number of sources, including research they had produced or read, their experience or a 'gut feeling.'
- Citizen experiences and perceptions: knowledge held by different stakeholders, such as citizens, teachers, farmers and entrepreneurs among others, both individually and collectively, drawing on their daily lives
- Policy implementation experiences and learning: this is experience of implementing policy, directly through the management and delivery of projects, programmes and

services or indirectly through the general functioning of an institution.

- Personal and experiential knowledge: this includes one's own experiences, knowledge, judgement, values and beliefs.

Policymakers' use of knowledge

Government employees work in an environment that is political and usually characterised by debate, competition and persuasion (which may or may not be publicly visible). Evidence is a resource that is used by various actors to contribute to this. Nevertheless, different actors will have different ideas about what is good evidence (or information). And even if the evidence exists, it doesn't tell one what to do, it doesn't ever speak for itself nor does it settle matters on its own (see Cairney, 2016 and du Toit, 2012).

Evidence (or information) can be used in several ways: to reduce ambiguity, reduce uncertainty about an issue, establish a dominant way to frame a problem; to inform solutions to a problem, as a resource to be used by actors with entrenched positions, or to bolster their case, as a way for minister to show he or she is acting. Information may be a source of enlightenment shaping how people think over the long term, it can help clarify the aims of policymakers, measure how well policy is working, evaluate pilot projects that may be rolled out nationally or support the roll out of pilots or prototypes. Information can also highlight good practice, or support performance management, legitimise their activities and make them seem more authoritative and credible.

Factors which shape policymakers' use of knowledge

Drawing on the body of knowledge in the field of policy studies, we propose to explore the psychology of policy actors and elements of the policy environment which shape the actions of policymakers and constrain/enable their ability to deliberate and make choices.

This includes the following (overlapping) concepts:

Bounded rationality: this suggests that

policymakers, faced with too many problems to pay attention to, too many solutions to consider, too many choices to make, a great deal of uncertainty and limited cognitive capacities, tend to make choices by articulating their values, ranking their most important policy problems and seeking evidence for what they feel are the 'right' kinds of solutions.

Institutions: these are the rules, norms, practices and relationships that influence individual and collective behaviour. These can be formal and widely understood in the form of laws and regulation or informal and only understood by certain groups of people. Institutions at one level can shape activity at another, or establish the sorts of venues where policy is made, or shape the rules that allow specific actors or ideas to enter the policy process.

Context: this refers to the often-changing policy conditions that policymakers take into account when identifying problems and deciding how to address them, such as a political system's geography, demographic profile, economy, mass attitudes and behaviour and technological changes (such as the growth of social/digital media)

Policy networks: these are relationships between actors responsible for policy decisions and those such as interest groups or other types or levels of government with which they consult and negotiate. To some extent this represents government's attempts to deal with complexity and has resulted in problems being divided into sectors and sub-sectors where

senior policymakers delegate responsibility to bureaucrats, who seek information from groups, who in turn exchange information for access to and potential influence within government. Some of these networks can be more exclusive than others by for instance, favouring particular sources of evidence and some participants over others.

Ideas and how they are shared within groups, organisations, networks and systems: Ideas are broadly speaking, ways of thinking and can include proposed solutions to a policy problem and shared beliefs, knowledge, world views and language, which if they are taken for granted or not questioned might be seen as core beliefs, paradigms, hegemony and monopolies of understanding'. Well established ideas provide the context for the consideration of new evidence. New evidence on, for instance, the effectiveness of a policy solution has to work to successfully persuade various actors for it be considered properly.

Events (or critical junctures): these can be routine and anticipated such as elections, or unanticipated incidents such as social or natural crises or major technological changes. Focussing events or social or economic crises can prompt lurches of attention from one issue to another, and some forms of evidence can be used to encourage that shift (The last six paragraphs draw on Cairney, 2016).

We now turn our attention to Indonesia's recent political history, to set the scene before describing the three case studies.

Indonesia's recent political history

3



Twenty years after independence in 1945, political chaos in the mid-1960s threw up a “soft authoritarian” regime headed by General-cum-President Suharto, who for the following three decades saw himself as ‘father’ of development and sat atop an array of institutions that were in effect networks of patron–client ties that carried on more or less traditional factional struggles (see Scott, 1972). The institutional set-up of Suharto’s “New Order” government restricted the flow of information within the bureaucracy to top-down lines of control and encouraged senior officials to grow their sphere of influence through personal skills, wealth and connections.

This arrangement promoted economic transformation, and enabled President Suharto to accumulate and distribute rents and maintain political order. Under Suharto, Indonesia was to become one of the most centralized countries in the world – remarkable, in a country of 17,000 islands, 330 ethnic groups and 4 major world religions. Decisions were taken by policy-makers in Jakarta, and implemented by local governments which had little or no formal autonomy. New Order authoritarianism suppressed critical thinking and shut down spaces for policy contestation, although it encouraged technocratic input to policies.

In the 1970s, Indonesia was described as a “bureaucratic state” (MacVey, 1978) and “state-qua-state” (Anderson, 1983). The post-colonial Indonesian state was built up around the bureaucracy and not around ruling dynasties, land-holding families or religious institutions as in neighbouring countries. Suharto used public administration and finance to bring presumptively independent institutions into the orbit and control of the bureaucracy.

Political intervention in the bureaucracy was commonplace with for instance, promotion criteria usually based on the approval of bureaucratic superiors rather than on merit. In addition, an unattractive compensation and benefit system contributed to the poor performance of government officials (Tjiptoherijanto, 2015).

As a result, it was argued that the quality of Indonesian bureaucracy was among the worst in the world (Gie, 2003).² Some key informants to the present study suggested that the poor quality of the bureaucracy could be judged by inadequate development indicators in relation to, for instance, high levels of maternal mortality and corruption, and low levels of economic competitiveness compared to comparable countries.

Rapid growth ended with the Asian financial crisis of 1997 and, although there were signs pre-crisis that Suharto's political legitimacy was strained, he was forced to resign. This was followed by what appeared to be a rapid transition to democratic governance, called Reformasi, which saw an end to key positions in the bureaucracy being held by politicians; the legalisation of political parties, a more active parliament, the emergence of civil society and devolution of power to the regions (Harris and Foresti, 2010).

Driven by several factors especially 'people power' that demanded significant change, the Indonesian government underwent restructuring during the reign of a number of presidents in what became known as the transitional years—namely Habibie, Wahid, and Megawati (Shiraishi, 2014). This started with revision of the National Constitution to ensure a more democratic

government. In 1999 for the first time in thirty years, Indonesia successfully held democratic multi-party elections.

Habibie presided over the drafting of a new law on regional autonomy, devolving considerable power to more than 300 local governments (today more than 500). President Wahid brought an end to key positions in the bureaucracy being held by politicians; and reduced the power of the state secretariat (Zuhro, 2006). A set of laws were enacted to combat corruption, which was then enhanced by the establishment of the Corruption Eradication Commission (KPK) in 2002 (Gie, 2003).

Devolution was regulated by the "Big Bang" decentralization of the two Local Governance Laws (Law 22/1999 for administrative devolution and Law 23/1999 for fiscal decentralization, which were passed in 1999, implemented in January 2001 and revised in 2004 through the passing of Laws 32 and 33, and more recently through Law 23/2014 on Local Governance. These laws transferred powers and financing to the regions in all sectors except those deemed to be the exclusive jurisdiction of the central government (foreign affairs, judicial affairs, monetary matters, and religious affairs).

Devolution meant that districts were now formally responsible for designing and implementing locally appropriate policies, which required the ability to allocate funds equitably across districts, to identify short medium and long term development priorities and translate these into strategic plans, to understand and tackle poverty, as well as to identify and rectify sectoral and geographical gaps. (Dixon and Hakim, 2009). As could be expected after more than 30 years of centralized rule, there was very little capacity among local governments.

Concerns that empowering provincial governments would encourage separatism saw powers transferred directly to lower levels of governance – the districts and municipalities (rural kabupaten and urban kota, respectively), where local heads were later to be directly elected rather than appointed by regional legislatures (Arnold, 2008; World Bank 2003 in Dixon and Hakim, 2009).

2 For instance, despite progress, Doing Business Indicator 2017 which investigates business supporting regulations in over 190 countries, ranked Indonesia 91st, which is far away from neighbouring countries such as Thailand and Vietnam (World Bank, 2017). A survey about people's perception on corruption in the Asia Pacific region conducted by Transparency International found around six in ten Indonesians felt that the level of corruption had worsened over the last three years (Transparency International, 2017). The World Democracy Index 2016 ranked Indonesia at 67th out of 167, in a group of countries which democracy was considered flawed (Economist Intelligence Unit, 2016).

With decentralization in 2001, around one third of the national budget and 3 million civil servants were transferred to local governments. The budget figures remain about the same today, even though the number of subnational civil servants have increased. This also saw the transfer of some (though not all) controls over the distribution of patronage (including jobs and budgetary transfers) from the national to the local levels (Allen, 2012). The centre's partial loss of control over local governments increased the risk of variations in the level of service provided and outcomes achieved by different districts (Dixon and Hakim, 2009).

New elites and patrons emerged both in Jakarta and in the regions. But subject to greater political competition, 'patrons' were more vulnerable and could no longer provide the same benefits and political protection to their 'clients'. Top-down hierarchical controls had effectively fractured. There was subsequently a greater tendency for junior institutions/individuals to question directives from 'above' or interpret them in their favour. Reform processes were more likely to run into the sand or have unintended consequences, while politicians and civil servants alike, especially those of higher rank, were more inclined to maximise their gains over the short run (Datta et al, 2014). However, greater autonomy had significant benefits, with for instance, several local government innovations emerging in places such as Jakarta, Bojonegoro, Surabaya and Banyuwanti amongst others.

Nevertheless, leaders were less able to resolve collective action problems and run the country in a more coordinated manner. Although some political parties continued to centralise functions such as their appointment of candidates

and the Ministry of Finance determined resource allocations to the regions, many local elites had a greater degree of freedom in their political choices and interactions. Complicating matters further, given the inability of any one party to secure a majority of seats in the national parliament, politics and policymaking came to be characterised by cross-party coalitions with such dynamics being replicated in many districts (Hamid, 2012).

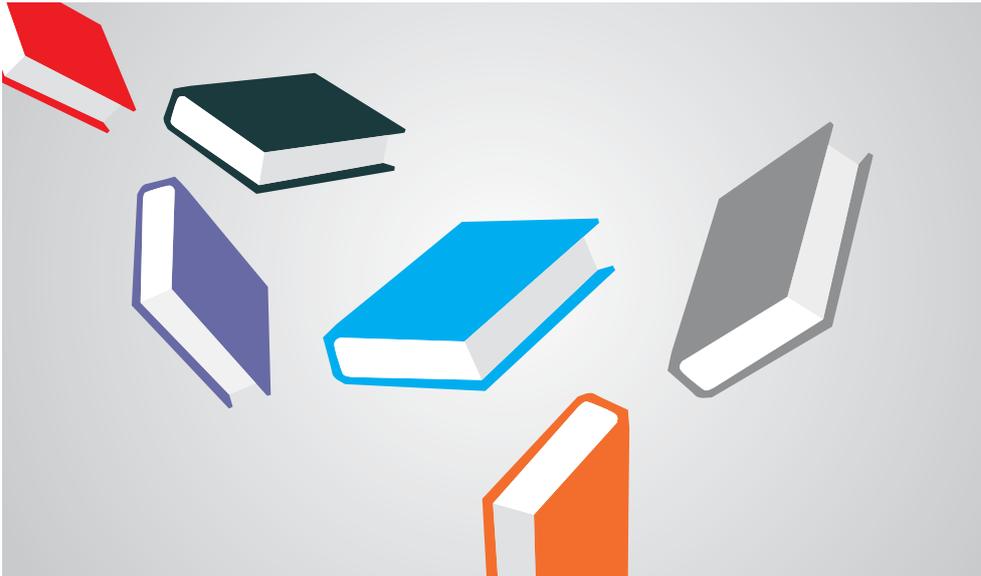
However, Reformasi did not see a complete break with the past. The process was relatively accommodative of the 'old guard', which Aspinall (2010) suggests has been an important factor in its relative success, indicating

[...] an underside to Indonesia's democratic accomplishments. The country has dealt with key challenges in ways that have come with costs. Spoilers have been accommodated and absorbed into the system rather than excluded from it, producing a trade-off between democratic success and democratic quality. This trade-off has not been an unfortunate side effect of Indonesia's democratic transition; rather, it has been central to its dynamics, and even an important ingredient in its success (pp20-21).

In short, although the formal centralised system broke down, many of the existing political relationships and practices remained intact, resulting in a more competitive, complex and often confusing set of political relationships. And despite large scale decentralisation across Indonesia, higher education remained a centralised issue, to which we now turn.

4

Case 1: expanding the autonomy of higher education institutes



Introduction

In this, our first, case, we describe policy discussions in relation to the issue of the autonomy of Higher Education Institutes (HEIs). This includes high level political interactions both before and after reformasi including during the development of laws in 2009 and 2013, intra-governmental processes to draft implementation guidelines in more recent times, efforts made by central government to put regulations into practice and; finally efforts to improve teaching and research that were not sanctioned by central government laws and guidelines. But first, we describe some of the key issues faced by HEIs in Indonesia, especially those that are of significance to KSI and outline the key stakeholders involved in policymaking and their broad interests.

Key issues

There are some elite universities, mostly public, which have pockets of international excellence. There is also a growing group of mid-tier universities, mainly in the private sector, that deliver good quality, market, attuned undergraduate education. But the majority of Indonesia's universities tend not to offer a high quality research and teaching environment. For instance, the Gross Expenditure on Research and Development per capita in 2013 was 0.09 percent. This was much lower than other ASEAN countries, such as Malaysia (0.64 percent in 2006), Singapore (2.29 percent in 2009) and Thailand (0.21 percent in 2009) (Datta et al,

2016a). Moreover, most Indonesian academics with foreign PhDs were products of the elite state universities, and state and foreign scholarships at the PhD level went disproportionately to these universities (Hill and Wie, 2013).

Key actors

Drawing on Rosser (2016), we argue there were four broad (sometimes overlapping) groups of actors involved in making and shaping higher education policy:

The first group consisted of central level civil servants from a number of ministries and their allies in the donor community. These actors were generally located in agencies led by technocratic ministers, and included the ministries of finance, trade, and development planning (Bappenas). They were also located in the Ministry of Education and Culture, particularly the Director General of Higher Education (DGHE) which had significant in-house expertise. Within the donor community, the World Bank was the most dominant player.

Many of the aforementioned civil servants studied abroad and travelled frequently which exposed them to a variety of more advanced (and liberal) higher education systems. They tended to support the adoption of neoliberal inspired higher education policies. Such measures included enhancing the autonomy of higher education institutions (in a managerial, financial, and academic sense); promoting greater competition between HEIs and enhancing HEIs' accountability for the use of public funding. This agenda was promoted by international organisations such as the World Bank and the Organisation for Economic Cooperation and Development (OECD) and gained support from key sections of the international business community. These measures were often justified in terms of the limited availability of public funding for higher education, perceived mismatches between what HEIs offered and what the labour market needed, and the assumption that increased autonomy would lead to more academic freedom (see, for example, World Bank, 2000; 2012).

The second group comprised members of the political elite who occupied government positions

(including members of the national parliament's education and budget committees and some senior bureaucrats), business groups (with strong connections to the bureaucracy and political elite) and many senior managers of public HEIs. Members of this group were primarily interested in maximising control over both public and private as well as the government's higher education budget and in particular funds for the procurement of equipment, supplies and construction services at public HEIs which provided opportunities to extract income to 'service' their informal support networks.

The third group included those who ran the numerous private HEIs. These included the non-for-profit charitable foundations (*yayasan*) which managed private HEIs. However, many were run as businesses by private groups (such as the Lippo Group or Ciputra) or vehicles through which religious organisations (such as Muhammadiyah and Nahdatul Ulama) generated revenue, built social bases and at times mobilised support for political parties and candidates. They were collectively interested in ensuring continued control over HEIs by *yayasan*, accessing state resources and protecting the private HEI sector from foreign competition. Private HEIs operated in a less restrictive regulatory regime resulting in large variations in the quality of higher education. Private HEIs generally engaged with the Ministry of Education on a one to one basis but had on occasion advanced their interests through associations such as the Association of Indonesian Private Higher Education Institutions (APTISI).

The fourth and final group were activists at progressive NGOs, university student groups and nationalist left-wing academics. Their key interests were to promote greater access to higher education, equality, and the development of a national identity through the higher education system.

The policymaking process

In this section, we will describe the high level political interactions in the struggle over HEI autonomy.

Public HEIs were government units rather than separate legal entities and their staff were classified as civil servants. As such, they had little to no managerial or financial autonomy from government. Public HEIs were effectively part of a larger informal support network where senior management positions could be sold in exchange for access to the income they could generate (McLeod, 2000).

Private HEIs were in general subject to less state control with yayasan-dominated boards generally being responsible for their management. Nevertheless, they were closely monitored by MoEC through a series of regional Private University Coordinating Offices (Kopertis) (Rosser, 2016).

Restrictions to autonomy extended to academic affairs as well: free academic inquiry and debate was limited by the authoritarian nature of New Order rule and, in particular, its controls on freedom of expression and restrictions on student political activity (Human Rights Watch, 1998; Nugroho, 2005).

In the mid 1990's, central government civil servants supported by World Bank expertise, persuaded the political elite to adopt a policy framework broadly informed by neo-liberal principles. It was known as the New Paradigm in Higher Education, was built into the government's 1996-2005 Long Term Strategy for Higher Education and emphasised principles of autonomy (Moeliodihardjo, 2001). However, the New Order government did very little to put this into practice before its fall. The higher education sector continued to be characterised by considerable state control (Rosser, 2016).

After the economic crisis and subsequent collapse of the New Order government, the lack of government funds and the transition to a more democratic and decentralised polity, provided central government civil servants and foreign donors the opportunity to exercise more influence over government policy including higher education policy. In 1998, the World Bank published a major report on Indonesia's education system that called for, among other things, increased autonomy for HEIs. The report stated

that a lack of autonomy and responsibility at the university level had led to a lack of accountability and transparency (World Bank, 1998:93).

Shortly after this, the Bank co-funded with Bappenas a series of task forces to prepare reports on key education policies including higher education. In the report on higher education policy, it argued that "centralised control especially control over financial management, has inhibited universities from taking the role as the driving force of community development. Therefore, decentralised financial management should be followed by decentralisation in other aspects" (Moeliodihardjo, 2001). These reports provided the intellectual rationale for a shift in higher education policy in favour of neoliberal reform. To promote this shift, the World Bank funded the establishment of a new team within the MOEC, DGHE to develop alternatives for implementing HEI autonomy (ibid).

The government then started to introduce a number of changes with regards to HEI autonomy. For instance, in 1999, the government issued a new regulation enabling public HEIs to change their legal status to 'state legal entity'. Between 2000 and 2006, the legal status of seven leading public universities were subsequently changed granting them increased autonomy. In 2003 a law on a National Education System was passed featuring an article that extended the reach of the new legal status beyond the leading public HEIs to include all HEIs and schools, both public and private and called for the development of another law on autonomy that would provide more detail (Rosser, 2016).

The World Bank supported this change through funding the Managing Higher Education for Relevance and Efficiency (IM-HERE) project and by making enactment of a new law on autonomy a key condition for project disbursements (World Bank, 2013). The Asian Development Bank (ADB) also provided financial and technical support to the sector with similar objectives (key informant interview, December 2016).

At the same time the DGHE (a professor who championed HEI autonomy) engaged with the managers of private HEIs such as

Muhammadiyah, NU, Catholic Universities, and the Christian Universities Association. He also engaged with “all the NGOs regarding education, from Aceh to Papua to make sure that they understand. At the end they all agreed” [about the need for more autonomy amongst HEIs].

In March 2007, President Susilo Bambang Yudhoyono (SBY) submitted a draft version of a law to provide HEIs with a legal status, to the Parliament, initiating the enactment process. The law provided autonomy both managerially and financially. However, there were some senior officials in Bappenas and the DGHE within MONEC who argued that autonomy be limited to the area of governance and not funding. Although not without difficulty, the national parliament passed the new law on the legal status of HEIs in early 2009 (Law 9/2009 on Education Legal Entities, or BHP).

At about this time, MONEC experienced changes in senior personnel, with the key champion of reform, the DGHE, being replaced. Key informants suggested that at the same time donor funding to the higher education sector also started to decline.

Events now shifted from the executive and legislative arms of government to the judiciary, and the constitutional court in particular. In 2009, five separate sets of individuals and organisations lodged requests for the Constitutional Court to review the BHP law, one representing the yayasan, two consisting of progressive NGO activists, one consisting of students from the University of Indonesia and the Jakarta National University (both public HEIs), and the fifth consisting of parents of schoolchildren (Rosser, 2016).

But what were their arguments? The yayasan feared a loss of control over their HEIs together with the revenues associated with running them, and the possibility of tougher reporting and transparency requirements. This was supported by a key informant – a professor – who said “the foundation already have its comfort zone, where they always treat the university as a money machine for the foundation”.

NGO activists and university student organisations argued that in transferring the costs of funding education onto students and families, the state was avoiding its duty to fund higher education; that tuition fees at public HEIs would rise steeply, making higher education unaffordable for many people; and that higher fees would in turn worsen inequality in Indonesia (Rosser, 2016).

The parents of school children felt that the law opened up the prospect of increased commercialisation of school education as well as higher education (ibid).

Indeed, the concerns of yayasan, student groups and parents may have been in part fuelled by the pressure the government was experiencing to liberalise its higher education sector as a result of its signing of the General Agreement on Trade in Services (GATS) in 2005 and World Trade Organisation (WTO) negotiations on trade in services as part of the Doha Round.³

However, a prominent key informant – a professor - suggested that “no article whatsoever within the law that says about a rise in the tuition fees, we don’t mention about it at all...the word autonomy in Indonesia is almost always understood as commercialisation, liberalisation. He suggested the Ministry of Finance contributed to the misunderstanding by suggested that “if you’re autonomous, then you would find your money yourself. If you’re autonomous you’re privatised. So it makes people’s minds think like that”. One key informant (and former civil servant in Bappenas) suggested that a ‘spin-doctor’

3 Knight (2002) argued that countries that ratified GATS were generally facing the same conflict: whether GATS will displace public education systems and risk the protection of public service. Effendi (2005) pointed out that by passing UU No. 20/1999 on National Education System, Gol (consciously) shifted responsibility in assuring people’s access to higher education service to the national and regional government. This argument was later re-echoed by ITB student union through their official statement regarding the rejection of UU No. 12/2012 on Higher Education. However, both agree that liberalization of higher education should take place by granting autonomy in management, but not funding. Further, ITB student union recommend to grant autonomy based on HEIs’ needs which can be different among each one another.

played up fears that all universities with 'legal entity status' would increase their tuition fees and organised student protests. However, this was not been confirmed by other key informants.

Left wing nationalist academics supported the groups who brought their requests, through their appearance as experts during constitutional court hearings. However, one academic interviewed for this study however felt that such academics "don't like being in the new system where they have to perform" suggesting that they were in effect arguing to protect their economic interests.

In 2010, the court ruled in favour of these groups. However, despite the issues being questioned referring to specific parts of the legal framework, the head of the constitution court declared the entire law both unconstitutional and null and void.

According to a key informant (a prominent academic supportive of greater HEI autonomy), the head of the constitutional court was "...even a professor at a university in Yogyakarta, private university, but somehow he doesn't really know what was expected with the new law. Secondly at that time, he was in the movement to try to become one of the candidate for president. He tried everything to get people's support". He also said "I have a feeling he asked for money for that. But I don't have enough information, I just have a feeling." He was arrested on allegations of bribery in November 2013.

This decision suited the political and corporate elite because as one key informant (a prominent academic) said "the ministry, they want direct power, everyone wants direct power. Minister, DGs even the head of the office, everybody. So, autonomy is something they hate. That's why my struggle [as DGHE at MONEC] was quite long and painful, because I was the only one. Even the Ministry of Finance didn't like the law."

The seven leading public universities who earlier had their legal status changed to give them more autonomy, now had this removed. A rector from one of these institutions protested against this and promptly had the budget for his university halved (key informant interview, December 2016).

In any case, public universities found themselves in a legal vacuum, so civil servants made changes to existing regulations to provide a legal basis for the continued operation of the public universities that had their status earlier changed to 'state legal entity' – amounting to somewhat of a 'sticking plaster'.

The parliament, especially the education commission, which at the time was chaired by a member of Golkar (sitting in opposition to the ruling coalition, which was led by Partai Demokrat), and individual members of parliament from PDI-P and PPP initiated the development of a new law on Higher Education. They responded to informal lobbying from some prominent academics. As is convention, the government appointed the Minister of Education and his DGHE to represent the executive in the process. This was to go beyond autonomy and provide overarching framework for HEIs.

The struggle over autonomy was to continue.

In 2011, the parliamentary commission appointed three prominent academics to the drafting team and received input from others. At the same time, the World Bank funded a former DGHE at MONEC to undertake a wide-scale consultation on HEI autonomy – providing a clear rationale for the need for more autonomy - the results of which were given to the team who were preparing the draft law.

After intense discussions between the parliament and executive, a draft law was presented to parliament in April 2012. The law promoted the principle of autonomy amongst HEIs but in a watered down form. It provided two options for universities: the first was to enable them, in the words of a key informant (a prominent academic) to be a state university "like the post office", which essentially meant remaining a state institution, whilst the second was to provide a very limited form of autonomy. The draft also made provisions which enabled the minister to regulate the statutes of universities, approve study programmes as well as the appointment of academic staff and prescribe financial incentives (Hill and Wie, 2013).

In this form, the draft law drew criticism from various quarters. The Association of Private Universities, once again, reluctant to see private HEIs have a separate legal status from the *yayasan* which managed them, explicitly rejected it. The prominent newspaper, *Kompas*, editorialized against the draft. A former DGHE and a former rector of Gadjah Mada University (who was also one of the parliamentary experts), spoke out against the law (saying it had not gone far enough in providing universities with autonomy) and addressed his concerns both to senior staff of MOEC and to the parliamentary commission (Rosser, 2016; Hill and Wie, 2013; key informant interview, December 2016).

The three government appointed professors advocated for a stronger form of autonomy, with one prominent academic saying that “if what we produce this afternoon is a law, which is in our tables, we will produce a law without a soul”. They suggested a third option which provided full autonomy for a limited number of universities. Vice president Boediono was alerted to proceedings and insisted that the Minister make provisions for a third option (providing for full autonomy) to be inserted into the draft, which he was compelled to do.

Parliament approved the revised draft of the law in July 2012. Ultimately, some provision was made to provide more autonomy to a handful of public HEIs, but key concessions were made (especially to the groups that had mobilised against the earlier law). For instance, *yayasan* had their concerns accommodated through the requirement that implementing bodies (not the private HEI’s themselves) should become legal entities. In addition, the law provided a range of options in relation to the legal status of public HEIs – only one of which provided for full autonomy (Rosser, 2016). The Minister of Education, a former rector himself acknowledged ongoing concerns and argued that the law sought to respond to them. He also said that the various criticisms could be accommodated in subsequent regulations (Hill and Wie, 2013).

The law was challenged again in late 2013 in the constitutional court by a student group from

Andalas University – arguing that the law marked the commercialisation of higher education. However, this time, the law survived (but only after various professors were, once again, summoned to give evidence). Generally speaking however, resistance to Law 12/2012 was less intense than it was to Law 2009 and calls for its repeal have been fewer and less vociferous (Hill and Wie, 2013).

However, the government has since moved slowly in providing the top public HEIs with full autonomy, fearing (public) criticism if it did so (Rosser, 2016). By May 2014, only seven HEIs had been granted this status. One key informant suggested that “many of the related institutions or office tried to maintain their power... yes we have autonomy now but its partial...pseudo”. Moreover, there was a suggestion that those HEIs who had been given full autonomy may have their status reversed if they did not perform: “...the minister said that if quality doesn’t improve in three years, the status will be removed from autonomy back to control... how can you lead the government if what you do is to threaten everybody and not encouraging or empowering?... it’s strange the way they treat the university, as if they are the enemies for them, not part of their system”

Nevertheless, the World Bank continued to push for increased HEI autonomy saying in a recent report that “an important, realistic assumption is that increased freedom for Tertiary Education Institutes (TEIs) will translate into higher quality and more relevant education for Tertiary Education students and to more efficient use of resources by TEIs. Although there are legitimate implementation concerns related to inefficient funding mechanisms, complicated and opaque budgeting processes, insufficient quality assurance systems, civil service requirements for teachers, etc., increased autonomy can and should remain a key part of overall policy” (World Bank, 2014).

In 2015, newly inaugurated President Widodo instigated changes to government structures – one of which was to transfer the higher education function in MONEC to a new Ministry for Research, Technology and Higher

education (Kemenristekdikti) with five directorate generals. Key informants suggested that, it was subsequently unclear who might champion the issue of HEI autonomy.

Apart from the restructure, there was little rhetoric from the Widodo administration to suggest that he might be supportive of reform in the higher education sector including HEI autonomy. One key informant suggested that “nothing is new, and not a very strong signal from him, that we have to move on in science. So for me I have not seen that signal. It’s actually a pity.” Another ex Bappenas key informant said he hadn’t “heard any kind of reason or big movement towards [... expanding coverage of legal status...], beyond maintaining what is already taking place now”.

Intra governmental drafting processes

In this section, we move our focus from elite political processes to the drafting of legal documents within the executive branch of government.

Implementing the 2012 law higher education required a number of regulations to be drafted or revised. Two of these related to the production of research and are now the responsibility of the Directorate General for Strengthening Research and Development within the newly formed Kemenristekdikti. The first will remove/revise restrictions that prevent government agencies commissioning non-governmental agencies to do research, whilst the second aims to alleviate the burden on researchers of accounting financially for research funds received. As one director from the Kemenristekdikti explained to our research team “eighty per cent of research time is devoted for dealing with the financial report” saying that some academics would subsequently never apply for research grants from the ministry – even if the Ministry was one of the largest sources of research funds in Indonesia.

The decision to focus on these (and not other) issues was taken by the Director General (DG) in consultation with his directors. Directors rarely communicated with one another unless they were summoned by the DG. Key informants suggested that the DG as well as a director had

been committed and motivated to push through regulatory changes whilst they were supported by allies in the donor community (in particular the Australian Government funded Knowledge Sector Initiative).

Nevertheless, with regards to the simplifying of financial accounting, one key informant (a director at Kemenristekdikti) suggested that other civil servants (in a structural or managerial position), university researchers as well as those from the Ministry of Finance were sceptical about tackling this. However, he was able to convince them by, in part, citing comparisons between Indonesia and other ASEAN countries in relation to competitiveness, productivity, publications and patents – showing how poorly Indonesia performed in these areas and how simplifying accounting practices could help the country improve.

Once the DG agreed to draft regulation, university experts, a government specialist and a legal drafting specialist were appointed to a drafting team. They were appointed by the DG through his informal networks. In one case, Kemenristekdikti – with support from KSI - was able to hire a specialist to develop a paper and write a policy brief to underpin the drafting process. While there are exceptions, the experience of the authors suggest that the quality of advice provided by university experts tends to be poor.

There were several actors involved in discussing and drafting regulation. They comprised mainly civil servants from a number of agencies. Key agencies who had control over the procurement of research included LKPP (the National Public Procurement Policy Agency) and the Ministry of Finance.

Different ministries appointed differently ranked staff to attend meetings. For instance, the more powerful Ministry of Finance appointed echelon 4 staff to attend meetings whilst LKPP appointed director level (echelon 2) staff. These civil servants were often known to each other through their informal networks. However, it tended to be the directors who did the day-to-day work with one key informant from the donor community suggesting

that “they are the one who ‘cook’ every regulations within the directorate level”.

Initial discussions tended to be bilateral meetings between Kemenristekdikti and other key institutions where problems were clarified and options discussed. This was followed by a multistakeholder meeting – held to agree on a course of action. This larger meeting prompted the Minister to give his ‘blessing’ to the initiative. Key issues discussed in the drafting of regulation included: reconciling the simplification of financial accounting whilst at the same time fulfilling accounting rules set out by the APBN or state budget; as well as how research was defined.

Generally speaking, consensus has been reached on most issues. However, when there was disagreement, with, for instance the definition of research, the issue was elevated to the director general to resolve. However, given the changed context, there are limits to the abilities of senior officials in resolving conflict lower down the hierarchy, as the role of the president has highlighted.

In one case, however, after a significant amount of the regulation had been drafted, carriage of this was transferred by the DG from one director to another, who subsequently established his own drafting team. It was unclear why this had been done and whether the existing draft had been used.

Approvals for government regulation tended to take a long time. For instance approval for a presidential regulation was pushed back from March to June 2016 without reason.

Socialisation processes

To help get regulations off the shelf and into practice, Kemenristekdikti conducted socialisation about the new/revised regulations with managers from HEIs. In the case of the Finance Ministry Regulation No. 106/2016, this was done by a taskforce called “Team Ten” so called for having ten qualified national reviewers. National reviewers are selected from a pool of 250 nationwide. They conduct large workshops – each comprising 130-150 people, in eight locations across the country to which HEI managers are invited. However according to

one director, they are only able to support fewer than 25 000 of the 213 000 university academics across Indonesia. The ministry has subsequently resorted to putting ever more information on its website. But this favoured regions with stronger communication infrastructure in more prosperous areas of the country.

Socialisation workshops usually featured one way communication processes in which national reviewers, on occasion accompanied by government officials simply announced information about new regulation. They were often done too soon after regulation was published, providing managers little time to implement regulation and subsequently uncover issues. As such these workshops provided few opportunities for HEI managers to highlight problems with the regulation so they could be amended.

In addition to the socialisation workshop, the ministry on occasion, ran training courses. For instance, at the time of writing, the ministry had conducted ‘clinics’ for those wanting to publish in international journals and provided mentors to participants with a requirement that they submit a draft article. However, one key informant from the donor community suggested they had been running such clinics for a decade but were more focussed on delivery than content: “they didn’t really select participants, they’re more thinking on the delivery, on organising things, but not really tackling what the problems are...” The ministry could only provide clinics for 600 out of the targeted 6000 participants they were aiming for - due to perceived resource constraints.

Lastly, the top 11 (autonomous) HEIs met regularly through their association called Forum PTN-BH. Representatives of this forum on occasion met with the civil servants from Kemenristekdikti. However, communication, again, was usually based on the ‘sender-receiver’ model, in which civil servants communicated instructions and updates rather than having conversation or dialogue.

Innovative practices

With the interests of the political and corporate elite dominating at the elite level and the civil service lacking champions and allies in

key positions to advance neo-liberal reforms in the higher education sector, one key informant suggested (perhaps ironically) that the “centre of gravity” had shifted to HEIs themselves (and other stakeholder groups) to improve the quality of research and teaching.

Nevertheless, there was disagreement amongst key informants about the extent to which universities could innovate given the restrictions imposed on them central government. One academic suggested that “if rector tries to suggest something, the Minister will be angry and punish the rector...this kind of environment has been happening in Indonesia...people are afraid of doing anything”. He also argued that even if state HEIs generated revenues besides government funding, it had to be declared to the state and permission acquired for its use. As such the state could always use this to discipline HEIs which stepped out of line. However, according to another key informant - a director - there was no requirement for HEIs to handover their budgets and accounts to the ministry of higher education.

However, other key informants, as well as Hill and Wie (2013) suggested that HEIs could nevertheless find ways of circumventing the more onerous and impractical provisions in the higher education law either by ignoring them altogether or by coming up with more workable informal arrangements. Universities which were granted a high degree of autonomy early in their history were said to have a ‘spirit’ of autonomy embedded in them. “They don’t care if there’s a law” as one prominent academic said during our study.

And those universities which were less dependent on government revenues had more space to experiment with new approaches. However other universities which were established as a state university, had the “culture of being a state university [...] ingrained in their bodies”. One focus group participant suggested that private HEIs, on the other hand, were “capable of breakthroughs, since there aren’t any regulations that would govern the way it managed itself, unlike state universities” whilst

another said that autonomy was necessary but not sufficient in improving research outcomes, with HEIs requiring support, funding and tools/instruments to aid them.

Moreover, Indonesia’s large archipelago meant that different regions would prefer different solutions. One key informant from the academic community said, for instance, that “when we penetrate to the Eastern part of Indonesia, maybe we can be authoritative, but some universities in Java for example, we can’t be authoritative... the process should be dynamic not too static... because when policy is too static with the universities, we can’t innovate, we can’t make any creative thinking...”

In any case, key informants provided examples of initiatives being instigated not by central government but by HEIs and industry. One key informant – a professor – said a private university proposed running an e-learning scheme to the minister, who in turn said no, as there wasn’t a provision for it in the legal framework. However, the request was sent again, this time with a note from him (a former DGHE in MONEC). The ministry subsequently permitted the university to proceed with the initiative.

Institut Teknologi Bandung (ITB), a “very restless” academic institution – according to one informant (a professor), acknowledging the complex nature of policy solutions, restructured one of their faculties, changed their curriculum and reorganised one of their departments, in order to promote more inter-disciplinary work and be in a better position to address pressing and persistent policy problems such as climate change. Initiated by the rector, he was able to negotiate changes on a one to one basis with central government officials.

Indonesian industry had largely been reluctant to commission or undertake research, partly due to a lack of tax incentives, a reluctance to make long term investments and due to the limited research capacity amongst Indonesian HEIs. However, there were a few which started to recognise the value in undertaking or commissioning research. For instance, companies such as Kalbe and Indofoods provided grants for HEIs and research

institutions to undertake research to help improve their products. Moreover, the palm oil industry, driven by competition from the Malaysian palm oil industry, established the palm oil plantation funds management agency which was chaired by a former vice minister for agriculture. The agency set aside funds for research, farmer capacity building and replanting and provided a platform for researchers and farmers to develop, share and revised new farming technologies

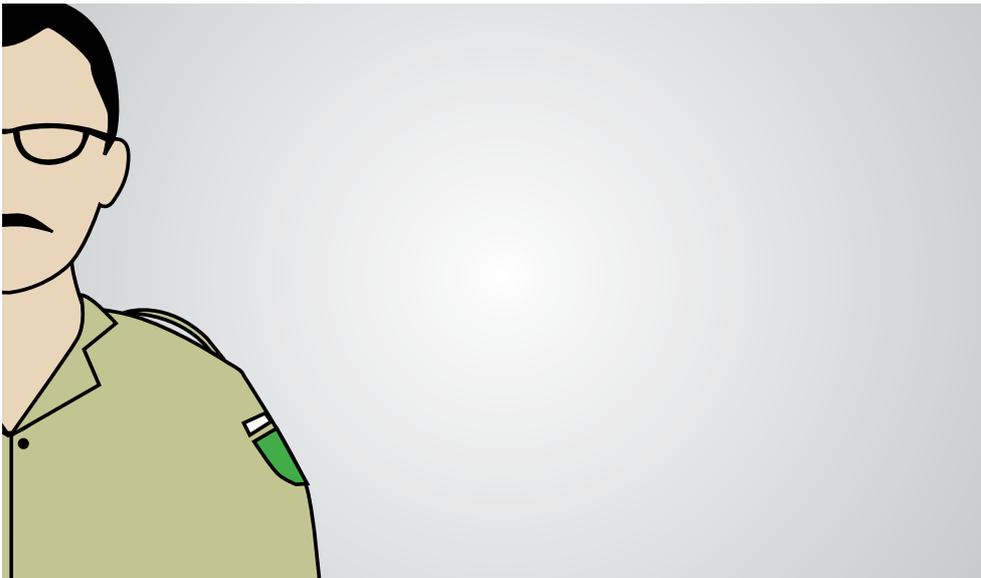
Final thoughts

This case illustrates that the deployment of expertise and use of information – whether it is

World Bank reports or academic expertise from Indonesia's top universities - cannot be viewed in isolation, but has to be seen against a backdrop of key groups of stakeholders engaged in a battle of ideas as well as political and economic interests. The narrative above suggests that the political elite have essentially rejected a neoliberal model of higher education, advocated by civil servants and their donor allies (which neighbouring countries have arguably embraced to varying extents), preferring one which is state led but which has led to persistent problems. We now turn our attention to bureaucratic reform.

5

Case 2: reforming the bureaucracy



Introduction

In this section, we review processes in which the actors above have come together to discuss how bureaucratic practices might be reformed, and what role knowledge has played. These processes include:

- The drafting of laws and regulation
- The work of the civil service commission;
- Using regulations and guidelines to change practices
- Regular planning, budgeting and accounting processes

We also discuss instances where groups of civil servants have reformed their practice to be more accountable and responsive, and discuss why this might be the case. But first, as we did in our first case, we identify key issues, the main actors involved in policy discussions and where possible, describe their key interests.

Key issues

Several commentators have described shortcomings with the Indonesian bureaucracy. The lack of significant bureaucratic reforms in Indonesia have hampered public sector improvements and achievements at all levels. Although most national and subnational governments and ministries in Indonesia have sufficient staff and funds to deliver quality services, they were spending their funds inefficiently, which contributed to low-quality public expenditure and service provision. Formal accountability took the form of a cumbersome reporting system and a source of negotiation and collusion, with few feedback loops and improved

service outcomes (see Ross, 2005, Kristiansen and Ramli, 2006; Kristiansen et al, 2009; McLeod, 2005).

The result is a bureaucracy that is widely seen as corrupt, bloated, inefficient and either incapable or unwilling policies set by the democratic government. Some key informants to the present study suggested that the poor quality of the bureaucracy could be judged by inadequate development indicators in relation to, for instance, high levels of maternal mortality and corruption, and low levels of economic competitiveness compared to comparable countries.

Inadequate bureaucratic practices also had implications for policymakers' acquisition and use of research knowledge. For instance, weaknesses in training, promotion and compensation resulted in unwieldy research procurement rules and practices (Datta et al, 2016a). Civil service training courses in particular tended to emphasise compliance with regulations rather than achieving good quality results. Practices such as low thresholds for tendering and time limits for submission of tenders, could be overcome if officials were trained to use the regulations flexibly and were not so anxious about the apparently negative consequences of developing innovative solutions (Sherlock, 2010).

Key actors

Here we describe the key policy actors, in the form of individuals and collectives who have been involved in policy discussions about reforming the civil service between 2009 until recent times. They consist of:

The president's office: Susilo Bambang Yudhoyono (SBY) was president for two terms between 2004 and 2014 and was said by a member of the Democratic Party (PD) to have "frequently complained [about how] he found it difficult to implement his policies because the bureaucratic apparatus blocked, delayed or sabotaged them" (in Mietzner, 2014). It was thus in SBY's self-interest to have a bureaucracy that was an instrument for the executive that delivered government policy;

The Ministry for Home Affairs, Kementrian

Dalam Negeri (Kemendagri), is responsible for local governments, which in turn sought informal support from Kemendagri. The institution tended to generate income from local governments for the approval of civil service appointments whilst local leaders sold positions to lower ranking bureaucrats to pay off Kemendagri officials and raise money for their electoral campaigns. The then secretary-general of Kemendagri, Diah Anggraeni, was exceptionally powerful as she was both head of KORPRI and the internal bureaucracy of the ministry. She also had family connections with the State Secretary Sudi Silalahi, SBY's most trusted aide;

The Corps of Civil Servants of the Republic of Indonesia (Korps Pegawai Republik Indonesia, KORPRI) is a powerful (and conservative) interest group for the country's 4.5 million civil servants. State institutions are compelled to join KORPRI, which in turn exerts control over them through a dependence on them for their salary and the threat of dismissal (Akhmadi, 2010).

The Ministry for the Empowerment of the State Apparatus (Kementerian Pemberdayaan Aparatur Negara, KemenPAN) which in 2009 had "Bureaucracy Reform" (Reformasi Birokrasi, RB) added to its name. It is the office responsible for overseeing line ministries and sub-national governments' organisational design and set up, which includes the numbers and composition of civil servant positions for the particular government unit. However, its approach to opening new government units and the recruitment of civil servants is inspired by the traditional militaristic style introduced in the Soeharto era (World Bank, 2014). KemenPANRB is relatively constrained in its capacity and effectiveness. Out of 34 ministries in the Government of Indonesia (GoI), KemenPANRB had the lowest budget. As one of the government's smaller ministries, it had limited powers to influence government decision making.

The National Institute for Public Administration (Lembaga Administrasi Negara, LAN). As the education, training and research institution for civil servants, LAN serves as a think tank and training institute in the field of public administration.

The National Civil Service Agency (Badan Kepegawaian Negara, BKN). BKN is in charge of most aspects of civil service management, including the recruitment system, dismissal procedures and retirement schemes. Constituted in its current structure by Suharto in 1972, much of the patronage surrounding civil service appointments has been channelled through BKN and its affiliated offices.

The Ministry of Finance, Kemenkeu which, like most ministries of finance, is fiscally conservative.

The Civil Service Commission Komisi Aparatur Sipil Negara, KASN was set up in 2014 in response to the new civil service law. KASN are mandated to monitor the merit system and the code of conduct amongst other things. But as one key informant at KSN said "...because we're very new, our resources are also very limited, our budget is also limited."

Steering Committee for National Bureaucratic Reform (Komite Pengarah Reformasi Birokrasi Nasional, KPRBN) first chaired by Vice President Boediono and now Jusuf Kalla. Under this there is the UPR or Unit for Bureaucratic Reform chaired by the Minister of KemenPANRB but where the secretary general does the day to day work.

The Independent Team for the Reform of the National Bureaucracy (Tim Independen Reformasi Birokrasi Nasional, TIRBN), which consisted of academics, business practitioners and former bureaucrat. TIRBN is an ad-hoc advisory body which reports to the KPRBN

National Development Planning Agency or Bappenas. Together with KemenPANRB, Bappenas, in particular Directorate of State Apparatus, ensures that the bureaucracy reform road map is in line with the RPJMN or five year medium term national development plan

Parliamentarians on the DPR commission for Domestic Affairs. As members of the political elite, their primary motives were to maintain and enhance political support and gain re-election.

The media, civil society organizations and academicians. They have generally had little interest in civil service reform, but have been mobilized around associated issues of corruption and accountability.

The policymaking processes

The development of legal instruments

In this section, we discuss the development of legal instruments including laws and regulations, specifically the development of Law no 5/2014 on Civil Service⁴.

It was not until his second presidential reign in 2010 that President SBY approved the first formal document which comprehensively stipulated the acceleration of bureaucratic reform. The "Grand Design of Bureaucracy Reform 2010-2025" was approved through presidential regulation No.81/2010 which set out the basis for, and objectives of, bureaucratic reform. It outlined the areas that needed to be addressed to improve the Indonesian bureaucracy including structures, culture and competencies.

In support of his rhetoric on reforming the bureaucracy, SBY delegated responsibility for this to the Minister for KemenPANRB, Taufiq Effendi. Given priorities amongst key donors at the time, KemenPANRB attracted considerable funding and support from the likes of AusAID (now DFAT), the World Bank and ADB. Minister Effendi suggested to SBY the possibility of significant change to Law 43/1999 on the Principles of the Civil Service, which would be the first major piece of post-Suharto legislation on bureaucratic reform. However, SBY was reluctant to pursue this.

When Minister Effendi was moved to deputy chair of the domestic affairs commission of the DPR, he resurrected his hopes of rewriting Law 43/1999. He was supported by Ganjar Pranowo and Basuki Purnama, two influential parliamentarians also on the domestic affairs commission.

Minister Effendi used his contacts in the National Institute of Public Administration (LAN) to initiate a first draft of a bill. And through the domestic affairs parliamentary commission, he assigned four senior professors, Eko Prasajo, Prijono Tjiptoherijanto, Miftah Thoha and Sofian Effendi to come up with another draft bill. Before the draft bill, they also produced an academic

4 This part draws largely on Mietzner, 2014

paper as mandated by the Law No. 12/2011.⁵ While the LAN draft ran ‘into the sand’, the team of four presented its draft in late 2010. Key features of this bill included:

- The strict application of the principle of merit in the appointment of civil servants. This would make competence and performance, rather than the seniority and rank of candidates the main criteria in filling vacancies.
- The establishment of a civil service commission (KASN) to ensure meritocracy, which was to be made up of a mixture of independent experts and civil servants, and would directly appoint senior civil servants. The aim here was to end the informal process of appointing civil servants especially in local government, promote a meritocracy and free appointment processes from political interference (Effendi, 2003)
- Changing the status of the civil service from an internal government service to a profession, which would make KORPRI a professional staff association accountable to central and local administrations instead of a core part of government.

The law intended to move the bureaucracy away from one that was rule based toward one that was performance-based. One key informant (a former ministerial advisor at KemenPANRB) said that these measures “would really change the bureaucracy, what we like to do was to get the existing bureaucracy out of their comfort zone. They are not doing anything, they can’t get fired, but this new law creates a civil service that is competent, accountable, and transparent,

if you’re not doing your job then you’d get assessment, you may stay or be demoted, or even fired. These things have never been done before... so we sweep the bureaucracy from the comfort zone to competency zone”

The government was initially split on whether the draft should be led by them. Despite attempts by the vice president and Kuntoro Mangkusubroto, the then head of the President’s Delivery Unit for Development Monitoring and Oversight (UKP4), to find a compromise, the draft was formally submitted by the parliament as a parliamentary initiative in July 2011. Forced to do so by legislative rules, the president appointed the Minister of KemenPANRB, who was now EE Mangindaan to lead the government team with assistance from the Minister of Home Affairs and the Minister of Justice and Human Rights. Together they rejected the initial draft presented by the DPR.

Minister Mangindaan was soon replaced by former Aceh Governor Azwar Abubakar (but not because the former was not supportive of bureaucratic reform). Minister Abubakar was supported by Eko Prasjo (one of the authors of the draft bill) as vice minister. SBY however did not provide any directives to either the Minister or the vice Minister on how to manage policy discussions. Nevertheless, when Minister Abubakar and Vice Minister Eko Prasjo, who were supportive of reform, attempted to persuade others across government to agree to the bill, they faced significant opposition.

Why was this? A KASN with the power to appoint civil servants would take power away from Kemendagri, especially its secretary general (who at that time was Diah Anggraeni) in selecting senior bureaucrats at the national and local level. This would remove the ministry’s most rewarding source of informal support. Importantly, the secretary general of Kemendagri is also ex officio the head of KORPRI. Turning KORPRI into a professional body would have made the civil service subservient to government and would put an end to generous benefits and considerable powers over appointments. The strict implementation of the merit principle

⁵ In 2011, a revised law on Law-Making was approved (Law 12/2011 on Drafting of Laws and Regulations). The new law encourages government agencies to provide white paper in proposing new policies. Besides promoting government accountability through a more responsible policy making process, the preparation of white paper has also opened space for various forms of public participation—from the formulation to monitoring the implementation of white paper. The same law also required policy formulation process has to be gone through responsible public and academic hearing processes. So, it is very important for a white paper to be prepared scientifically based on evidence that often is carried out with involvement of professional experts as well as academicians.

would have made the traditionally closed class of bureaucrats susceptible to challenges by mid-career professionals.

Kemendagri's secretary general engaged in lobbying and activism, touring the regions and mobilising local institutions such as the Association of Indonesian City Governments. She told local bureaucrats that the draft civil service bill would expose them to competition from professionals from other regions. The associations in turn sent delegates to Jakarta to protest against the bill. The secretary general also used her informal connections to the president to argue against the bill.

The Ministry of Finance expressed concerns regarding the financial implications of the bill. It did not favour the planned salary increase for civil servants (albeit with a parallel reduction in allowances) and the pension scheme. The Ministry of Finance also rejected the appointment powers for the KASN, fearing that the commission might intervene in its own ongoing bureaucratic reform initiatives.

At the same time, the Coordinating Minister for Political, Legal and Security Affairs (a former military general suspicious of radical change) informed SBY that the passing of the reformist version of the Civil Service Bill could lead to socio-political unrest and proposed that it was not approved.

Whilst the national level deliberations and acts of resistance were ongoing, however, Prof. Eko Prasajo, the vice Minister of KemenPANRB initiated efforts to build a "grand coalition" across the country to support the bill and bureaucratic reform. This involved undertaking socialisation of bureaucratic reform amongst a range of institutions. This meant raising awareness (about the need to reform) amongst heads of local governments in a range of districts together with local level associations of civil servants, as well as amongst central government ministries and agencies. KemenPANRB received technical assistance from a range of donors including a member of the Obama election campaign team (funded by USAID) who provided advice on media engagement. This informed regular (informal)

meetings with the editor-in-chief with Kompas, Media Indonesia as well as Tempo. In addition, a component of the AusAID funded "Reform the Reformers" embedded at KemenPANRB programme featured media engagement with bureaucratic reform.

Returning to national deliberations, the government asked parliament for a temporary suspension of policy discussions, whilst it tried to reach a consensus internally. However, over the course of 60 meetings - some of which were chaired by the vice president, some formal, others informal (over dinner, for instance, at the vice presidents official residence), the government failed to find a consensus and discussions reached an impasse.

In May 2013 Professor Sofian Effendi - another member of the original drafting committee - published a column in the country's two largest dailies, Kompas and the Jakarta Post, which presented in a very simple but dramatic way how a failure of the draft law would negatively affect the SBY administration and his party (this was less than one year before the 2014 national elections). This led to SBY calling for a cabinet meeting to discuss the bill the day after it was published. This was the first cabinet meeting on the bill after more than two years of discussions. Two further cabinet meetings were held in the following two months. However, SBY, influenced by opponents of the draft law, including Kemendagri and its powerful secretary general, rejected the extensive powers given to the civil service commission and insisted, for instance, on the continued importance of seniority in the appointment of civil servants.

The government resumed deliberations with parliament in July 2013. Vice Minister Prasajo now had to water down the bill he helped to draft. By this time the most vocal proponents of the draft bill in the domestic affairs commission had left parliament since policy discussions had been suspended in 2012.

The joint drafting team of government and parliamentary staff was made up almost entirely of experienced civil servants. And amongst government experts, representatives

of KORPRI and BKN were more numerous than representatives from other government institutions. Legislators felt overpowered. Not surprisingly parliamentarians struggled to follow the discussions and 'lost out' during most of the debates.

The law was eventually passed in December 2013 and signed into Law 5/2014 by SBY one month later. Key changes made to the draft included:

- The civil service commission would be a monitoring body, which could merely report violations found in appointment processes (rather than appoint senior civil servants)
- Regional secretaries were put in charge of the appointment process for civil servants, with governors and district heads only able to sign off on the results – strengthening the role of local bureaucrats as compared to elected politicians
- The importance of rank in the appointment of civil servants.

The radical ideas that appeared in the initial draft, put together by the 'team of four' academic experts, had been significantly watered down and the minister of KemenPANRB settled on KASN as a non-structural independent entity, which was only slightly more superior to line ministries and thus had limited authority.

The development of implementing guidelines Under SBY's administration

For the law to be put into practice, government needed to draft several implementing guidelines. The law mandated the development of 19 government regulations, five presidential decisions and 2 ministerial decisions to be drafted.

The law stated that the KASN had to be established within six months (that is, before July 2014). This was overseen by Minister Abubakar and Vice Minister Prasjo. The commissioners they appointed included two of the original 'team of four', Sofian Efendi and Prijono Tjiptoherijanto.

The law also stated that the regulations had to be issued within two years. Theoretically the next president was likely to have to approve

the regulations given SBY's term was ending in mid-2014. Nevertheless, vice minister Prasjo of KemenPANRB initiated policy discussions in order to draft the implementing instructions.

Discussions included representatives from the Cabinet Secretary, the State secretary, the Ministry of Home Affairs, LAN, BKN, the Ministry of Finance, the Ministry of Justice and Human Rights, and the Coordinating Ministry for Political, Legal and Security Affairs. Discussions focussed on six main areas: remuneration, ASN staff, pensions, work agreements, work management and civil servants with different ministries taking the lead in drafting different regulations.

Participants agreed to combine 11 of the 19 regulations into one consolidated regulation, leaving a total of 9 regulations to draft with the drafting of different regulations led by the most appropriate ministry. For instance, the Ministry of Finance led on pension related issues and salary system whilst KemenPANRB led on Civil Servant Management (RPP Manajemen PNS) and Contractual Based Government Employee Management (RPP Manajemen PPPK).

There were many disputed issues, which needed to be resolved during the drafting process. The drafting team made efforts to convince and persuade DGs from various ministries. Vice Minister Eko Prasjo brought in a number of experts including some from the private sector (such as the CEOs from Telkom, Indosat and Unilever) as well as consultants with change management expertise.

Some of the discussions (and disagreements) that took place during the drafting of the law continued during the drafting of the regulations. For instance:

1. Regarding Korpri, KemenPANRB and Kemenkeu suggested that it be turned into a professional body that would regulate civil servants. However, Diah Anggreani insisted KORPRI remain a part of government – organisasi kedinasan
2. Regarding the appointment of civil servants, parliamentarians (involved indirectly during the drafting of regulations) preferred to have higher officials appointed by regional

secretaries whilst Kemendagri wanted to have them appointed by political leaders.

3. The Ministry of Finance continued to express concern regarding the financial implications of the bill whilst KemenPANRB insisted that the current system promoted a 'money seeking mentality', amongst civil servants.
4. On the age limit for civil servants, vice president Boediono thought one was not needed, whilst a DG for KemenPANRB argued that the statutory pension age of 60 be respected

With each of the six ministries involved having the right to veto specific articles or clauses within the draft regulations, compromises were found on most issues.

An influential member of the drafting team said by the time SBY left office in October 2014, "I think almost 70 per cent [of the regulations were] finished" whilst vice Minister Prasjo said two regulations had been drafted and sent to SBY for approval.

Under Widodo's administration

In October 2014, Joko Widodo was inaugurated as president. He brought in his own administration and Minister Abubakar was replaced by Minister Yudi Chrisnandi (a politician from a relatively small coalition party) whilst vice-ministerial positions were eliminated from all but two ministries, the ministry of finance and the ministry of foreign affairs. Other key technocrats involved in the drafting process, especially from KemenPANRB also left.

In early 2015, Joko Widodo published his Nawa Cita ("Nine Priorities"), where his second priority stated his intention to create a government that was clean, effective, democratic and reliable. Meanwhile, the 2015-2019 bureaucratic reform road map stated that his government was very committed to implement bureaucratic reform and better public service delivery'.

However, according to some high-profile informants, President Widodo had not released further more practical statements to reinforce this. One key informant said reform processes were "...static, not moving anywhere...some

would say that we are moving backwards...the new minister [for KemenPANRB] at that time 2014-2016 Yudi Chrisnandi, he did a lot of things except bureaucratic reform..."

There was however a feeling that the Minister Chrisnandi carried less political weight than previously with one informant saying "because Jokowi said that, the Minister of [Kemen]PANRB is not really important, any people can fill the position".

President Widodo did, however, express his commitment to addressing the dispensation of bribes in the public sector. But one informant suggested that "these are not the fundamental reasons or things to reform the Indonesian bureaucracy. The fundamental thing is the culture, the manpower model, the structure, the business processes of government and so on".

Since the start of the Widodo's term in office, one key informant suggested that "in most discussions, KemenPANRB can't win the discussion..." After Eko Prasjo left the ministry the key informant suggested that, "KemenPANRB were always beaten up by other ministries". The same informant went on to say that he was frustrated with the tactics of those that opposed reform: "they'd always say that "Pak, if we discussing one argument, we can't arrange the others. Because we don't have the regulation. There's no basic law for that".

Further, the lack of a vice minister at KemenPANRB meant they could no longer, for instance, "directly push the deputy, the DGs..." The number of meetings taking place to discuss reform efforts declined considerably. And to add to this, one key informant said "sometimes within official meetings it's not always the best people that they sent to the meetings. The invitations should've been for the director, but he's busy, then he sent his staff, then this and that..."

By December 2016, none of the implementing instructions had been approved with one informant suggesting that "the government has already violated the law, because until now almost a year over the deadline, not even one has been finished". Although one of the regulations on the civil service was sitting on the president's desk

one participant said “we don’t know when he’s going to sign it”. Moreover, the TIRBN, which was now chaired by Eko Prasjo had not met for five months.⁶

The work of the civil service commission

Since the KASN was set up, it was inundated with requests from civil servants for advice on processes of promotion and rotation as well as complaints from local government about the interference of politicians in recruitment and promotion processes. Some of KASN’s work involved issuing guidelines to support these requests (which the commission would subsequently monitor). However, according to an assistant commissioner, there weren’t resources to bring in experts to help draft guidelines. These were done by staff of KASN using their own knowledge with contributions from the commissioners.

The assistant commissioner went on to say that there was a tendency to draft guidelines that were too normative: “when we’re doing the guidelines, I think like an academic, then the commissioners say, is this an academic paper? So, I engage with [...] e stakeholders, then I understand, I think this is too normative, when we look at the facts, it’s hard to implement it.”

There seemed a tendency to try and craft the very best policy (or set of guidelines) and only publish this when the implementation regulations had been approved. This was instead of publishing a ‘second best’ set of guidelines and revising it as needs arose or if there were possible conflicts with other regulations. As an assistant commissioner said “we don’t need to make it ideal...our stakeholders have been waiting for it”.

KASN is made up of a number of commissioners who don’t always agree with one another. Given the consensus style of decision making, getting internal sign off could be cumbersome as one key informant highlighted: “the guideline is already there, and then sometimes the problem is when

we have to meet all of the commissioners, they have difficulties. All of the commissioners have to be agreed with the concept, otherwise it’s hard to publish the guidelines...the problem is how KASN itself have already one voice, after that maybe we can work”.

KASN had to ensure their guidelines were consistent with regulations issued by different line ministries, (including KemenPANRB) which according to an assistant commissioner was problematic: “the problem [for KASN], our regulation changes very quickly. Every six months. Not good, three months, not good... because we have different regulations from Kemendagri, and then another regulation from KemenPANRB, and another from also BKN. We always do this kind of revision...that’s why our guidelines have never been finished.

Recognising the highly varied geographic contexts in which civil servants worked, even if KASN issued standards and guidelines, a key informant acknowledged that they could not always be applied everywhere, which created difficulties. For example, “in Papua...they couldn’t implement the merit system because they still employ local wisdom...then sometimes the stakeholder [from another part of Indonesia] would ask “why they can do this, but we can’t”.

Putting regulations into practice

Asked about how regulations, if approved, would be put into practice, one former ministerial advisor said: “...they would just call a national meeting with 500-1000 officials from the ministry, provincial level. Okay this is new policy on bureaucratic reform, they would then socialise, disseminate the policy, and then maybe in the next six months, they’re going to do that. I think that’s the kind of government communication, one of the methods. They’re likely to have a big meeting...”

One civil servant suggested that “the base regulation is there, it’s just a question on how to implement it. We’ve compiled it over at the central government, the question remains on how to implement it over at the local level?” However, given decentralisation, local government are not

⁶ Meanwhile, the TIRBN has provided policy recommendations to the Vice President Jusuf Kalla as the Chairman of KPRBN on some drafts of government regulations to be signed in a timely and properly manner.

formally obliged to include bureaucratic reform in their plans and strategies (even if informally they are accountable to Kemendagri).

Another informant was sceptical about the extent to which any regulation (albeit in a watered down format) might be implemented: “the problem is when regulation is finished, they [local institutions] couldn’t accept it, because they say it is hard to implement, because of this and that...usually policies in Indonesia very much depend on the power and authority of the policymakers...”

Key informants suggested they had few tools or approaches at their disposal to promote change in behaviours and attitudes: “we are still limited to just the existence of the bureaucracy reformation document. Be we need time to change our staff’s behaviour to fit the bureaucracy reformation”.

Nevertheless, in line with the civil service law, the recruitment system had been modified by some institutions where it now included a computer based test. Key informants from Bappenas suggested that now “there’s a level of trust from the people that bureaucracy is only for competent people”. Key informants from KemenPANRB emphasised that civil servants no longer had to bribe authorities in order to gain entry into the system. And during the focus group discussion, one participant suggested that “with an open selection process, there are now more candidates for the position...this prevents any instances of political intervention”. Although this may be a little optimistic, there was some indication of change, albeit incremental.

Regular processes: moving from a Grand Design to an Annual Work Plan

Having described the nature of discussions that occurred during the development of ad hoc legal instruments in relation to civil service reform, this part discusses more regular processes that formally inform bureaucratic practice.

Widodo’s Nawa Cita replaced bureaucratic reform with ‘clean government’, and put it as a high priority. However, he also announced a weak minister that was replaced after less than two years in office after having failed to issue a singly

implementing regulation of the Civil Service Law.

Although the RJPMN or medium-term development plan, developed by Bappenas, set out the President’s priorities over his term in office and was seen as a landmark document by some, according to key informants at Bappenas, the main instrument that Bappenas had to influence bureaucratic reform was the annual workplan and the lobbying of the Ministry of Finance during budget negotiations.

The broad themes for the annual workplan were decided by the president, which weren’t always in line with priorities set out by Bappenas as one of their staff pointed out: “if the president agrees with the theme for the annual workplan, it’s better. But if it’s different then it’s a problem for us. For example, now we have the research on local innovation, but for 2018, Bappenas has already come up with issues, such as investment, economic growth and infrastructure. Maybe we don’t have the direct link for the priority issues in the annual workplan. We have to make another strategy on how to connect with the main priority issue from the current innovation issue.”

Nevertheless, according to key informants, bureaucratic reform would be a theme for the 2018 annual workplan.

In relation to the role of research knowledge, according to key informants in Bappenas, the research that Bappenas undertakes was not ‘usable’ during the development of the annual work plan: “thematic research in our directorate is not suitable for the next policy or the next priority in annual workplan, sometimes that’s our problem”

Coordination meetings to discuss the annual workplan and budget were chaired by the Directorate of State Apparatus at Bappenas and involved directors from KemenPANRB and the Ministry of Finance. These tended to happen between February and April during the Musrenbang process. Participants met twice before, and once after, the budget (which is formally proposed by the Ministry of Finance and approved by the budget committee in the DPR).

However, key informants at KemenPANRB suggested they had little political weight in

deciding budgetary allocations: “the problem is, Bappenas and Finance Ministry always give all ministries, like us, the whole budget, not from bottom up, but top-down. So arranging the budget for every deputy here is difficult, because they’re budgeting everything. For example, this year we have 23 Billion IDR from Finance Ministry and Bappenas. But our proposal was bigger.”

Another informant told the author that “the budget for KemenPANRB in one year for their program is US\$15 million [...we need to] deal with 4.5 million civil servants throughout the country, doing innovation, out of the box programs, etc. Sometimes we are unable to do something like that...US\$15 million will not take us anywhere.”

Based on discussions with key informants from Bappenas, it was unclear whether Bappenas had planned for a funded programme for bureaucratic reform in the 2018 workplan. Further, given decentralisation, Bappenas had little influence over local governments. A key informant from Bappenas said “we don’t really have direct programmes to the local level, thus we don’t really have a direct connection with the local level. Nevertheless, as we discussed above, local governments reported to Kemendagri.

Accountability

According to one key informant (a former ministerial advisor), evaluation of civil service performance, is the responsibility of the Deputy for Bureaucratic Reform, Accountability and Supervision within KemenPANRB. Performance targets were developed collaboratively by civil servants in KemenPANRB and Bappenas and were informed by the eight performance areas outlined in the grand design and roadmap. Despite very different contexts, targets and indicators were uniform for all local governments and ministries. Key informants raised concerns about the nature of the targets: “Even if we have an indicator performance, the indicator of performance doesn’t evaluate the real performance of each individual...the government’s understanding about performance is still not advanced”

Executed online, KemenPANRB uses the bureaucratic reform implementation self-

assessment (Penilaian Mandiri Pelaksanaan Reformasi Birokrasi or PMPRB) to collect information from all government institutions about the performance of civil servants in relation to “eight change areas”. Self-assessment forms that were received by KemenPANRB were aggregated into a report and sent to the minister and then onto the president which summarised progress made in reforming the bureaucracy on an annual basis. The entire process takes place between January and May every year.

Interviews failed to uncover exactly what these reports said, their quality and how they were used. However, informants from KemenPANRB and Bappenas did discuss the challenges faced in promoting change: “the mindsets, the vision, or the commitments of the leaders from the ministries, the governors, mayors.... the commitment is not really translated into reform. They feel happy within their comfort zone, that’s the problem.” another key informant from the same ministry said “for now it’s only reward and punishment only in attending offices, or late to arrive at office, or come early go home earlier, it’s only on those situations...it’s very hard to make sure that 4.5 million civil servants in Indonesia change their way”

Nevertheless, there was a sense among key informants that officials could report that they were changing through the production of reports even if this was not true in practice. “Whether it’s in the planning document, the mid-term planning, or annual report, everything is ok. But as we can see, the attitude is different. The measuring variables can’t force bureaucrats to do the right thing. So within bureaucratic reform, we measure it through the report. Then we have LKJEP to measure performance, in budgeting we have unqualified option (WTP), these form the three main symbols in bureaucratic reform. This means that they’re accountable, efficient and innovative”.

Good practices and their spread

A key informant at Bappenas during our interviews suggested that she had not seen any significant changes made in spite of efforts to reform the bureaucracy. She also felt that

institutions as well as civil servants would only work if assigned to do by official law or regulation (such as presidential regulations). This was supported by an assistant commissioner at KASN who said: “in Indonesia...everything they do in the government, they always ask “what is the regulation”? Nevertheless, our research uncovered some instances where civil servants had reformed their practices. We discuss this below.

Initiatives taken outside the remit of government regulation

Most key informants when asked about good practice, mentioned pockets of high capacity at local government level, especially within city governments on the island of Java. Governments in Surabaya, Banyuwangi, Bandung and Yogyakarta were said to have high performing bureaucracies. One key informant suggested that “one of the best performing civil services is East Java, and for regency, municipality is Banyuwangi, both are in East Java province. They’re very good, very innovative, and very competent, they’ve performed so many things”, whilst a former rector of UGM described the application of IT in the processing of new business licenses in Yogyakarta and improved bureaucratic practices which led to the ‘beautification’ and reduction of pollution in Surabaya.

Mietzner (2014) suggests many local governments ran pilot projects on the competitive recruitment of bureaucrats in their areas and demonstrated that such mechanisms were workable and popular. He suggests that local government leaders could initiate such trials because of legal loopholes as the existing legal framework did not explicitly rule out such initiatives. The most prominent example was Jakarta, where Joko Widodo and Basuki Tjahaja Purnama came to power in September 2012.

Leadership and commitment

Most informants suggested the main reason behind improvements in bureaucratic practices was the foresight, commitment, incentives and approach of local leaders. For instance, the

simplification of business permits – nationally - was partly instigated by elites wanting to improve their rank in an index which assessed the ease of doing business in different countries. One key informant said it was the commitment of leaders that was crucial: “commitment. That’s the key point. They want to change their mindset, not to stay within their comfort zone, they want change”.

Another informant suggested that the mayor played a crucial role. She (the mayor of Surabaya) was from a ‘business kind of family, these [mayors], they are able to set up a change management...train the people, give them authority, so sometimes is not increasing the salary that is the solution. Give them trust and authority and then afterwards you’ll only supervise them.”

Hamburger et al (2012) agreed with this to some extent, suggesting that pockets of reform have been the result of transitory changes in local leadership or of determination to solve a specific problem. This was supported by a civil servant who said that “it is the leaders that would go to the field and ask what are the existing problems, and ask how they would be able to solve it... So it could be said that there’s pressure from the leader, on how they would work efficiently, in order to improve the government capacity.”

So change was happening, both amongst some local governments and central level agencies, but it tended to be piecemeal incremental and not necessarily as a direct consequence of regulatory reform. It tended to be a result local elites eager to realise economic opportunities, suggesting that bureaucratic reform was a result of, and not a pre-condition for economic development.

Reward and punishment

In order to bring about change, some leaders resorted to the use of punishments, in the form of, for instance, ‘naming and shaming’ as one key informant at local government level highlighted: “there’s an appraisal of SKPD in every three months in a form of a book. And the governor will deliver it himself. The staff that doesn’t perform well will be humiliated. I know this is not what the Javanese philosophy taught us. First

the SKPD report was given through a sealed envelope. Then the report was announced to the entire room. Everyone can hear. After that we announce it to public, newspaper, online media... surprisingly it's effective enough to make people work harder".

The demonstration effect

Based on the idea that good practice, if shared, could be replicated by others – also known as the demonstration effect - attempts had been made to share innovative practices across Indonesia. For instance, at KemenPANRB, the deputy for public service was responsible for facilitating the development and sharing of innovations from both Indonesia and abroad. Launched in 2013, the Ministry also awarded prizes to institutions for public service innovation on an annual basis. BKN ran a similar competition and had initiated the development of a system whereby good practices associated with the implementation of the civil service law in local government would be documented by a knowledge centre and stored in a repository called ASNpedia. At the time of writing, a key informant suggested this would be ready by April 2017.

In addition, a number of internationally supported initiatives aimed to promote and learn from innovative practices. These included:

- the Transparent and Attentive Bureaucracy

programme,

- Transformation Forum, supported by the Harvard Institute of Education, which provided training for 27 Regent/Walikota and a
- Learning Hub, supported by GIZ to which Regent and Walikota were invited on study tours across Indonesia to see how civil servants in for instance, Banyuwangi reformed public services through improved bureaucratic practices.

Experts from overseas, including a change management expert from Switzerland, experts from the Australian Public Service Commission as well as GIZ were invited to share their experiences and expertise.

However, these initiatives had come to an end coinciding with the end of SBY's second term in office.

Final thoughts

From about 2011 onwards, policy discussions about reforming the bureaucracy had grown in intensity with coalitions forming which both supported and opposed change. However, by the time Joko Widodo entered office, deliberations had receded and what seemed to be a coalition of actors supportive of reform had begun to fade. We now turn to the last of our three cases, planning and budgeting at the local level.

6

Case 3: identifying priorities and allocating resources at the local level



Introduction

In this chapter, we will discuss how local level administrative authorities plan and budget on an annual basis. In the first part, we discuss persistent problems that are the result of planning and budgeting processes in Indonesia. Then we describe the actors who influence planning and budget processes at the local level. This is followed by a description of formal processes which shape planning and budgeting processes. The penultimate part outlines key features of the process whilst the final part presents some concluding thoughts.

Key issues

A series of studies (Sarosa et al 2008, World Bank, 2014, Dixon and Hakim 2009) has suggested that annual planning and budgeting processes in Indonesia and the resulting RKPDs (annual work plans) and APBDs (annual budgets) do not properly reflect people's aspirations and were unlikely to contribute to the reduction of poverty despite the presence of bottom-up planning processes including musrenbang. Furthermore, Dixon and Hakim (2009) suggest that inequalities between districts have been aggravated as central government have fewer powers to close the gap between the richest and poorest areas of the country. For instance, the World Bank (2007) said that "since decentralisation, income levels have improved across the country, but the richest districts have outstripped the poorest (in Dixon and Hakim, 2009). Moreover, within districts "recent government

expenditure has largely been concentrated in urban centres, captured by politically connected elites, and continues to disenfranchise the poor (World Bank, 2007 in Dixon and Hakim, 2009).

Key Actors

Key actors involved in planning and budgeting included those at both the district and national level:

At sub-national level

The Governor, Regent and Mayor (who is the elected head of a rural district or urban city), who formally has an independent political base. He/she is the highest authority in the region and presents drafts of the development budget (APBD) and other government plans to the DPRD for approval.

Local House of Representatives (DPRD) has three functions: (a) legislation, (b) budgeting, (c) monitoring. The first two are implemented together with the head of the region, while the latter is to monitor the implementation of the first two. They are expected to “articulate and aggregate the people’s interest” (USAID DRSP, 2006). The DPRD formally approves district plans and budgets.

Local Government Working Units (Kesatuan Kerja Pemerintah Daerah, SKPD): these are units providing services to citizens which often still are called their old name of ‘dinas’.

The Local Agency of Development Planning (Bappeda). Its main job is to coordinate the SKPDs to prepare the annual workplan. Generally, it has the authority to coordinate the production of all planning and budgeting documents including the APBD. Cahyat (2011) suggest ties between the Bappeda and SKPDs usually depend on personalities and personal relationships but on the whole Bappedas tend to enjoy a strong position during planning and budgeting processes. However, in a study on social assistance policy making Datta et al (2014) found that Bappeda’s tended to lack influence over those with more political weight such as the Finance and Asset Agency (DPPKA) whilst a key informant from this study suggested that “if the one to coordinate

have the same level of echelon, for example the head of the Bappeda has the same echelon level as the head of department, they’ll think that they have no right to supervise them...”

The Bappeda, together with the Finance and Asset Agency (Dinas Pendapatan, Pengelolaan Keuangan, dan Aset Daerah—DPPKA) make up the Executive Budget Team (Tim Anggaran Pemerintah Daerah—TAPD), led by the local Secretary (Sekda) which produces the APBD.

With power and resources formally devolved to the districts, provincial actors had limited power. One key informant at local government level in Yogyakarta suggested that “when the district autonomy in the second level (kabupaten kota) they feel like they are not the province’s subordinates. So maybe there are a few mayor and regent in Yogyakarta that didn’t pay much attention to their province policy.

At national level

The Ministry of Home Affairs: As mandated by the Local Government Law, the Ministry of Home Affairs has a key role in supervising the local government during the formulation of development planning. The provincial government, as the representative of central government, will report to the Ministry of Home Affairs about the RPJMD and also local regulations that prepared by district governments (Kabupaten/Kota). This includes providing annual guidelines to all sub-national governments for their budget preparation and is the designated ministry tasked with monitoring and evaluating the special allocation fund (DAK). While its role is closely connected to that of the Ministry of Finance, there is limited coordination between the two institutions. Specific DGs include Bina Pengembangan Daerah for development planning, Bina Keuangan Daerah for regional finances and Otonomi Daerah for regulations.

The Ministry of Finance: its role is to prepare the central government budget, prepare many of the macroeconomic and fiscal projects included in the budget and manage state expenditures and the non-tax revenue. It also manages some parts of the regional transfers from the central government budget together with the planning

ministry. The main DG for fiscal balance is Perimbangan Keuangan.

The Ministry of National Development Planning (Bappenas): its role is to set up the 20 year, 5 year and annual workplan for the central government. This involves coordinating plans between more than 80 line ministries and central government agencies. However, they have no authority over sub-national governments, which is under the Ministry of Home Affairs.

Central line ministries: most line ministries will have relationships with their counterpart SKPDs at both provincial and district level.

The Executive Office of the President (KSP), introduced under Jokowi as the “West Wing”. Being frustrated with the lack of integration, they have been spearheading the synchronization of planning and budgeting.

Formal processes

Local planning documents (of which there are many as Box 1 illustrates albeit at the national level) are the platform for articulating and prioritising developmental needs in the district. There are three main inputs to these planning documents: i) people’s aspirations formally channelled through the Musrenbang; ii) bureaucratic and technocratic needs proposed

by SKPDs and iii) political interests which are channelled through elected officials such as the Regent and the members of the DPRD.

The legal framework

Plans are underpinned by number of laws which regulate district and municipal level planning and budgeting processes in Indonesia. These start with Law 25/2004 on the National Development Planning System which provides the legal basis for an interconnected planning system. In addition, Law No 17/2003 on state finance provides explanations on the sources of revenues for local governments, especially the balanced fund from the APBN which includes the shared revenue, general allocation fund, or DAU and special allocation fund or DAK. To complicate matters, sub-national planning is regulated by the Ministry of Home Affairs through Law 32/2004 and more recently 23/2014. This includes prescribing who should be invited to Musrenbang processes (Sarosa et al, 2008).

Budgets are passed as a law (APBN) or by-law (APBD), so it needs to conform to law 10/2004 which guarantees that people have the rights to provide inputs in the law making process (more recently replaced by Law 12/2010). In addition, Law 14/2008 on transparency of information

Box 1: National planning and budgeting documents in Indonesia

There are a number of voluminous documents prepared to support the planning and budgeting system. The compilation of these reports is a resource intensive process while the information content of the documents is variable.

- Medium-term national and local development plans (RPJMN/D– often around 1,000 pages – contains policy priorities, objectives and program structure of government policy for five years in line with the presidential term.
- Five years Strategic Plan for line ministries and SKPD (Renstra) – Ministry of Finance with 250 pages, the planning ministry with 70 pages, Ministry of Agriculture with 53 pages – Ministry strategy plan which operationalizes the medium term national development plans.
- Annual Government Plan (RKP and RKPD) – often more than 1,200 pages – contains annual break down of the medium term national development plans.
- Annual national and local budgets (APBN and APBD) that are compiled from the RKP/RKPD and further drafted and approved by the DPR/D.
- Financial Note (Nota Keuangan)– some 500 pages – An extensive narrative on the budget priorities. Contains the macroeconomic assumptions, details on expenditure allocation by economic, functional, and organizational and program classification.

Source: World Bank, 2014

ensures that every citizen has the right to know of any plan, formulation process and the reason for any public policy. These last two laws are meant to promote openness and transparency in public processes such as the formulation of the RKPD and the APBD (Sarosa et al, 2008).

In addition, to ensure that funding streams across the 500+ local governments are consistent with implementing the obligatory functions of local government, as well as the national planning goals in the president's RPJM and other documents such as the MDGs, the national government introduced a set of minimum service standards (SPMs) prepared by national ministries for their respective sectors (Dixon and Hakim, 2009).

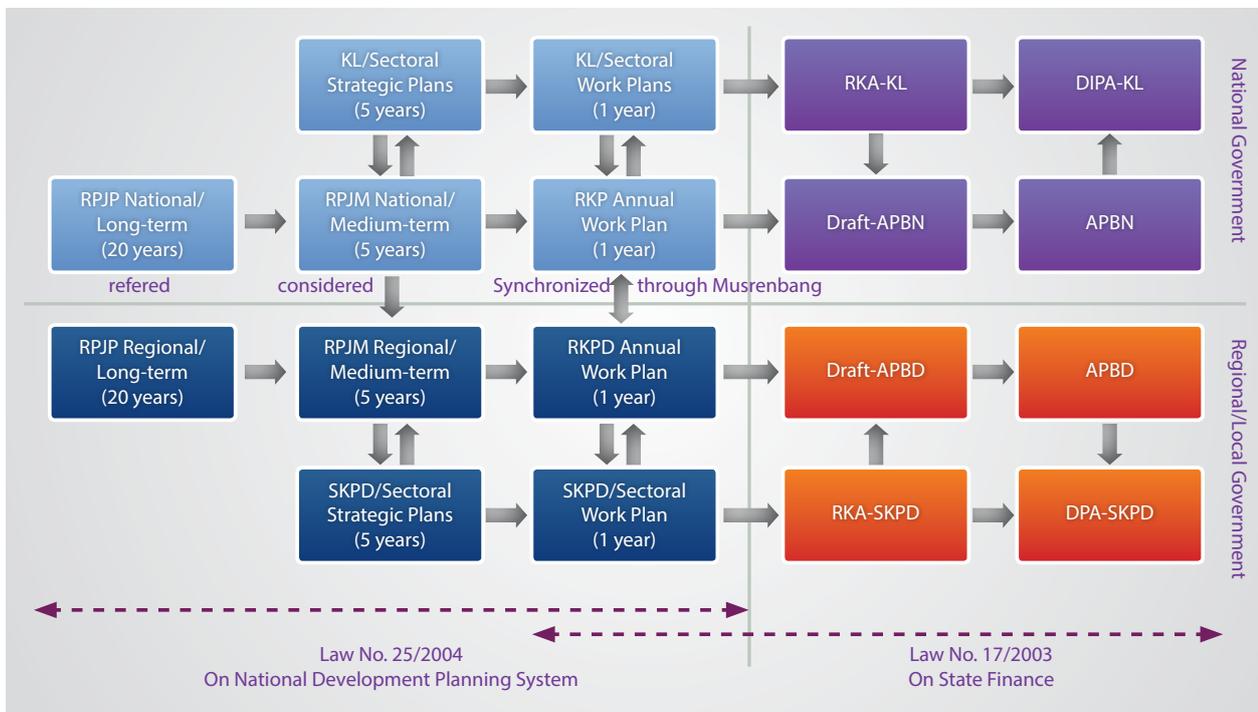
With the implementation of the new Village Fund Program (Antlov, Dharmawan and Wetterberg 2016), the total government budget transferred to subnational governments has reached almost 37 percent, resulting in almost 60 percent of budget continuing to be managed by central government (Ministry of Finance, 2017).

Developing plans and budgets

Inputs to the planning process are formally collected and considered through a detailed process. Following the election of the local mayor his/her five year development plan (RPJMD) is developed and enacted by the DPRD. The National level RPJMN is used as a reference for District work plans (RKPDs). These are developed annually in support of the RPJMD based on the proposals of the local government work units (Renja – SKPDs). Each government work unit (SKPD) prepares a five year (Renstra) and a one year work plan (Renja). The one year plans are combined by the district administration into the annual district work plan (RKPD), to which we now turn.

Since decentralisation, Kemendagri has been content to leave the detailed format of the annual district work plan largely to each district to decide (Dixon and Hakim, 2009). An annual budget circular is issued by Kemendagri indicating the national priorities to be taken into account in preparing each local budget. The

Figure 1: Integrated System of Planning and Budgeting at National and Regional/Local Levels



Source: Sarosa et al, 2008

DPPKA develops a general budget policy (KUA) which contains a list of priority expenditures, a revenue prediction, a financing strategy, and economic assumptions. The Bappeda prepares a budget ceiling (PPAS) for each SKPD according to KUA and other relevant references such as the mid-term expenditure framework (which is available in the RPJMD and Renstra-SKPD). Based on these, each SKPD prepares a budget, RKA-SKPD, with the Bappeda and the DPPKA sometimes providing support.

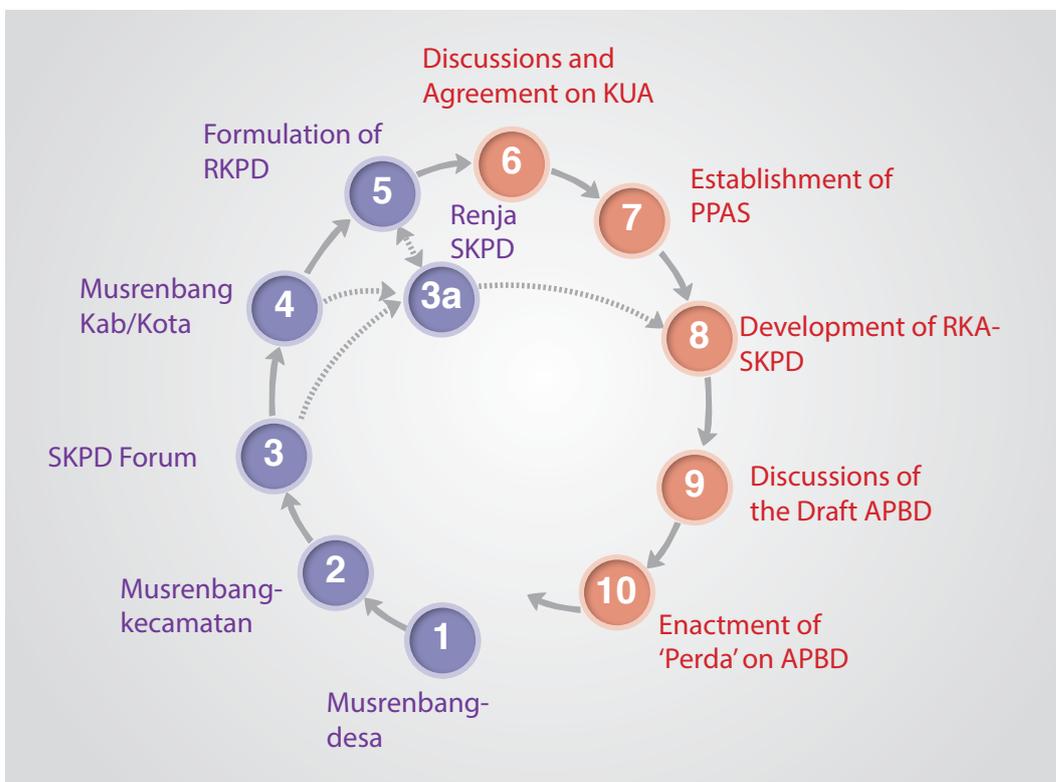
The Finance and Asset Agency draws on all SKPD budget documents to prepare the APBD

fiscal year. It determines what can and cannot be spent during the fiscal year (Cahyat, 2011).

At the same time a multi stakeholder, multi-level and deliberative process or Musrenbang is conducted to understand and prioritise the needs of local people and fed into discussions about the development plan at various stages of the planning and budgeting cycle.

Figures 1 and 2 illustrate the process diagrammatically. According to Dixon and Hakim (2009) the precise procedures vary between districts (albeit within the confines of the aforementioned laws). And the timing for

Figure 2: District Planning and Budgeting Processes - simplified diagram



Source: Sarosa et al, 2008

for discussion with the Regent. Once the APBD has been finalised by government, the Regent presents this to the DPRD for approval. When this has been achieved, it is signed off by the governor of the province. After approval for the APBD has been secured, each SKPD prepares its budget implementation list or DPA-SKPD. The DPA-SKPD is a legal basis for all local government activities and expenditure during the

setting up sub-national government medium term development plans will differ from one sub-national government to another depending on sub-national government election cycles (World Bank, 2014).

Let us now turn to a discussion of some of the issues that the literature as well as our key informants have raised in relation to planning and budgeting at regency level.

Regulatory coherence and reach

Sarosa et al (2008) suggests there are “so many laws and regulations from the national government” and that the situation is “over-regulated”. To reinforce this, one key informant said “manuals are made by every ministry. There’s manual from Kemendagri, from Bappenas, KemenPANRB, etc. Same inside, different title...” Local officials were subsequently forced to continually play ‘catch-up’: having to learn about new laws and regulations and attempt to interpret what they mean in practice, only for the government to issue yet more laws or revisions to them.

Cahyat (2011) said the current procedures on local government planning and budgeting and financial administration were too rigid and provided little room for more context specific innovations. And while these rules were brought in, in part, to improve accountability of public resources, there was no evidence to indicate that this had been achieved.

Some authors have suggested a lack of consistency between different laws which regulate planning and budgeting processes at the national level. For instance Sarosa et al (2008) argue that Laws 17/2003 and 25/2004 were not wholly consistent with one another and question why the KUA, PPAS and RKA-SKPD (which were viewed as the budget planning components of the budget process) come after the formulation of the RKPD, which they say is supposed to be the end result of the planning process: “should not those budget planning components (such as the general policy formulation and priority setting) be parts of the planning process and discussed by all stakeholders in the Musrenbang?” Moreover, they argue that “Law 17 suggests that the district budget should be based on the district’s annual workplan and yet it also says that the process should begin with a presentation by the local government and discussion in the DPR on the general budget policy (KUA) in June every year.” To add to the confusion, Law 32/2004 with its section on subnational planning is not fully aligned with either Law 17/2003 or Law 25/2004.

Interestingly, Law 17/2003 implied that the medium and long term development planning

approaches were no longer appropriate in a rapidly changing world, suggesting that a medium term expenditure framework would be more preferable (Sarosa et al, 2008). This might be a reason for the, at times, frosty relationship between officials from Bappenas and the Ministry of Finance.

Incorporating stakeholder perspectives

Our research uncovered several weaknesses with the Musrenbang process. We describe some of them here.

Little useful information regarding district and national priorities, programmes, plans and budget information is made available to villages, sub-districts and technical agencies well before they undertake their own planning activities, as reference material for lower levels of government in time to guide them in their own planning processes. (ADB, 2008; World Bank, 2003 in Dixon and Hakim, 2009).

Musrenbang were relatively short, announced at short notice, lacked competent facilitation and involved much speech making, with the meetings often referred to as ‘speech contests’. They also suffered from sudden changes in timing or being held too close to each other to allow for adequate processing of the results before being taken to the next level in the hierarchy. (ADB, 2008; Sarosa et al, 2008)

At sub-district level (kecamatan), representatives of each village were selected to the Musrenbang. They were also attended by the chief civil and security authorities, and frequently by representatives of the district Bappeda. DPRD members attended Musrenbang at the sub-district level, where they resided. However, they tended to be mainly interested in obtaining large projects for their constituents rather than district wide planning (ADB, 2008).

Musrenbang rarely involved the poor and only sporadically involved women or special groups within local populations. Representatives of NGOs and religious mass organisation appeared to play little or no role during planning and budgeting processes even though their involvement was encouraged in the regulations (ADB, 2008). One key informant from Bappenas suggested that civil

society organisations tended to engage more actively in discussions in urban areas, where they were perhaps, better organised.

There was often no clear criteria for selecting project proposals. Musrenbang planning forums simply compiled proposals from villages for presentation at the district Musrenbang. And most of the proposals that emerged from village and sub-district levels were never incorporated into final district plans. This was because they were judged at the district level not to be in line with higher level policies and programmes (ADB, 2008; Khusaini, 2014).

Unsurprisingly Musrenbang processes were often bypassed by powerful actors, with heads of SKPDs often engaging directly with the Regent after the conclusion of the Musrenbang. This would often be to ensure that favoured projects were incorporated into the overall plan to be put forward by the DPRD (ADB, 2008).

Preparing medium term and annual plans

Here we describe features of the development of the five year medium term development plan. It is in four parts. The first part describes the use of consultants and experts, the second explores the consistency between local and national plans. The third part describes briefly what key informants said about consulting stakeholders on the draft plan. And the final part describes how the plan is or is not used as a tool to shape the behaviour of institutions and individuals and hence bring about social and economic progress.

The use of consultants and experts

Some Bappeda staff hired consultants (usually on an individual basis) to draft the medium term development plan, RPJMD. One key informant supported this by saying: “when you wish to evaluate who’s involved in forming the RPJMD you could open LPSE owned by LKPP. It’s a tender for equipment and service, it has consultation service for forming the RPJMD, and the procurement for consultants. As long as it’s there then the question remains, institution is there, bureaucrats are there, authority is there, money’s there, so who’s doing it? The consultants. It’s similar at ministerial level”.

In the Yogyakarta district of Sleman, one of the districts we visited during our research, we found that rather than seek advice from a Litbang (which in any case was no longer a standalone entity and whose functions had been integrated into other government agencies) the Bappeda had a formal relationship with five universities to either undertake research or provide recommendations over the five year period for the RPJMD.

Consultants who were asked for advice (and were often university academics) most often drew on their experience, rather than published research and would write up a plan based on a synthesis of official documents. Traditional norms meant they could rarely turn down the opportunity of providing advice, even if they felt they weren’t adequately equipped to do so.

Sometimes expertise was sought, not necessarily to inform the development of plans, but to provide senior officials and policy proposals with legitimacy. One key informant from a prominent university said “34 expert staff were assigned to each SKPD from UGM to fix data and to deliver evidence. But the thing is the data they used are solely because they want a good public opinion”. Another key informant supported this by saying that DPRD members were more likely to listen to issues raised by the Bappeda if it was articulated by a ‘Profesor Doktor’ “we need to make them believe that we’re not making it all up”.

In addition, hiring expert staff could help the Bappeda in its engagement with SKPDs: “that’s why we need expert staffs so that the staff in SKPDs won’t lie to us...we will lose if they challenge us for a debate on sectoral substance. That’s why we need expert staffs to help us give reasoning so that we can implement what we’ve designed”.

Consistency between national and subnational planning priorities

We now turn to the need to comply with higher-level development plans. World Bank (2014) reported that it was not clear whether the medium term regional development plans (RPJMD) were revised to make any necessary adjustments to the medium term national development plan (RPJMN) and that there was

a contradiction between the level of detailed information presented in the medium term national development plans and its role as a strategic planning document.

Supporting this, key informants suggested the linkages between the two plans were weak partly because local level actors were unable to identify issues the national government considered strategic. One informant who had worked with the Bappeda in Yogyakarta said the RPJMN comprised four very large books and that “when we read it, the structure of the report doesn’t really help much for regions to understand what exactly the central government wishes for...no one could see where the strategic issues lie”. She went on to say that the “documents itself are not very practical to be used as a manual for regional governments”. One key informant from Bappenas said the current president has 23 priorities whilst another said everything tended to be a priority, so “it’s very difficult to decide”.

However, Khusaini (2014) suggests a great number of national issues were incorporated into district level RKPDs. National level issues most often not accommodated were: defence and domestic security; disaster risk reduction; energy management and investment and exports. These issues were not incorporated because either:

1. there’s a perception that the issue will be handled by central government – this was supported by a key informant from Bappenas who said that “local governments have a very low commitment to these central government projects. Since they thought that this is handled by the central government, then all the money will come from Jakarta, not from their own”;
2. it is not a priority (such as disaster risk reduction or mining);
3. there’s a lack of understanding of the issues and/or;
4. there’s a lack of capacity to deal with the issue.

In some cases central government actors would insist that local actors include an issue, despite it not being a priority at local level. One key informant said “central government is forcing

us, whatever central government wants, regions have to do it I ask them are you out of your mind? Why would Yogyakarta be asked to till new farmlands? Yogyakarta doesn’t have any more land, it’s all houses, now...” She went on to say that it was “an issue that has been around since I was in university until now, it never change.

These challenges were also explicitly revealed during our discussion with a key informant from Bappenas: “The challenges that were faced in compiling the document are differing terms of offices. The term of the president is different to that of regional heads. It is then difficult to synchronize between the president’s and regional head’s mission. This would then lead to differing priorities between central and local government [...] the next challenge is difficulty to integrate between central and local government, including nomenclature differences [...] next, within the development stage, there are issues that link between priorities of regional government (districts, regencies, cities, etc.) and the central government. This creates some sort of disconnect...”

Furthermore, the Minimum Service Standards appeared to have had little impact on local budgeting, partly because:

- of their sheer diversity;
- the limited performance information available in individual local governments on gaps against standards;
- the failure of budget preparation templates used at the local level to link budget requests by local service units to achievement of minimum standards.
- A lack of clarity about where meaningful responsibility for implementing a the minimum service standards resides (given the unclear assignment of responsibilities between local and national governments (Dixon and Hakim, 2009).

The plan as a developmental tool

Plans were often put together first by officials before engaging stakeholders about their views. “this is how things work in our Bappeda. We try to solve problems in our data by ourselves then

we ask others for help like the public consultation forum [Musrenbang]. We involve academics in that event after the draft has been made”.

One key informant argued that, rather than reflecting the problems faced by different stakeholder groups in the district and how they might be addressed, the RPJMD merely reflected the activities to be pursued by the SKPDs. Moreover the RPJMD was rarely adjusted to reflect changes in the context or to political priorities as one key informant described: “once an RPJMD has been formed, they’d just leave it like that...when we were asked to evaluate RPJMD it appears that within five years of its creation, the same document has never been opened.” If the plan was changed over the five year term, it was usually to reflect changes in spending that had already happened: “what was changed were eventually not annual activities that are based on plans, but the plans that are based on the annual activities.”

Regional medium term development plans appeared to change very little from one to the next. “Whatever the vision and mission is, the programmes and activities are the same. So when we think about it, perhaps Soeharto is still leading Indonesia. Because the programme and activities are the same...we still read something about farmland intensification, same land size back with the 90s GBNH [broad guidelines of state policy]. The programme is family planning, village programme, same, just different names.”

Our research suggested that local governments tended to place more emphasis on annual workplans and particularly budgets, given the legal implications they faced from the BPK together with the regulations authorising their development issued by their primary supervisor, the Ministry of Home Affairs.

Preparing the annual budget

The annual budget tended to be determined through the detailed costing of activities, without considering the impact of activities on intended targets outlined in planning documents. The budget team tended to decide allocations to each SKPD without knowing whether there were

better ways of achieving local planning targets through alternative allocation decisions. Annual budgeting tended to be driven by the previous year’s allocations (adding a percentage increase for inflation) rather than targets and next year’s intended results. As such there tended to be little substantial change in the budget from one year to the next (Dixon and Hakim, 2009).

Although a performance focus and medium term framework were mandated in legislation, it proved difficult to put this into practice. There was little ownership of this and despite extensive technical assistance from donors, achieving success with was proving difficult both at local and national levels. Officials found new approaches difficult to understand, were reluctant to take risks, clung to tried and tested approaches and as a result did not complete parts of their budget request forms (Dixon and Hakim, 2009).

Budgeting was dominated by the local government’s budget team and the local council’s budget Commission and – as in most places in the world- was done mostly behind closed doors. There was also no obligation to draw on the discussions from the Musrenbang during budget related deliberations. Members of the business community, lobby for resources, often, to get ‘payback’ for financial support to politicians during their election campaign. Those without access to senior officials in the executive used their relationships with members of the DPRD (Sarosa, 2008; Cahyat, 2011).

Age and seniority play a significant role in one’s ability to influence top officials including the Regent. For instance one key informant from a prominent university explained why people were reluctant to question the Sultan in Yogyakarta: “maybe the age factor influences the hesitancy [to question] the Sultan. The Sultan and the current bureaucrats have a very different age level. The Sultan has four experienced Bappeda leaders. And those Bappeda leaders rule for eight years. And that’s why this age factor really affects the Sultan-bureaucrats relationship. Once the Sultan has said something, no one is brave enough to interfere, let alone suggest another idea”.

The Regent could be influenced by DPRD

representatives. However, the latter, as local elected politicians, often lack proper education, political experience and are often unable to hold mayors and district heads accountable for their performance. Moreover, the quality of political debate amongst political parties in the DPRD tends to be poor. In addition, officials in the executive branch also require significant improvements in their capacity (such as knowledge and skills) to undertake decentralised functions including planning, budgeting, accounting and reporting, undertaking external audits, regulation and the management of public debts and investment (Dixon and Hakim, 2009).

With regards to actual budgets, the largest spending item at sub-national government level was government administration. This accounted for 38 per cent of total spending at provincial level and 30 per cent at district level. In advanced industrial countries, this usually accounted for about five per cent. Any cut in a district's wage bill would result in a decrease in the base allocation of the DAU, with a one year time lag. Any savings made were thus eliminated by reducing the DAU. But World Bank (2007) suggested that high levels of administrative spending tended to crowd out spending in health and agriculture (Dixon and Hakim, 2009).

Consistency between annual work plans and budgets

Khusaini (2014) concludes that the consistency between the RKPD and APBD tends to be very limited. This is not surprising as several authors discuss the lack of integration between planning and budgeting processes. As a result, planning priorities in the district's five year plan and its annual work plan were described with limited reference to the cost of implementing priorities whilst budgeting was unresponsive to the planning analysis (Sarosa et al, 2008).

There were a number of explanations as to why planning and budgeting operated on 'parallel tracks'. Shiraishi (2014) argues that planning and budgeting were historically given to different institutions to lead on, to reduce the concentration of "too much power in the hands

of a few institutions". As a result, the RKPD was the domain of the Bappeda while the APBD was primarily the domain of the DPPKA as well as the DPRD (a point we return to below). Further, planning and budgeting were regulated by different laws, whilst Dixon and Hakim (2009) argued that planning and budgeting occurred at different stages in the year, planning from January to May and budgeting from June to October (so budgetary information was not available when the RKPD was being prepared).

Budget execution and accountability

According to the Ministry of Home Affairs (regulation 13/2006), only the Regent or Secretary was allowed to make revisions to the list of expenditure items to be implemented. This made it difficult to adapt government activities to changes in the local context. Doing so would risk being picked out by the Stake Audit Board (BPK), which oversees the management of state funds, and of being found guilty of financial mismanagement. Key informants from Sleman's Bappeda said that "we're still on our way to BPK, we do not have enough score to prove that there's an integrity, corruption-free zone in Sleman".

Part of the reason why local governments base their planning on last year's plan is the risk of being caught up in budget mismanagement, which might lead to corruption charges. Risk averse local civil servants prefer to 'play it safe' and do what they did last year, rather than try out new things (such as performance-based budgeting). All line ministries and local governments sought an unqualified audit or risked being 'brought to task' (which might include being summoned to court). Nevertheless, officials in the SKPDs and the DPPKA would often find themselves having to employ creative accounting techniques in order to conform to the initial list of expenditure items (Cahyat, 2011). Inflexibilities were also responsible for underspending of the budget and a build-up of reserves (Dixon and Hakim, 2009).

Performance evaluation as sources of data for future planning

Subnational Bappedas were required to produce three documents for annual technical

reporting: the local governance management report (LPPD) for the Ministry of Home Affairs, the accountability report (LKPJ) for the DPRD, and the LPPD for citizens (communicated through the media). However, Khusaini (2014) highlights that these documents lack information about what changes have occurred, what appears to be working (or not), and subsequently what strategies to pursue in future. In practice all three documents were similar in nature and tended to document the number of activities conducted or the amount of money spent as one key informant suggested: “all this proves is that an unqualified opinion from BPK, whether it’s for LKPJ, LPPD, LAKIP, all this could be fabricated. So for me the indicators are only just output, not outcome, let alone impact.” Another key informant said “that’s why the evaluation document could never be the basis for future planning”.

However, new regulation demands that local government report on performance (including progress against more than a 100 indicators) and not only on the implementation of activities.

Although the Ministry of Home Affairs collected the LPPD from all local governments, they were yet to produce a consolidated report on the performance of local governments. In addition, the Ministry of Home Affairs did not collect data on service levels and had no knowledge of the cost in each district of providing local health or other services. There was nevertheless, a line of accountability to central government in relation to DAK allocations whilst the executive was accountable to the DPRD for the DAU.

The *Evaluasi Kinerja Pemerintah Daerah* (EKPD, Local Government Performance Evaluation), or the directorate for performance evaluation of local development is a relatively small unit in Bappenas which is tasked with monitoring the performance of Indonesia’s more than 500 districts and municipalities. Officials from Bappenas gather data to monitor a selection of indicators from a long list of 156 (in the RPJMN). However, as is the case at local level (which we discuss below), good quality appropriate data is not easy to find. For instance, BPS produces data for only 51 of the 156 indicators that Bappenas

is interested in. For other indicators Bappenas either has to seek data from other institutions or commission the production of data itself.

If data was available, officials gathered it, analysed trends and communicated findings to relevant local governments, highlighting problems and poor performance where appropriate. Reports were also sent upwards to the relevant deputy. However, Bappenas avoided being critical of some local governments in say, Eastern Indonesia as one Bappenas official indicated: “because Jakarta finds problems and telling Papua what they’ve done good and bad, culturally that’s not the way [...] so let the local guy evaluate themselves.”

Data management

Since decentralization in 2001, efforts had been made to improve data management. However, poor data management continued to be a problem at local level (as it was at national level).

In terms of producing data, the national statistic body, BPS was not in a position to produce the data that was needed by executive agencies. It did however play a coordination role.

Many of the SKPDs produced and used their own data as part of specific projects for its own purposes. This meant that different data sets were produced to measure the same indicators but with different results, as one key informant from a district Bappeda indicated: “theres a 100,000 citizen differences between the BPS data and the Capil [Dinas Kependudukan dan Pencatatan Sipil, Department for Population and Civil Registration]. BPS has the highest data, People assumed why could that happen, how come we lost 100,000 citizens... after we verify it, turns out the extra 100,000 on BPS is because they haven’t eliminated the deceased”. So, BPS data also suffered from weaknesses.

Finding data was far from straightforward. One key informant from a prominent university described her search for administrative data: “whenever we come down to the office, they’d always say that they don’t deal with the issue, it’s the job of the other department. However,

the person at the other department is on leave, and would only return next week. We came next week and the other department said they don't deal with this data. We returned to the previous department only to find that same person is not there anymore."

A uniform approach to data collection meant that BPS on occasion didn't have data for issues which were of major relevance in some localities. For instance, even though sago was the main staple in Papua, BPS didn't have data on sago consumption (however, they did have data for rice consumption, the main staple in western Indonesia but hardly consumed in rural Papua).

Validation and verification of data that was generated seemed to a major challenge. One key informant said "last month [...] Yogya possessed the wrong set of data for income per capita. I found several different numbers, even though it came from the same publisher, BPS. The difference isn't 1000 or 2000 but it's up 10 million, such a mess."

In some cases, data that was available wasn't used. One key informant from a prominent university said "yes, they [the local government] have the data but they don't care about the data. They don't use it for any policymaking process."

In others cases, the data was there, but there

was little capacity to analyse it and suggest what it meant for what SKPDs should do as one key informant highlighted: "while we got our data from BPS...the regulation of BPS states that they only provide data. They can't analyse. That is the difficulty that we face..." To get around this, officials from the Bappeda resorted to informal processes: "we invited them personally, we put them on our team and we ask them [...] to do an analysis 'we need an analysis for economic growth' for example. And then they deliver it to us like 'the economic growth this year is'...if we need five per cent target for economic growth, what should we do to achieve that? There is no analysis on why the number appears. They just give it to us'.

Final thoughts

Our case study suggests that local level civil servants tend to treat five year plans as an output to be produced rather than a process through which to discuss policy problems and potential solutions. It also suggests that there is a considerable focus on annual plans and budgets, especially on detailed activities and their costings, rather than, say, broader objectives and longer-term strategies. We now move to the next section which discusses key themes from this and the previous two case studies.

7

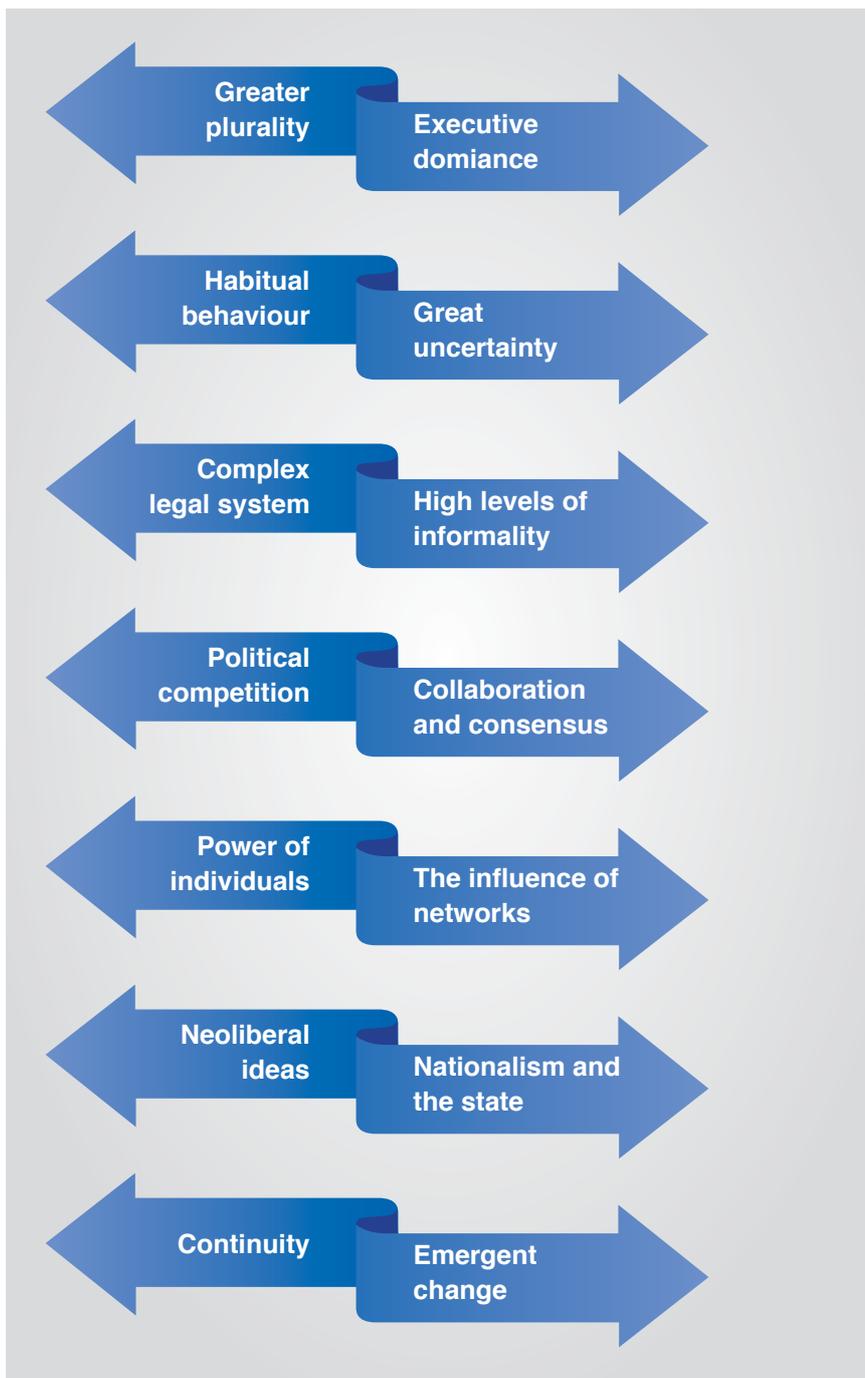
Analysis and discussion



In this section, we draw on the three cases above as well as the guiding concepts outlined earlier to discuss key features of the policymaking process. We present these in the form of seven (overlapping) sets of tensions or what might be interpreted as paradoxes (or contradictions):

1. Greater plurality and devolution whilst continuing dominance of central level civil servants in formal policymaking processes;
2. Habitual and predictable behaviour in an uncertain world;
3. A highly codified legal system and high levels of informality;
4. High levels of political competition and a preference for collaborative working;
5. The power of individuals and the importance of groups and networks;
6. The rise of neoliberal ideas and the persistence of the centralised state and;
7. Continuity in institutional norms in the face of emergent change.

This is presented diagrammatically below.



As our study has shown, knowledge is not an external input to the policy process. Its production and use are intimately bound up in the dynamics of policymaking. As a result, we weave into our discussion, analysis of what types of knowledge have been used as a resource by policymakers and to what end.

The final part considers what the implications are for the 'policy cycle' and questions whether, in light of our analysis, one actually exists.

Greater plurality and devolution...

During New Order policy was formally designed and enforced through the power and authority of centrally located leaders. This was reinforced by the Javanese style of governance, which had been particularly influential in shaping Indonesian political culture, resulting decisions rarely being challenged. Reformasi, however, saw a fracturing of top-down hierarchical controls with leaders less able to exert their authority on those below them. Junior institutions and individuals

were more likely to question directives from 'above' or interpret them in their favour. And with weak horizontal linkages, central level agencies often operated unilaterally.

With the legalisation of political parties, a more active parliament, the emergence of civil society, a more vibrant media and devolution of power to the regions, civil servants have had to engage with a wider set of actors to develop and deliver change. This was illustrated in the MOEC DGHE's engagement with Muhammadiyah, NU, Catholic Universities, and the Christian Universities Association to build support for increased autonomy amongst HEIs and efforts made by the vice Minister of KemenPANRB to build a 'grand coalition' (encompassing governmental, civil society and media organisations) across the country in support of bureaucratic reform. Interestingly, officials in both cases were academic professors.

Indonesia's politicians were more vulnerable to (as well as exploitative of) public opinion than their predecessors, evident in SBY's sensitivity of negative press coverage in the case of bureaucratic reform. While it may not have the same power as bureaucratic forces to shape policymaking behind the scenes, the media could exert influence through public pressure. One might argue that KemenPANRB, despite its outreach, as discussed on page XX, failed to engage NGOs and the media about the civil service law, in the right way, making it easier for opponents to defeat the initial proposals (Mietzner, 2014).

However, one participant at a focus group discussion was frustrated at the apparent arbitrary nature of media coverage: "our media hardly covers people who work hard. It is as if there's no leader in Indonesia who works hard. That is why [for example] Ibu Risma in Surabaya [the mayor] is working hard and is being covered extensively by the media transforming her into a spectacular figure, even though there are others who work very hard as well". Nevertheless, senior civil servants and politicians were often reluctant to interact with the news media given a lack of skill or ability, for fear of being misquoted

or misinterpreted; or prevented from doing so by protocol or ministerial orders. The last of these is unsurprising given that the media was often used as a tool by its owners to further their economic and political interests (Datta et al, 2014).

...whilst continuing dominance of centrally located civil servants in formal processes

Nevertheless, policies in most government sectors, continued to be driven by a centralized and interventionist approach, in which national institutions provided regulations and blueprints to be implemented by local governments. One key informant from a prominent university explained that people in some parts of Indonesia continued to be hesitant in questioning their leaders, despite reformasi: "we still have that kind of thing in Lombok. The Tuan Guru is very powerful. The people there always follow his instruction...my taxi driver once told me that they are very scared with the governor. If the governor asks them to choose the Demokrat party, they'll choose it. If he ask them to choose Prabowo, they'll choose it. And it really worked".

Formal policy processes continue to feature actors primarily from the executive arm of government. For instance, in deliberating the civil service law, the joint drafting team of the government and parliament was made up almost entirely of civil servants. Many of these civil servants were appointed for their seniority, wealth of experience in making decisions and personal relations with more senior officials, rather than their analytical and methodological skills. As such, civil servants rarely commissioned research studies or drew on expert advice to, for instance, suggest what course of action to take and instead relied on prior experience and 'gut instinct'.

Civil servants from some ministries felt they had more authority than others and would subsequently attach differing levels of importance to policy drafting processes (depending on who led the process). This was illustrated when the LKPP, the public procurement agency, appointed director level (echelon 2) staff to attend meetings during the drafting of higher education regulations

whilst the larger Minister of Finance appointed more junior echelon 4 staff.

Policy discussions were often relatively opaque in nature. A former vice minister suggested that there was a tendency for the drafting of regulations to be done behind 'closed doors' in the absence of academics and experts because "it is easier, simple, inexpensive, and don't have to argue with academician, researchers, and so on". Moreover, he felt that some civil servants "are not confident enough to have academic discussion [...] and they don't want to have this label that they're not smart enough in the discussion.

Regulation continued to be drafted without reference to the people who would likely be using them and the context in which they were operating. There was an absence of policy implementation experiences and learning considered during drafting processes. And given "Indonesia is an ethnically diverse nation with large interregional poverty differences and variations in regional population density" (Dixon and Hakim, 2009), the implementation of one-size-fits-all regulations often 'ran into the sand'.

Nevertheless, professors especially from the top state universities were held in high esteem by both the political elite and government civil servants. They were themselves civil servants (given the status of HEIs in Indonesia) and were often brought into policymaking processes by members of the parliament the executive and the judiciary to draft legal instruments and provide expert advice. In the case on bureaucratic reform, the team of four who drafted the initial civil service law were all senior professors from Indonesia's most prestigious universities, and without their draft, parliament would never have been able to submit a bill to the executive (Mietzner, 2014).

Further, when Eko Prasjo, one of the team of four, was appointed vice Minister at KemenPANRB, he drew much of his authority from his status and history as an acclaimed intellectual rather than from his formal authority as a senior member of the government. Moreover, Sofian Effendi's article in the Kompas and Jakarta Post was also very influential in stirring public opinion – something which leaders

nowadays were very conscious of. He did what vice President Boediono and, to a lesser extent, Kuntoro Mangkusubroto could not, which was to get the policy discussions on bureaucratic reform out of its impasse (Mietzner, 2014).

Professors (and other academics) were often exposed to a variety ideas and practices (in relation to higher education or civil service reform) from overseas through their study abroad, international collaborations and workshops/conferences. However, reflecting the inequality amongst universities generally, there was a large disparity between professors and their expertise especially between those from the top universities and those from the others.

However, academics did not necessarily draw directly on research studies in their engagement with policy. Instead, like the civil servants we discussed above, they tended to draw on their experience and knowledge accumulated over time (which may or may not include the production, or reading of, peer reviewed academic research from Indonesia and abroad). In this case, the use of knowledge is indirect. As academics accumulate knowledge over time, it takes root in their thinking and their ideas and frame of reference subsequently evolve (Weiss, 1979).

Where academics were brought into give advice on issues they had little expertise on, reluctant to turn down an invitation, they would instead make a 'best guess'. On occasion, this did not matter so much as academics were brought into formal policy processes to legitimate the process, give weight to the views of officials leading the process or the policy proposals that subsequently emerged. In this context, the use of expert knowledge was clearly political and an exercise of power to characterize problems and justify decisions.

In some policy areas, donors or international institutions played a powerful role. In the higher education sector, the World Bank was relatively influential (often at the expense of others). In order to stimulate change in the higher education sector they (i) published a number of landmark reports which were used by their counterparts

in the civil service to argue for reform within elite circles; and (ii) invested significant funds, supported pilot projects and funded experts within the MOEC. However, they were less conspicuous in the areas of bureaucratic reform and local planning, which may indicate a tendency to operate in areas which appeared to have more of a direct impact on the livelihoods of Indonesians.

If resources were available, the drafting of regulation was followed by socialisation processes. These tended to be done through a largely 'top down' approach, based on a 'sender-receiver' model of communication, announcing regulation through large ceremonial workshops or posted on websites. However, disseminating regulatory guidance to target audiences and hoping this was assimilated and acted upon was an unrealistic proposition. In the case of higher education, HEI managers did not have a forum where they could discuss interpretations of the regulation and problems they had in their application, with senior civil servants. With little engagement with those generating regulation, civil servants and other local 'agents' both locally and centrally often fell back on existing routines and practices.

The political elite and to a greater extent, civil society groups tended to be less conspicuous in formal policy processes with fewer resources (such as expertise as well as financial) with which to engage. In bureaucratic reform, although elected representatives were able to draft and present a bill (with the considerable support of the 'team of four') to parliament on civil service reform, it could not defend it from attacks from other parts of the central government. And while the Minister for KemenPANRB played an important role during deliberations, the Minister for the more powerful Kemendagri only played a minor role during policy discussions, delegating decisions almost entirely to the Secretary General.

In relation to local planning and budgeting, Musrenbang served as a weak mechanism for articulating the voices of citizens, through say NGOs and religious mass organisations such as Muhammadiyah (although key informants

suggested they may play more of a role in more urban areas, where they were better organised). It appeared that although formal mechanisms of governance had been put in place by the government of Indonesia to foster a more participatory planning system at the local level (and promote the inclusion of stakeholder knowledge in the planning process), the process of contestation and consensus building between a wider variety of actors (including representatives of the public) had yet to take hold. Evidence from the case on higher education supported this, illustrating how NGO activists and student groups were excluded from formal policymaking processes.

Against this background, unsurprisingly, the public had often resorted to protest to have their voice heard. Given large-scale violence at certain times during Indonesia's recent history (1965 and 1998), parties and politicians were particularly sensitive to public protest and were keen to prevent 'reactions' that might come as a result of particular changes in policy. The case of bureaucratic reform highlighted how knowledge of this was manipulated by the Kemendagri Secretary-General who mobilised supporters and allies from amongst civil servant associations in the regions to stage protests in Jakarta against proposals made in the civil service bill. This was rather ironic, given the dominant role of civil servants in policymaking processes. The coordinating minister for Political, Legal and Security Affairs also drew on fears of political unrest to advise SBY to water down the initial draft of the civil service.

The higher education case showed how excluded groups such as NGOs and student groups (as well as left wing, nationalist academics) had their voices eventually heard through parts of the media and by having the opportunity to challenge government policies in the judicial arm of government, especially the constitutional court (but only after they had been drafted and enacted). Nevertheless, during our study, some key informants, many of them academics, were suspicious about the authenticity of the underlying interests of such

stakeholder groups, suggesting a lack of trust between, say, academics on one hand and stakeholder groups on the other.

Habitual and predictable behaviour...

There appeared to be a preference amongst civil servants to safeguard their immediate future and establish some certainty, in order to insulate themselves from what was a fluid and unpredictable political environment. As discussed earlier, in local planning and budgeting processes this seemed to manifest itself in 1) a tendency amongst civil servants to treat five year plans as an output to be produced rather than an opportunity to discuss policy problems and solutions, and 2) a focus on annual plans and budgets, especially on detailed activities and their costings, rather than, say, broader objectives and longer-term strategies.

In relation to bureaucratic reform, key informants suggested that civil servants tended to be risk averse and were reluctant to go beyond routine work. It also encouraged the issuance of regulation and directives to subordinate institutions, which provided a means through which to legitimise their work. A desire for certainty seemed to also deter civil servants from seeking new knowledge and engaging with others beyond their unit or department especially where there was a lack of trust or when the implications of such interactions were unclear.

...in the face of real world uncertainty

In one sense, this made the work of civil servants relatively habitual and somewhat predictable: their work involved annual processes of planning and budgeting and the issuance of regulation amongst other 'ritualistic' tasks. However, as we have seen, policy processes were punctuated with spontaneous events or critical junctures which were of varying significance and whose impact could not be predicted in advance. The largest of these events was clearly the financial crisis and the fall of the New Order government in 1998. But in our three cases, they also included events such as the challenge to the higher education laws through the constitutional

court, the publication of an article criticising SBY's failure to take action on bureaucratic reform, the election of Joko Widodo in 2014, the relatively rapid rotation of senior civil servants (often linked to the rise and fall of top officials), and many others. Just as Arnold Toynbee once said about history being "...one damned event after another", so too was policymaking.

The financial crisis and the fall of the New Order government provided an opportunity for considerable change. We saw this in the revision to the law on the civil service by Sofian Effendi which was passed within several months, attempts made by civil servants and their allies in the World Bank to expand the autonomy of HEIs and the formal transfer of power and resources to the regions. Much smaller events, such as the publication of the article on bureaucratic reform, on the other hand, helped to refocus political attention on an issue which had slipped down the agenda. In relation to the role of electoral cycles in instigating change, perhaps driven by a desire to leave a legacy, SBY in his second term appeared to renew policy discussions around bureaucratic reform, which ultimately led to the passing of the civil service act in early 2014, albeit in a watered-down state. The election of Joko Widodo, on the other hand, seemed to put an end to hope of further substantive change.

The only certainty then was that very little was certain.

The legacy of highly codified legal system...

The Dutch left behind a Napoleonic bureaucratic-legal system. This, combined with military rule under president Suharto during the New Order era (who led on quasi-military terms) resulted in an extensive bureaucratic machinery and a highly-codified legal system (Cowherd, 2005; Liddle, 1996). The development planning system in Indonesia was a product of this whilst the national policy framework was characterised by a hierarchy of laws, regulations, decrees and instructions at all levels of government from the president right down to the village. Legal instruments told you exactly what one should do (but not necessarily what one should not). With

regard to the production of knowledge, officials were legally obliged to produce an academic document to accompany draft legislative bills, containing a detailed explanation of the matters to be dealt with (Datta et al, 2011).

In the case of bureaucratic reform, the emphasis on formal plans, strategies and structures was illustrated by the establishment in 2010 of a committee and task force chaired at its highest level by the vice president, whilst a twenty-year “Grand Design” together with a five-year “Road Map”, were developed and authorised through a presidential regulation.

The sheer volume of formal guidelines led to regulatory incoherence – seen in the challenges faced by KASN. It had to issue guidelines but had to ensure consistency with higher level directives. However, it had to contend with a plethora of regulations in relation to civil service practices issued by a range of institutions with overlapping jurisdictions. As one key informant said: “central level ministries [continued to] maintain their ministerial decrees in order to maintain their control”. The regulatory framework was subsequently confusing and lacked coherence.

The non-compliance with some rules could lead to dire consequences. For instance, not complying with the annual list of expenditure items, made local governments susceptible to being found guilty of financial mismanagement by the state audit board. Local agents were subsequently encouraged to spend resources in a way that complied with the rules rather than on the right things.

... and high levels of informality

A consequence of the sheer scale and complexity of the formal policy system as well as the persistence of traditional norms was, paradoxically, the reinforcement of informality and the increased use of discretion amongst officials, especially those at local level (See for instance Hudalah and Woltjer, 2007). For instance, with regards the acquisition of expertise, informal relationships were a means through which, civil servants and politicians appointed experts to policy drafting teams. This informality

was reinforced by regulations which prevented officials from paying not for-profit centres more than US\$4 000 to do so (See Datta et al, 2016). This subsequently meant that those appointed to provide expertise were likely to share the same ‘world view’ as those they were reporting to.

Given the incoherence in the legal framework, lower level institutions found themselves struggling to make sense of what they needed to do. With the fracturing of top down lines of accountability (and the impossibility of central government ever being able to exercise complete supervision), local agents were able to exercise a lot more discretion in the application of rules and allocation of state resources.

The room for manoeuvre was shaped by a number of factors including knowledge, skills, resources, informal relationships and levels of bureaucratic discipline. It was also shaped by the goals of individual civil servants which could include any number of the following: the accumulation of power and wealth, prestige, security, convenience, loyalty (to an idea, a leader, such as a minister, or the nation), pride in excellent work and a desire to serve the public interest (as the individual perceives it). Using knowledge may be a priority if they think it can help them achieve one or more of their goals (see Downs, 1965).

In the higher education sector, some HEIs found ways of circumventing the more arduous and impractical provisions of laws either by ignoring them altogether or by coming up with more workable informal arrangements (Hill and Wie, 2013). And despite central government being slow to implement the higher education law, a number of innovative practices to improve teaching and research were emerging amongst HEIs and from industry. Within HEIs they were emerging from the more established public HEIs which generated most of their revenues through non-governmental sources and already had pockets of international excellence.

Where local actors did not have an opportunity to discuss the difficulties of implementing regulation ‘from above’, especially where they were perceived to be too rigid or unrealistic,

they were likely to 'game the system': appearing to comply with the rules on paper but not in practice. This was highlighted in the case of local level planning and budgeting where officials in the SKPDs and the DPPKA would often find themselves having to employ creative accounting techniques in order to conform to the initial list of expenditure items (when in practice, changes had to be made), or where performance evaluation reports such as the LKPJ, LPPD and LAKIP were often fabricated to present a positive image of local government's delivery of its workplan. In the production of knowledge more generally, this would manifest itself in poor quality academic studies accompanying laws (Datta et al, 2011).

High levels of political competition...

The three cases have highlighted how policy discussions were often characterised by high levels of political competition. For instance, a desire to shore up and bolster public support provided sufficient motivation amongst key members of the DPR to take concerted action in relation to bureaucratic reform. Pressing ahead with the draft bill gave parliamentarians the opportunity to criticise SBY over his inactivity in the area of bureaucratic reform, which then set off a chain of discussions about reform of the bureaucracy.

Competition played out through the careful preparation and presentation of arguments and counter arguments, where information, expertise and the perspectives of stakeholders were vital resources. For instance, during deliberations of both the civil service law and implementing instructions, officials from Kemendagri, BKN and KORPRI, who opposed reformist proposals, managed to win arguments through sheer numbers (of experts at the table), but also by carefully preparing counter arguments (Mietzner, 2014). Further, in the case of higher education, student groups and NGOs were mobilised in opposition to the 2012 law through the development of convincing narratives.

Our case studies also highlight high levels of competition among state institutions. Civil servants tended to show a high degree of

attachment to their office and were very reluctant to work with, or seek information from, other institutions and generally hesitant to go beyond their area of competence. As a result, addressing problems which required collective action tended to be very challenging. This was illustrated with directors in Kemenristekdikti unlikely to engage with one another unless summoned by the director general. It was also clear to see in relation to local level planning and budgeting where these two functions tended to happen in parallel, something which was replicated within SKPDs and then at the national level. Rather like a snowflake this pattern of silo-isation or particularism recurred at different levels of governance and scale.

This was probably a legacy of a centrally planned system in which innumerable government offices were established to regulate almost every aspect of society, and because of the rewards attached to public office. In their struggle to establish authority with other institutions with overlapping policy areas, ministries, often issued regulation, almost as an end in itself rather than an instrument to create incentives for behaviour change amongst more junior level actors. Moreover, civil servants often felt compelled to produce their own statistical data, given the allowances they would receive from project and programme budgets to do so, and the particular policy narrative the data could in turn support. Given the costs of producing data, civil servants were usually reluctant to share it.

Competitive tendencies also meant civil servants (say, at local level) tended to share policy documents or plans (such as the RKPD) with other stakeholders only when documents were detailed. This was to maintain control and avoid the risk of being discredited (for sending through apparently sub-standard documents). However, this often caused resentment amongst stakeholders as they weren't brought into discussions at a point where they could make a substantive contribution. Sometimes academics were brought in by civil servants (such as those in the Bappeda) to validate the arguments of others (such as SKPDs) in their competition over priorities and resources. With downward

pressures on the national budget, these competitive tendencies had been intensified.

...and a preference for collaboration

Whilst policy processes were characterised by competitive tendencies, they also emphasised collaboration and consensus building (rather than majority voting or top-down decision making). Deliberations often took place away from formal venues such as government offices and in more discreet venues, such as the key officials' homes, as was the case whilst the government had suspended deliberations with the DPR and was negotiating internally.

Decisions tended not to be considered final until there was a unanimous agreement. While the process cultivated joint ownership of final decisions, it made everyone effectively a veto player with the potential for relatively small issues to consume huge amounts of time. This was apparent in decisions made by the KASN, where consensus amongst the commissioners was crucial. Opponents to the draft civil service bill arguably used this preference for consensus building to stall policy discussions within government, by objecting to both broad concepts and technical details and by resorting to more passive and subtle forms of resistance, such as deception and trickery.

In any case, passing unpopular reform measures into law was arguably more difficult, as the cases on bureaucratic reform and higher education demonstrate. In both of these cases, ambitious laws which aimed to enhance autonomy of HEIs and promote a more efficient civil service respectively were considerably watered down by the time they were passed. On both occasions concessions were made to key actors who perceived they had much to lose from proposed changes.

A preference for harmony and stability emphasised the need to gently persuading those with differing opinions rather than imposing ideas on them through directives or punishments. In the case on bureaucratic reform one key informant (in Mietzner, 2014) said that "the vice-president thought that the bureaucracy's cooperation

was crucial, and that passing a law against its will would be futile". Actors whose behaviour was the target of change were unlikely to do so unless they were supportive of reform proposals themselves.

Traditional norms meant that stakeholders refrained from being critical in formal, multi-stakeholder, venues (unless one had seniority and age on their side, as some senior civil servants and prominent academics often did). Frank discussions then tended to take place through bilateral discussions that took place earlier and in less formal settings in venues such as hotels and restaurants, or even people's own homes.

These tendencies may have their roots in "non-Javanese" norms of thinking and acting, where socio-political values such as an egalitarian social structure were highly cherished (Hudalah and Woltjer, 2007). This might also explain why civil servants avoid prioritising strategic objectives or resource allocation. A preference for outcomes where no member of the group loses out had led to what one key informant said was a situation where "...it's very difficult to come up with priorities. When you see the government priorities, most likely it is more difficult to find what is not in the priorities". This was the case during Musrenbang processes, and in the RPJMN.

The implications for the production of knowledge were unclear. Nevertheless, with all parties effectively becoming a veto player in discussions, individuals would appear to have fewer incentives in using knowledge of any sort, as a resource, given the time and resource required and the need to compromise.

The power of Individuals...

The cases on higher education and bureaucratic reform highlighted the influence of committed and competent individuals in key (senior) positions. In some cases, these people could influence a ministry's direction and the motivations and commitments of its staff as well as ensure that policy discussions were robust and that expertise was brought in to proceedings

This seemed to be apparent when Minister Abubakar and Vice Minister Prasajo were

replaced at KemenPANRB after the inauguration of President Joko Widodo with one key informant suggesting that KemenPANRB now “don’t have the knowledge and competence, they’re not going to university for bureaucratic reform, public policy reform experts. At least they need to have someone with PhD for public policy reform, so they’d know the theory and concept of what’s happening. They don’t have a lot of knowledge for bureaucratic reform”. Another informant suggested that the three things that KemenPANRB had to support them in their reform efforts – competency, commitment and authority – had all but disappeared with the departure of Prasajo and Abubakar.

In the case of higher education, the protracted development of the 2009 university law (which would have provided more autonomy to universities) happened in a climate in which the president had placed considerably more emphasis on technocratic expertise in government (by for instance appointing several ‘technocratic’ vice ministers and where the DGHE in MOEC was a professor who was committed to embracing neoliberal inspired reforms). Although they didn’t have authority over director generals, vice ministers were able to exert pressure on them to follow up on agreed actions. Given the elimination of most vice ministers by the current president due in part to cost-cutting measures, reform in key areas was unlikely to happen.

...and the influence of networks

Although committed and motivated individuals in senior positions were crucial to promoting change, they tended to come and go (as Vice Minister Prasajo’s departure illustrated) and were both constrained and enabled by the people around them, both formally and informally. This was especially the case since the fall of the New Order government. For instance, SBY, although having significant formal powers to approve laws, was reluctant to take decisive action without significant backing. He seemed more of a moderator than a decision maker, making efforts to reach consensus among the different players in the executive before beginning and resuming

discussions with the parliament (Mietzner, 2014).

Moreover, high level supervisors appointed by the president such as vice President Boediono and Kuntoro Mangkusubroto, the then head of the President’s Delivery Unit for Development Monitoring and Oversight (UKP4) was unable to promote compromise amongst government officials in relation to bureaucracy reform in 2011. SBY was also constrained by his most trusted aid the state secretary. He, in turn had close family connections with Diah Anggraeni, the powerful secretary general of Kemendagri, who argued that the bureaucracy would be in disarray if radical change occurred.

Staying with the case study on bureaucratic reform, although key informants emphasised the importance of local Regents in promoting improvements in bureaucratic practices at local levels, the type of networks that Mayors or Regents were integrated into could shape their priorities and the approach they took to securing electoral support. For instance, key informants suggested that Regents who had overseen improvements to civil service practices had done so, because they were more or less autonomous from predatory interests and had subsequently incorporated ‘political entrepreneurship’ into their strategies to seek re-election, rather than seek financial support from members of the business elite (see Rosser, 2011).

The implication for the use of knowledge is that decision makers were embedded in social and professional networks which had their own rules for who and what expertise to trust, and often a ‘monopoly’ on how to understand and frame problems.

The rise of neoliberalism

In the 1930s, 1940s and 1950s, the founding fathers of Indonesia imagined Indonesia as a unitary state based on socialist’s traditions. However, this has been challenged over the last few decades with the rise of neoliberal and conservative ideas and practices. These have included the separation of powers, the rule of law, decentralisation and ideas of efficiency and autonomy. In principle the government, private

sector and civil society have the equal opportunity to be involved in the development process whilst devolution to the smallest possible unit was encouraged. Originating in advanced industrial countries, these ideas have been increasingly influential in shaping policymaking and related outcomes in Indonesia.

...and the persistence of the state

However, the uptake of neoliberal ideas had faced several obstacles. For instance, the case study on higher education suggests that the political elite have essentially rejected a neoliberal model of higher education, advocated by civil servants and their donor allies (which neighbouring countries have arguably embraced to varying extents), preferring one which was state led, but which has led to persistent problems, in for instance, the quality of teaching and research. The constitutional statement of promoting the “greatest benefit of the citizens” provides some of the rationale for the state’s desire for strong control over development activities.

In relation to the three arms of government, the case on bureaucratic reform suggests an ambiguous separation between them. For instance, Eko Prasjojo, part of the team of four, which drafted the initial civil service bill on behalf of the DPR commission on domestic affairs went onto become vice Minister for KemenPANRB and now chairs the Independent Team for the Reform of the National Bureaucracy, whilst former vice-Chancellor of UGM Sofian Effendi now chairs the National Civil Service Commission (KASN). Meanwhile Taufiq Effendi who was minister for KemenPANRB in the executive, went onto become head of the DPR commission for domestic affairs.

There were merits in having a ‘revolving door’, as this enabled reformers to put good ideas into action through the apparatus of government. Moreover, some of this was forced by the nature of a coalition government. Nevertheless, it raised the possibility of conflicts of interest and potentially weakened processes of oversight and accountability.

In relation to planning and budget, neoliberal

ideas have seen pressures to reduce the role of government participation, promote the introduction of new voices and decentralise power to lower levels of governance. However, powerful forces have maintained the role of central government with many local level actors, especially regional secretaries still beholden, albeit informally, to their national level counterparts in say Kemendagri and the Ministry of Finance whilst central line ministries continue to pressure local government to, for instance, incorporate certain line items into development plans and budgets.

Continuity....

Our case studies highlighted the persistence of existing and regressive practices despite the issuance of laws and regulations proposing the contrary. For instance, although mandated by legislation, local level officials, across more than 500 districts and municipalities had found it difficult to promote a change in attitudes and processes away from, for instance, input based budgeting toward a focus on improving performance.

This was hardly surprising given the difficulties that their national level counterparts have had in introducing performance budgeting (Dixon and Hakim, 2009). For instance the World Bank (2014) suggests that at the national level the link between planning and budgeting processes was a weakness and limited the role of planning as a tool for policy change whilst performance information was fragmented and played a limited role in budgeting decisions.

The same could be said about the practices of civil servants across the regions, despite instructions to the contrary (through regulation as well as regular processes of planning, budgeting and evaluation).

Further, the Indonesian government continued to practice largely universal, top-down planning approaches and standards despite people in communities being more autonomous than they were under New Order and the authority of those at the top of the government hierarchy no longer seen as absolute.

Old habits die hard. And in the absence of a major crisis, our cases have shown how supporters of the status quo have gone to various lengths to prevent change from happening.

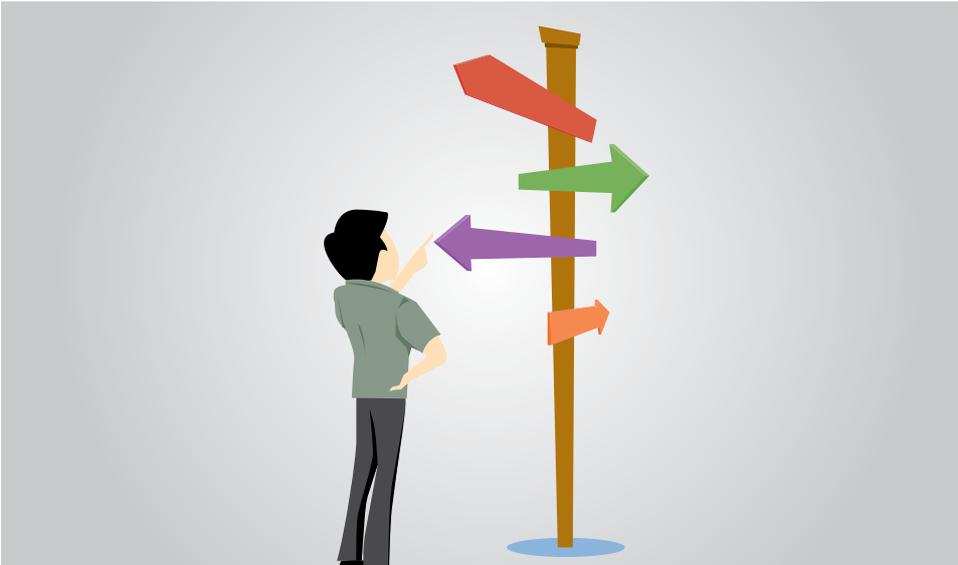
... in the face of emergent change

Nevertheless, our research also suggests that the interests of certain stakeholder groups were not unitary or set in stone and that change

had emerged at local level, albeit piecemeal and incrementally. This had happened in relatively high capacity administrations or institutions and spread outwards, mediated by motivated and committed local leaders or senior managers keen to realise economic opportunities. As Sandercock (1998) said “transformative social and political action begins with a thousand tiny empowerments not with grand gestures.”

8

Implications for the Knowledge Sector Initiative



KSI has committed to undertaking a broad range of interventions in its second phase. This includes strengthening the policy cycle in the Government of Indonesia. But in light of our analysis, does a cycle exist? We discuss this here.

Does a policy cycle exist?

There's often an assumption that policymaking is made up of a cycle of orderly stages including (see Cairney, 2016):

- Agenda setting: this involves identifying problems that require government attention and deciding which issues deserve the most attention;
- Policy formulation: this includes setting objectives identifying the cost, and estimating the effect of solutions, choosing from a list of solutions and selecting policy instruments;
- Legitimation: this includes ensuring that the chosen policy instruments have support. This can involve one or a combination of legislative approval, executive approval, seeking consent through consultation with interest groups and the public;
- Implementation: this includes delegating responsibility for implementing policy to an organisation, ensuring that it has the resources, such as staffing, money and legal authority to do so, and that policy decisions are carried out as planned;

- Evaluation: this includes assessing the extent to which the policy was effective, if it was implemented correctly, and, if so, if it had the desired effect and;
- Maintenance, succession, or termination: this includes considering if the policy should be continued, modified or discontinued.

This gives the impression that the process is continuous with, for instance, the evaluation of a past policy in one cycle leading to agenda setting in a new policy, as policymakers consider how to change or continue with decisions made in the past. Implicit in this, is the idea that policymaking is driven by a relatively small number of policymakers at the 'centre'. The implication for policy research institutes is that they ought to encourage central government policymakers in say Bappenas or Kemenristekdikti to pay attention to their evidence, who will in turn adopt their preferred solution and ensure it is carried out as the cycle above suggests.

However, as our cases have illustrated, policymaking is a far messier and unpredictable process in which many actors are involved and where the separation of stages is difficult to maintain. For instance, policy discussion initiated to reform HEI autonomy and bureaucratic reform did not happen because of a formal agenda setting process (which might be associated with medium term development planning) but primarily because of political opportunism amongst parliamentarians. Policymaker attention lurches unpredictably from issue to issue driven by spontaneous events, their networks and contextual issues, whilst they often base their decisions on a mixture of core beliefs, personal knowledge and other 'shortcuts' (see for instance Cairney, 2016)

Despite 'policy formulation' processes appearing to stall in Jakarta, change in bureaucratic practices have emerged due to the skill, networks and discretion of local level officials. And as our case on planning and budgeting at the local level have shown, there are a plethora of actors at the district, provincial and national level who can influence local level priorities and actions. Even if formal policy processes are

restricted primarily to bureaucratic actors, other actors such as university rectors and professors tend to exert influence through subtle and more informal means.

Questions and dilemmas

Our analysis shows that policy processes – if they can be called that - are inherently contradictory affairs. This raises a number of questions for KSI. Firstly, the programme could ask itself whether it is content working within formal constraints (and enablers) or is prepared to alleviate them, noting that doing so, as a donor funded project is likely to be met with some consternation from central government civil servants, is often a result of elite struggles and economic progress (if the history of some Western countries are anything to go by) and will require a long-term approach.

For instance, should KSI continue to work with, for instance, central level civil servant 'champions' such as directors and DGs, bringing them together with prominent academics (through convening and brokering), to help them draft plans and legal instruments given - from what we've seen - their limitations as a means to facilitate meaningful change? Or should KSI work with groups of stakeholders (as opposed to champions) from various levels of governance (including those who are often excluded from formal processes in Jakarta such as 'street level bureaucrats' and citizen groups), outside the formal regulatory framework, to utilise critical junctures, in pursuit of, say, objectives that might be interpreted as vaguely nationalistic (albeit in its more civic form)?

Secondly, should KSI work directly with policymakers to facilitate change or work with domestic institutions (in or out of government) who might in turn work with policymakers to improve their use of knowledge? Although KSI is only a third of the way through a fifteen year programme, it is at some point likely to come to an end. Is it more worthwhile seeking to establish (or strengthen) a domestic entity which will champion the knowledge sector rather than KSI being a (temporary) champion itself?

Thirdly, if KSI were to work directly with policymakers, there is the dilemma of whether to prioritise the improvement of policy processes as a key objective and hope that improvements in health and education outcomes, say, improve as a result, or prioritise improved outcomes and hope that policy processes improve as a result.

KSI started out supporting partners to improve policy processes to achieve their own outcomes. The initiative then transitioned to working with partners collectively to achieve shared goals in the areas of bureaucratic reform, village law implementation and the role of research in the higher education system. Nevertheless, these are still 'process issues'. Our research suggests that bureaucratic practices, for instance, have been more likely to improve when leaders and civil servants have targeted improvements in economic outcomes. A focus on economic and social outcomes might thus drive improvements in the way in which policy is shaped rather than vice versa. This might require working with other DFAT programmes which have a focus on policy outcomes (and not policy process).

Doing development differently

Whatever the answer to these questions and whatever specific interventions KSI decides to pursue, as much of the current literature around Doing Development Differently suggests, it is likely to work best if it is problem focussed and delivered using an iterative, participatory and adaptive approach. This will require 1) moving from an emphasis on planning to a focus on problems; 2) being adaptive and entrepreneurial and 3) supporting change that reflects local realities and is locally led. We describe these below (drawing on Wild et al., 2015).

Being problem driven: no matter how clear plans or strategies are, they are likely to be pulled out of shape by chance, unintended consequences and the complexity of brute reality, especially so in the Indonesian context. We suggest focussing on genuine

problems rather than the absence of a solution (such as planning and regulatory instruments). So, in the case of the autonomy of Higher Education Institutes, KSI may want to prioritise poor quality research outcomes rather than the lack of autonomy, which might in turn help KSI and its stakeholders to find a path that is both compatible with the political settlement described earlier and can induce better outcomes than the present model.

Being adaptive and entrepreneurial: as sociologist Andrew Pickering expressed, in practice "hand often precedes head": most of us act into an unpredictable future and then try to make sense of it, both in the moment and thereafter and usually on an informal basis (Pickering, 1993). So, we suggest KSI take a more reflexive approach to working with stakeholders - helping them to understand the relationships they have with other key policy actors, the challenges they are grappling with in relation to policy (and importantly specific problems) and how they might use knowledge and information as a resource to address them. Taking this approach can help to test initial hypotheses and allow changes in light of discussions. This in turn requires a willingness to take risks, to be open and learn from failure.

Supporting change that reflects local realities and is locally led: "Change is best led by people who are close to the problem and who have the greatest stake in its solution, whether central or local government officials, civil-society groups, private-sector groups or communities" (Wild et al, 2015). And in the absence of large scale crises, the emphasis ought to be on creating pockets of good practice and aiming to share this more widely rather than targeting something more ambitious.

All this will have implications on navigating what are increasingly robust accountability requirements. Donors have strict reporting requirements holding projects accountable for results defined, often, well in advance. There's often limited incentive

to innovate and little freedom to do so. Taking a more reflexive approach to programming will require continued engagement with DFAT and RTI, encouraging them to embrace more risk, and may initially require 'swimming against the

tide of conventional practice and expectations'. Crucially, it will also require creative work around bureaucratic processes as well as improvements in KSI staff skills and incentives (see Wild et al, 2016).

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The Knowledge Sector Initiative (KSI) is a joint program between the governments of Indonesia and Australia that seeks to improve the lives of the Indonesian people through better quality public policies that make better use of research, analysis and evidence.

KSI is a consortium led by RTI International in partnership with Australian National University (ANU), Nossal Institute for Global Health, and Overseas Development Institute (ODI).

