

The political economy of policy-making in Indonesia

Opportunities for improving the demand for and use of knowledge

Ajoy Datta, Harry Jones, Vita Febriany, Dan Harris,
Rika Kumala Dewi, Leni Wild and John Young

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Results of ODI research presented
in preliminary form for discussion
and critical comment

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* Disclaimer: The views presented in this paper are those of the authors and do not necessarily represent the views of ODI.

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Acronyms

ACDP	Analytical and Capacity Development Partnership
ADB	Asian Development Bank
AFC	Asian Financial Crisis
APBN	Anggaran Pendapatan dan Belanja Negara [Central Government Budget]
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
Balitbang	Badan Penelitian dan Pengembangan [Research and Development Unit]
Bappenas	Badan Perencanaan Pembangunan Nasional [National Development Planning Board]
BKF	Badan Kebijakan Fiskal [Fiscal Policy Office]
BNPB	Badan Nasional Penanggulangan Bencana [National Board for Disaster Management]
BOK	Bantuan Operasional Kesehatan [Health Operational Assistance]
BOS	Bantuan Operasional Sekolah [School Operational Assistance]
BPK	Badan Pemeriksa Keuangan [Audit Board of Indonesia]
BPS	Badan Pusat Statistik [Statistics Indonesia]
CGI	Consultative Group on Indonesia
CPIS	Center for Policy and Implementation Studies
CSIS	Centre for Strategic and International Studies
CSO	Civil Society Organisation
DAK	Dana Alokasi Khusus [Special Allocation Fund]
DAU	Dana Alokasi Umum [General Allocation Fund]
DFID	UK Department for International Development
DIM	Daftar Inventarisasi Masalah [Problem Inventory List]
DPD	Dewan Perwakilan Daerah [Regional Representatives Council]
DPR	Dewan Perwakilan Rakyat [House of Representatives]
DPDR	Dewan Perwakilan Rakyat Daerah [Regional House of Representatives]
ESSP	Education Sector Support Program
EU	European Union
GAM	Gerakan Aceh Merdeka [Free Aceh Movement]
GDP	Gross Domestic Product
GIAT	Growth Through Investment and Trade
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit [German Agency for International Cooperation]
Gol	Government of Indonesia
IFPRI	International Food Policy Research Institute
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
IRI	International Republican Institute
IRIS	Institutional Reform and Informal Sector
ITB	Institut Teknologi Bandung [Bandung Institute of Technology]
JICA	Japan International Cooperation Agency
KASJSN	Komite Aksi Sistem Jaringan Sosial Nasional [Committee for Action on the National Social Security System]
Kempan & RB	Ministry of Administrative and Bureaucratic Reform
Komisi XI	Commission XI
KPK	Komisi Pemberantasan Korupsi [Corruption Eradication Commission]
LIPI	Lembaga Ilmu Pengetahuan Indonesia [Indonesian Institute of Sciences]
LPNK	Lembaga Pemerintah Non-kementerian [Non-ministerial Government Institution]
LP3ES	Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial [Institute for Social and Economic Research, Education and Information]
LPEM	Lembaga Penyelidikan Ekonomi dan Masyarakat [Institute for Economic and Social Research]
LSI	Lingkaran Survey Indonesia
MDG	Millennium Development Goal
MOHA	Ministry of Home Affairs
MP	Member of Parliament
MPR	Majelis Permusyawaratan Rakyat [People's Consultative Assembly]
Musrenbang	Musyawahar Perencanaan Pembangunan [Development Planning Deliberation]

NDI	National Democratic Institute
NGO	Non-governmental Organisation
NLSP	National Legislative Strengthening Program
NPRS	National Poverty Reduction Strategy
NU	Nahdlatul Ulama
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum-exporting Countries
PAN	Partai Amanat Nasional [National Mandate Party]
Pansus	Panitia Khusus [Special Committee]
PD	Partai Demokrat [Democratic Party]
PDI-P	Partai Demokrasi Indonesia Perjuangan [Indonesian Democratic Party-Struggle]
Perda	Peraturan Daerah [Provincial/District Regulation]
Perpres	Peraturan Presiden [Presidential Regulation]
Perpu	Peraturan Pemerintah Pengganti Undang-undang [Government Regulation Substituting Law]
PIP	Pusat Investasi Pemerintah [Government Investment Unit]
PKB	Partai Kebangkitan Bangsa [National Awakening Party]
PKH	Program Keluarga Harapan [Household Conditional Cash Transfer]
PKS	Partai Keadilan Sejahtera [Prosperous Justice Party]
PNPM	Program Nasional Pemberdayaan Masyarakat [National Program for Community Empowerment]
PP	Peraturan Pemerintah [Government Regulation]
PPP	Partai Persatuan Pembangunan [United Development Party]
P3DI	Pusat Pengkajian dan Pengolahan Data dan Informasi [Center for Research and Data and Information Processing]
REDD	Reduced Emissions from Deforestation and Degradation
Renja-KL	Rencana Kerja Kementerian Negara/Lembaga [Ministry/Agency-specific Work Plan]
RKA-KL	Rencana Kerja dan Anggaran Kementerian Negara/Lembaga [Ministry-/Agency-specific Budget Plan]
RKP	Rencana Kerja Pemerintah [Annual Work Plan]
RPJMN	Rencana Pembangunan Jangka Menengah Nasional [National Medium-term Development Plan]
RPJPN	Rencana Pembangunan Jangka Panjang Nasional [National Long-term Development Plan]
SBY	President Susilo Bambang Yudhoyono
SKPD	Satuan Kerja Perangkat Daerah [Regional Working Unit]
SPPN	Sistem Perencanaan Pembangunan Nasional [National Development Planning System]
SRMI	Serikat Rakyat Miskin Indonesia [Poor People's Union of Indonesia]
Tatib	Peraturan Tata Tertib [Rules of Procedure]
TNP2K	Tim Nasional Percepatan Penanggulangan Kemiskinan [National Team for Accelerating Poverty Reduction]
UGM	University of Gadjah Mada
UI	University of Indonesia
UKP-PPR	Unit Kerja Presiden Pengelolaan Program dan Reformasi [Presidential Work Unit on Managing Programs and Reform]
UKP-PPP	Unit Kerja Presiden Pengawasan dan Pengendalian Pembangunan [Presidential Work Unit on Monitoring and Controlling Development]
UN	Ujian Nasional [Nationwide Standardised Exams]
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	UN Population Fund
UNIFEM	UN Development Fund for Women
USAID	United States Agency for International Development
UUD	Undang-Undang Dasar [1945 Constitution of the Republic of Indonesia]
Wantimpres	Dewan Pertimbangan Presiden [Presidential Advisory Council]

Executive summary

Between May and July 2011, the Overseas Development Institute (ODI) together with SMERU, an independent institution for research and policy studies, undertook research for AusAID in Indonesia to (i) describe rules that govern policy-making processes in Indonesia and (ii) assess factors that determine the use of knowledge in policy-making processes. Research methods included documentary reviews; interviews with a wide range of stakeholders, including government policy-makers, civil society and staff of donor agencies; and a validation workshop. Focusing initially on formal processes in the shape of regular development planning and budgeting processes, as well as the development of more ad hoc laws and implementation guidelines, we found that formal bureaucratic rules appeared to be weak in incentivising policy-makers to invest in, demand and use knowledge in order to draft policies.

As such, the study aimed to uncover other (perhaps stronger) factors by undertaking a political economy analysis, focusing on how historical legacies coupled with institutional constraints (in essence, the ‘rules of the game’) shaped policy-makers’ incentives to seek and use knowledge. An analysis of the executive branch of the government (including at the level of the president, the cabinet, across government and within ministries); political parties and the parliament (including the influence of the parliament and the role of parliamentary commissions); and analytical capacity within the government (including within the executive and the legislature, civil service performance, the strength of informal and personalised networks and sources of knowledge external to government) provided some clues as to the incentives different types of policy-makers face in seeking and using knowledge in their work. Based on this, we found that policy-makers may be motivated to draw on and use knowledge in order to,

- Respond to the president or those with a presidential mandate, such as a highly placed supervisor;
- Seek economic or financial benefits: This may be for the government as a whole, individual ministries or individual government officials;
- Seek favourable perceptions among the media and the public by designing and launching populist policies and conducting opinion surveys to assess public preferences;
- Seek favourable perceptions among key international actors by performing well economically, especially in comparison with neighbouring countries, preparing for negotiations in key international forums and meeting global goals and targets such as the Millennium Development Goals (MDGs);
- Exercise authority over others to, for instance, assess and resolve competing claims for resources;
- Prevent and/or mitigate the effects of crises and acute social and political disorders: This could be in relation to food price rises, fuel price rises, terrorist attacks or natural disasters;
- Deflect or insulate oneself from criticism and/or influence: This may be in relation to developing a firm position to avoid significant and repeated shifts in policy in response to external criticism from, say, the media and civil society;
- Bolster arguments or legitimise policy positions and approaches to addressing policy problems that have already been taken;
- Exert pressure on others by, for example, exposing them or highlighting deficiencies in their performance or behaviour;
- Prove and increase one’s legitimacy to improve, for instance, a Member of Parliament (MP)’s ability to represent his/her constituents;
- Strengthen relationships with others by consulting those who are valued and trusted, or circulate patronage;
- Establish and improve one’s credibility, for example by wishing to be seen as a resource person by others;

- Advance one's career in the civil service, or perhaps as a politician, which would entail establishing credibility with colleagues in the party, for example;
- Act in accordance with one's ethics: This could be personal and/or professional, whereby individuals may receive satisfaction from drawing on analysis or consulting civil society as a means to develop good policies, or see civil society consultation as good in itself;
- Adhere to established technical standards in a limited number of ministries where there seems to be a culture of 'more rational' decision-making and where outputs and outcomes are more quantifiable; or
- Address higher levels of technical complexity in areas which appear more abstract to the lay person, such as those relating to finance and economics.

However, there is usually no one reason why policy-makers invest in, demand and/or use knowledge in policy-making. For instance, consultations undertaken to draw up a moratorium on forestry licenses happened in response to presidential directives channelled through a highly placed supervisor, the head of the Presidential Work Unit on Monitoring and Controlling Development (Unit Kerja Presiden Pengawasan dan Pengendalian Pembangunan, or UKP-PPP), but were also spurred on by economic incentives (aid up to \$1 billion) as well as a desire to be perceived favourably by international actors (and reduce greenhouse gases, in light of statistics revealing that the country was the world's third-largest emitter of these).

At the same time, policy-makers may be discouraged from seeking knowledge because of the following.

- There may be actors or interests who oppose any reforms that knowledge might suggest or inform: Although policy-makers may demand knowledge, they may not be in a position to act on it. They may be faced with opposition from influential actors who benefit from the status quo.
- They may lack the power to convene multiple actors or those with more power than them: Given the extent of siloisation and the challenges of coordinating equals across government or within a ministry, acting on any knowledge is challenging and may discourage policy-makers from demanding analysis in the first instance.
- They may not have the time: Given pressure from the media and the public to perform, many policy-makers feel compelled to roll out policies quickly, often without adequate research and analysis.
- They lack sufficient analytical capacity: Even if policy-makers want to draw on knowledge, given weaknesses in government's analytical capacity, coupled with systemic weaknesses in the civil service, they may lack sources to pursue.
- Overall, with the exception of a few factors, motivational and constraining factors are based largely on economic or monetary metrics, an assessment of power gained or lost, bolstering one's status and safeguarding relationships, among others. The political economy of the demand for and use of knowledge is clearly bound up with the political economy of the policy itself.

1. Introduction

1.1 Background, objectives and definitions

Just over a decade ago, in 1998, Indonesia was the hardest-hit country during the 1997/98 Asian financial crisis (AFC), resulting in severe economic, political and social disorder. The country experienced a severe economic crisis that resulted in the economic dislocation of millions of households, a sharp rise in poverty, a 13% decline in gross domestic product (GDP) and near bankruptcy in the financial sector. Cracks in Soeharto's long authoritarian regime were exposed: in the face of growing discontent, including significant popular protests in the capital and the loss of traditional sources of support, including the Indonesian Armed Forces, he resigned (Harris, 2010).

Since the AFC, Indonesia's political system has undergone a profound transformation (through the *Reformasi*¹) from 'a highly centralised political and policy decision system with a powerful and dominant president, who held power for 32 years, to a more pluralistic, diffused and evolving system with an increasingly active parliament' (Abonyi, 2005:4). The country has subsequently emerged economically strong and remarkably stable in political terms (World Bank, 2009a). The processes through which policies have been shaped no doubt played a critical role during the *Reformasi* period, and are likely to be important in continuing the positive trajectory in the years to come. However, few studies have examined the nature of policy-making processes in Indonesia, and in particular the role of knowledge.

Specifically, this paper aims to inform the Australian International Agency for International Development (AusAID)'s efforts to develop a programme in support of Indonesia's knowledge sector. The broad objectives are to: 1) describe the rules that govern policy-making processes in Indonesia; and 2) assess the factors that determine the use of knowledge in policy-making processes. In particular, we were asked to help AusAID determine in which set of issues research uptake is likely to be greater, and hence where AusAID should deploy its available funding. We did not propose to assess impact or the level of influence of knowledge on policy and policy-making processes in Indonesia.

In defining policy, Jones and Villar (2008) suggest that policy can be interpreted as altitudinal, discursive (language and rhetoric), procedural (process), content-focused (frameworks, legislation and budgets) and behavioural. Nevertheless, given time and resource limitations, we focused largely (but not entirely) on policy processes as defined by the drawing-up of development plans and budgets, the drafting and enactment of legislation and the development of implementation guidelines in the shape of presidential/government/ministerial regulations, instructions and decrees. We define knowledge broadly as 'information that has been evaluated and organised so that it can be used purposefully' (Perkin and Court: 2005:2). As such, we include technical research and analysis, statistical data, stakeholder consultations and expert opinion.

Despite the massive programme of decentralisation that took place at the turn of the century in Indonesia, our study assesses policy processes at the country level, as sub-national-level policy processes have been addressed by Sutmuller and Setiono (2011). It will thus help AusAID reach a common consensus about the nature of policy processes at the national level and serve as a background for more issue-specific political economy analyses. Moreover, by engaging with a wide range of stakeholders, the research process itself can help build relationships and expand networks for future dialogues and for promoting change.

¹ The post-Soeharto era in Indonesia, which began immediately after his downfall as president in 1998.

1.2 Approach and analytical framework

In policy-making across all fields, the demand for and use of knowledge are about organisational incentives, general and professional ideologies and power and vested interests (Jones et al., 2009; Young and Mendizabal, 2009). Hence, politics and political economy determine how policy processes are shaped and the underlying incentives that promote the demand for and use of knowledge by policy-makers (namely, elected politicians and bureaucrats) in Indonesia.

As such, our research draws on the World Bank's problem-driven approach to governance and political economy analysis (World Bank, 2009b), which comprises three layers: (i) identifying the problem, issue or vulnerability to be addressed; (ii) mapping out the institutional and governance arrangements and weaknesses; and (iii) drilling down to the political economy drivers, in terms of both identifying obstacles to progressive change and understanding where potentially a 'drive' for positive change could be emerging from. Based on this, we have employed a framework which includes the three variables commonly considered in a political economy analysis: structures, institutions and agents (see Figure 1 below), as well as a fourth variable: knowledge or discourse.

Figure 1: Key components of a political economy analysis



Source: Adapted from DFID (2004) and Edelman (2009).

Structural factors are those that are beyond the direct control of stakeholders, for example historical legacies which have left their mark on policy-making in Indonesia and are often deeply embedded and slow to change, if at all. **Institutional variables** are those related to 'the rules of the game' (formal laws and regulations and established processes as well as informal rules that are derived from social norms and practices) and, in a wider sense, also comprise the ways in which a public sector is organised. **Agents or stakeholders** comprise individuals as well as organised groups such as political parties or business associations. Importantly, external stakeholders, such as donors, foreign policy actors and foreign investors, often also play an important role, for example in negotiations over policies, rules for foreign investment and foreign trade or cross-border water and transport management. Finally, **knowledge or discourse** includes the mainstream analysis on an issue, its causes and consequences; the central policy discourse, ideologies and narratives; the relative integration of different perspectives and sources of knowledge; the types of information available; and the various forums within which actors interact and communicate. In this paper, we explore how both structural characteristics and institutional features have shaped the incentives and interests of agents or stakeholders to invest in, demand and/or use knowledge in policy-making processes. Appendix 1 contains the full outline of the analytical framework used, together with the detailed interview questions.

1.3 Methodology

The study lasted 10 weeks during May and July 2011 and had four key components: First, document reviews were undertaken on: (i) formal policy processes in Indonesia, namely, the production of development plans and annual budgets, the drafting of legislation and the development of

implementation guidelines in the shape of presidential/government/ministerial regulations, instructions and decrees; and (ii) structural and institutional features which shape politics and policy-making processes in Indonesia.

Second, 46 face-to-face, semi-structured interviews were undertaken (concurrently with the aforementioned literature review), each between 45 and 60 minutes long, with 58 key informants in Jakarta. Questions varied according to the profile of the respondent, but on the whole there was space for respondents to discuss the realities of policy-making, specific policies that had been formulated the factors they saw as contributory as well as the effects of specific pieces or bodies of knowledge on policy formulation processes. The research team compiled a list of interviewees before undertaking the fieldwork and complemented this by taking a ‘snowball’ sampling approach—asking interviewees for recommendations on others we could interview for this study. In order to ensure that interviewees were as open and honest as possible, we promised respondents that they would remain anonymous and that a list of respondents would not be provided. However, they included:

- Government: one former minister; fourteen respondents from the executive branch of the Government of Indonesia (Gol); and three from the House of Representatives (Dewan Perwakilan Rakyat, or DPR). Respondents from the Gol comprised a cabinet-equivalent post, one advisor to the president, one advisor to the Office of the Vice-president, five government officials at echelon one, five at echelon two and one at echelon three. Gol respondents came from the National Development Planning Board (Badan Perencanaan Pembangunan Nasional, or Bappenas) and the Ministries of Finance, Health, Education, Agriculture and Home Affairs.
- Civil society, donors and consultants: five from the Indonesian research community, four of whom were institute directors; two directors of civil society organisations (CSOs); an editor of a magazine; twenty-seven staff from two prominent donor agencies—the World Bank and AusAID; two consultants providing technical assistance working within government agencies; and two international consultants who, at the time of writing, had undertaken research for AusAID.

The limited number of Gol respondents (in comparison with the number of donor agency staff) can be explained in part by both the limited time the research team had to conduct interviews (resulting in little advance notice being given to interviewees) and the (relatively longer) time required to mobilise busy government officials. Staff from donor agencies seemed to be quicker at making themselves available for interview. The triangulation of data was an important principle behind the analysis. This included posing a similar set of questions to multiple respondents in order to corroborate emerging claims.

Third, analysis was undertaken on an ongoing basis. All interviews were recorded digitally and transcribed. During the fieldwork (which lasted four weeks), the research team wrote up short five-page reflections which were shared with AusAID and accompanied by formal and informal discussions around emerging findings. Reflections focused on the effectiveness of the methodology, key actors within the policy process and factors and incentives shaping the demand for and use of research by policy-makers. These reflections helped refine the approach and interview questions, addressing issues which may have earlier been left out, provided AusAID staff with insights in relation to the design of particular elements of their Knowledge Sector Programme and informed our draft report. Once the fieldwork had concluded, a qualitative data analysis software package (MaxQDA) was used to draw together themes from the interview data. This entailed the development of a coding structure, the coding of interview transcripts and the retrieval of ‘segments’. Analysis from use of the software, together with evidence from the literature reviews, was used as a basis for drafting the report. Feedback on the first draft was then sought from AusAID staff and members of the research team.

Finally, a half-day workshop was held in Jakarta, primarily to share and validate preliminary findings, in particular on the factors encouraging policy-makers to demand and use knowledge. The workshop had 32 participants in total: sixteen people from the Gol; five from AusAID (including the chief of operations and staff from the Knowledge Sector Programme); eight from SMERU, an independent institution for research and policy studies; and two from the Overseas Development Institute (ODI). Gol participants

came from Bappenas and the Ministries of Health, Education, Agriculture, Social Affairs and Home Affairs, with staff ranked at echelon three and four as well as those who were ‘non-structural’. Topics for discussion included an overview of the preliminary AusAID Knowledge Sector Programme design and preliminary research findings. The workshop report, as well as additional material from the literature, together with a further reading of the interview transcripts and relevant information from the Indonesian online press, informed the writing of this report.²

Given the hugely complex set of actors, interactions and processes that make up policy-making in Indonesia, and bearing in mind our very limited sample of respondents and short timeframe, our study was far from comprehensive—it merely aimed to provide a flavour of how policies might be shaped and possible factors that may encourage policy-makers to demand and use knowledge in policy-making. Furthermore, given the nature of hierarchy and incentives for bureaucrats to remain loyal to their seniors, respondents from the Gol were, on the whole, slightly more reluctant to go beyond describing formal policy processes to reveal the more informal practices. Respondents from the Gol may also have overstated the role that knowledge has or the strength of bureaucratic incentives in encouraging policy-makers to draw on knowledge in policy processes.

At the same time, respondents from outside the Gol in many cases may have had less of a ‘true’ understanding of the realities of policy-making in Indonesia. Furthermore, staff from donor agencies, some of whom might treat rich country institutions as best practices of relevance to Indonesia, with a tendency to be frustrated in the face of limited progress, may have overstated some of the challenges faced in policy-making and understated the role that knowledge played (for example being unaware of the strong informal links there seem to exist between policy-makers and knowledge producers, or at least viewing them with at least some suspicion). As such, rather than delivering a magic bullet for AusAID’s Knowledge Sector Programme, this study aims to provide a fuller illustration of the kinds of incentives that might motivate policy-makers to use knowledge and help AusAID set out options and solutions and not just point to obstacles to the use of knowledge.

1.4 Structure

This paper is structured as follows:

Section 2 describes the formal rules that govern policy processes (including the role that knowledge plays) in Indonesia, with a focus on: (i) development planning and budgeting; and (ii) the drafting of laws requiring parliamentary approval and of instructions, decrees and regulations, which do not. We conclude by suggesting that formal bureaucratic rules tend to provide weak incentives for policy-makers to use knowledge in policy processes, which in essence becomes our problem statement or vulnerability to be assessed. We then outline our intentions, using a political economy approach, to uncover the underlying rules that might govern policy-making, and assess it and how this shapes the incentives that policy-makers might have in requesting and using knowledge.

Section 3 argues that the accommodative nature of the *Reformasi* has resulted in a number of features from the New Order era persisting today. So, in order to identify some clues as to the nature of the current policy-making system, we draw on a subset of the wider literature to briefly review some of the most relevant characteristics of policy-making processes under the New Order era.

Section 4 describes some of the institutional features of the policy-making process in Indonesia. In particular, we assess policy-making within the cabinet (including the role of the president and vice-president), across the Gol (with a focus on national development planning and coordination across ministries) and within particular ministries (looking at the role of ministers, deputy-ministers, director-generals and directors).

² A note on the workshop proceedings is available on request.

Section 5 describes institutional features on the legislative side of the Gol, with a focus on political parties, the extent of the DPR's influence, the role of parliamentary commissions and the links between political parties and their DPR members.

Section 6 assesses the technical capacity within the Gol to generate and acquire knowledge from elsewhere, as well as policy-makers' own links with actors external to the Gol. We describe capacity within both the executive and the legislature. Suggesting that analytical capacity is generally weak, we argue that this is in large part down to problems with the civil service. Next, we highlight the hugely important role that informal and personal networks play in Indonesia, especially in facilitating flows of information and knowledge, before describing some of the external sources to which Gol officials turn in pursuit of knowledge, including universities, civil society groups and donor and international agencies.

Section 7 draws on the institutional features described in the previous sections and explores how these shape the factors influencing policy-makers' behaviour in relation to knowledge. This includes an assessment of factors which might both motivate and discourage policy-makers in terms of using knowledge.

Section 8 concludes with a summary of our findings; some discussion of the factors that both motivate and discourage policy-makers from using knowledge; recommendations for AusAID in relation to selecting policy issues to work on and designing interventions to improve policy-making capacity; and suggestions for further research.

We now turn our attention to some of the formal bureaucratic rules that outline how policies should be made.

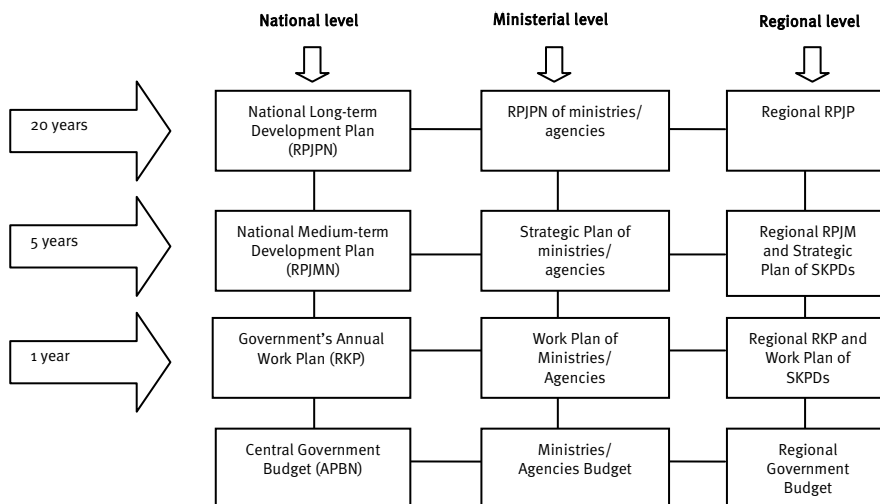
2. Formal policy processes

In this section, we describe some of the formal rules that govern how policies should be drafted. Our research suggests there are two main types of policy processes. First are regular processes, namely, long-term, medium-term and annual planning (the latter of which includes the development of a budget, which requires parliamentary approval), at the national and ministerial levels. The second entails the development of laws, which requires parliamentary approval, and implementation guidelines, in the shape of regulations, decrees and instructions, which do not require parliamentary approval. Although political leaders may start the year with a list of laws they would like to pass, this tends to take place on a more ad hoc basis with, it appears, no time limit for completion. We proceed by initially describing the steps that are formally required for each of the two types of policy processes, including what, if any, the role of knowledge is. We assess the extent to which these rules are followed and suggest that formal bureaucratic rules provide only weak incentives in terms of producing effective outputs and, in particular, investment in, demand for and use of knowledge.

2.1 Regularised planning and budgeting

The National Development Planning System (Sistem Perencanaan Pembangunan Nasional, or SPPN), as invoked by Law No. 25/2004 on National Development Planning and operationalised in Government Regulation No. 40/2006 and No. 8/2008, calls for the production of 20-year, long-term development plans (RPJPs); five-year, medium-term development plans (RPJMs); and annual development plans (RKPs) at national, ministerial and regional levels. The RPJP is operationalised each year through the RKPs, which aim to inform the (annual) budgeting process. Figure 2 illustrates how long-term, medium-term and annual plans at the national, ministerial and regional levels interact with one another.

Figure 2: The Indonesian development planning hierarchy



Source: STIE YKPN, (n.d).

Formal rules governing the drafting of development plans suggest development planning should be (i) political: drawing on the agenda proposed by the president (or other democratically elected leaders); (ii) technocratic: based on data generated through scientific methods; (iii) participatory: incorporating the views of interest groups or stakeholders, including those from the executive, judiciary, legislature, society, private sector and non-governmental organisations (NGOs); (iv) top-down: centred on plans

prepared by the president, ministries and agencies; and (v) bottom-up: founded on plans from the village, district and regional levels (Suzetta, 2007).³

Long-term planning

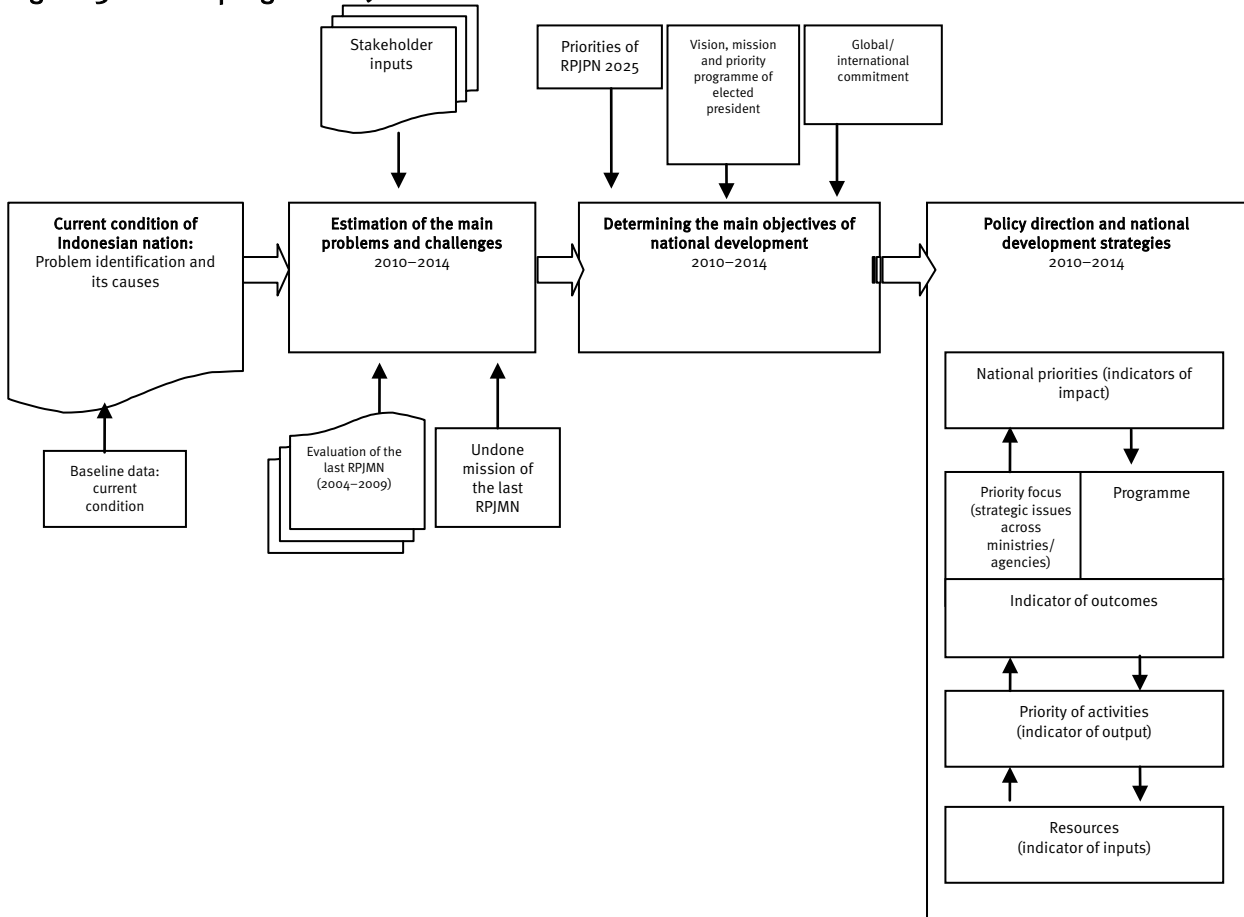
In formulating the 20-year long-term plan, Bappenas, guided by the long-term vision (informed by the 1945 Constitution), follows a mainly technocratic process and considers an evaluation of the previous RPJPN. A draft is then presented to a stakeholder forum, or development planning deliberation (*musyawarah perencanaan pembangunan*, or *musrenbang*) (see Box 1) no later than one year prior to the end of the ongoing RPJPN. Based on feedback from the *musrenbang*, the head of Bappenas will finalise the RPJPN and send it to the president for approval, who in turn will present it to the DPR. The final RPJPN guides the RPJMN, regional RPJPs and priorities for future presidential candidates.

Box 1: A brief definition of *musrenbang*

Musrenbang gather input for national and regional development plans and are held at various levels of the government, from village, sub-district, district, provincial to national level, to help synchronise development plans. *Musrenbang* are held for long-term, medium-term and annual work plans. They aim to undertake three of the five approaches that development planning processes should: participatory, bottom-up and top-down.

Medium-term planning

Figure 3: Developing the RPJMN



Source: Bappenas (2009).

³ Booth (2005:209) says, 'Exactly what will happen if these various approaches produce conflicting outcomes is not considered.'

The preparation of the RPJMN starts with a situational analysis of Indonesia's development context, to identify key problems and their causes. This is essentially a research study undertaken by Bappenas two years prior to issuing the five-year plan. The situational analysis is followed by an assessment of the main problems and challenges that are likely to unfold over the course of the five-year development plan, which in turn is informed by an evaluation of the last RPJMN and unaccomplished targets as well as by stakeholder input. The situational analysis and the assessment of problems over the five-year period, coupled with priorities of the 20-year plan, presidential priorities and international commitments, inform the objectives of the five-year plan. The objectives in turn inform overall policy direction and national development strategies, which comprise national priorities, specific programmes, activities and the macroeconomic framework and broad resource allocation. Figure 3 illustrates the key components of the RPJMN.

In consultation with line ministries, the parliament, universities, local governments and the cabinet, Bappenas prepares a draft, one year prior to issuing the five-year plan, which is submitted to the president, who then approves this as a guideline for ministries to prepare their five-year strategic plans. Within the framework of the draft RPJMN, ministries and agencies similarly prepare their five-year strategic plans. These are also based on an evaluation of the previous plan and stakeholder input. Bappenas presents the draft RPJMN in a *musrenbang* no later than two months after the president is inaugurated. Based on responses from the *musrenbang*, Bappenas finalises the RPJMN and submits this to the president. The RPJMN is established by a presidential regulation no later than three months after the president's inauguration.

Annual planning and budgeting

Blondal et al. (2009) describe the annual planning and budgeting process in some detail. We summarise this here and supplement this with responses from key informant interviews. It is important to note that, while long-term, medium-term and annual plans require approval only from the president, annual budgets on the other hand require approval from the parliament and are thus enshrined in the law.

- **Economic assumptions:** The process for budgeting starts in February of every year when the Fiscal Policy Office (Badan Kebijakan Fiskal, or BKF) in the Ministry of Finance starts preparing the economic assumptions, such as projected economic growth, foreign exchange, interest, inflation and crude oil production. The BKF suggests a narrow range of assumptions, as the exact figures are subject to negotiations between the GoI and the parliament.
- **Resource ceilings:** Once the macroeconomic framework has been established, the Directorate-general for Budget divides the resulting available resources (less fuel subsidies, regional autonomy funds and interest payments) into those that are required for funding ongoing activities ('non-discretionary') and those that are available for new programmes ('discretionary'). For the first category, the Directorate-general for Budget will take the current year's budget and apply set norms and indices to arrive at a figure for the following year's budget.
- **Allocating resources for non-discretionary funds:** Once the Ministry of Finance has established the ceiling for resources available for new and discretionary programmes, Bappenas takes the lead responsibility (in cooperation with the Ministry of Finance) in allocating these funds. A government RKP elaborates on the national priorities specified in the five-year RPJMN. The RKP provides the framework for the preparation of the Ministry-/Agency-specific Work Plan (Renja-KL) and the Ministry-/Agency-specific Budget Plan (Rencana Kerja dan Anggaran Kementerian Negara/Lembaga, or RKA-KL).
- **Drafting the plan:** In developing the RKP, Bappenas starts the year with a series of internal workshops identifying specific priorities and their funding needs. Once Bappenas receives the expenditure ceiling from the Ministry of Finance in early March, it fine-tunes the RKP. This process culminates in a March cabinet meeting to discuss the draft RKP and to approve its broad outlines.

- **Stakeholder consultations:** Bappenas also conducts a series of *musrenbang* with regional governments, de-concentrated units of government ministries and various CSOs before finalising the RKP. These usually take place in late April or early May and enable Bappenas to outline the draft RKP and solicit feedback.
- **Drawing up ministry/agency plans and budgets:** After the aforementioned cabinet meeting in March, Bappenas and the Ministry of Finance issue guidelines on drawing up the Renja-KL. This includes indicative budget ceilings for each ministry, broken down by programmes and expenditure types. Each line ministry must then draw up its Renja-KL, which should be informed by an evaluation of the previous year's Renja-KL.
- **Bappenas and Ministry of Finance consultations:** During April, senior officials from line ministries meet with counterparts at Bappenas and the Ministry of Finance. While Bappenas focuses on substantive aspects of the Renja-KL, the Ministry of Finance ensures robust costing of new initiatives.
- **Issuing the RKP:** The final RKP is issued by the president following a cabinet meeting in May. The president then meets with ministers and heads of agencies to emphasise the importance of carrying out planned activities. The RKP will likely contain several programmes (in excess of a hundred), some of which cut across ministry boundaries. The programmes are in turn divided into smaller and more numerous activities.
- **Presentation of the RKP to the parliament:** The RKP, Renja-KL and fiscal policies and budget priorities (which include a description of the macroeconomic framework, fiscal policies and priorities, the deficit target, revenue projections and proposed expenditure ceilings for the upcoming year) are presented to the parliament. Table 1 provides the timetable for the DPR's role in reviewing the budget. Annual plans and budgets are discussed in two parallel spaces.

Table 1: Parliamentary budget approval timetable

Mid-May	Government submits pre-budget report
Mid-May to mid-June	<ul style="list-style-type: none"> • Discussions held by Ministry of Finance with Budget Committee on fiscal policy and overall ceilings • Discussions held by spending ministries and agencies with their respective sectoral commissions on detailed allocations
16 August	<ul style="list-style-type: none"> • Government submits budget proposal • President delivers budget speech
16 August to late October	Budget Committee and sectoral commissions review budget proposal
By 31 October	DPR approves annual budget
November–December	Finalisation of detailed budget implementation guidance ('informal process')
1 January	Start of fiscal year

Source: Blondal et al. (2009).

- **Discussion with parliamentary committees:** First, the Ministry of Finance and Bappenas have discussions with the Budget Committee and with Komisi (Commission) XI, focusing on broad macroeconomic and fiscal policy objectives. Box 2 provides information on parliamentary commissions. Together, through deliberation and consensus-building, they will arrive at fixed points within the proposed ranges for key economic assumptions and revenue forecasts. Second, individual line ministries will have discussions with their respective sectoral commissions on their Renja-KL and proposed expenditures.

Box 2: Parliamentary commissions

The parliament consists of 17 commissions and committees, 11 of which refer to legislative issue areas and six to internal administration. Parliamentary factions distribute commission leadership posts on a proportional basis in accordance with party size. Those that are particularly influential are Komisi I (defence, foreign affairs and information), Komisi II (internal affairs and regional autonomy), Komisi III (law, human rights and internal security) and Komisi XI (finance and development planning). The Budget Committee is composed of selected members of 11 of the 17 sectoral commissions.

In addition to deliberating legislation, the commissions also serve as venues in which parliamentarians can express their views on topical issues, particularly with regard to the performance of the executive branch. Executive branch representatives make public presentations before parliamentary commissions on a regular basis. As for non-legislative commissions, these include committees governing ethics, budgeting, protocol, planning and legislative drafting. In addition, the parliament also sometimes forms special committees (*panitia khusus*, or *pansus*), or teams to conduct probes into the government or research special topics.

- **Temporary government annual budget and ministry-/agency-specific budgets:** Once agreement is reached with the parliament in mid-June, the Ministry of Finance issues a 'temporary' or indicative budget. Ministries and agencies then prepare their RKA-KL, which have a different structure and format to the Renja-KL. They have to be submitted to Bappenas by mid-July. Bappenas reviews them to ensure conformity with the RKP and the Directorate-general for Budget reviews them for compliance with the preliminary budget ceilings, unit costs, and classification.
- **Finalisation of budget:** The Ministry of Finance finalises the budget documentation and prepares the budget proposal and accompanying financial notes. The president delivers a budget speech to the parliament on 16 August. The parliament proceeds to hold two plenary sessions dedicated to an exchange of views on the government's budget proposal, to which the Minister for Finance responds on behalf of the president. The budget is then referred to the Budget Committee, where the parliament's scrutiny takes place. This meets frequently over the next two months to review macroeconomic assumptions and revenue forecasts. All ministers and directors-general are invited to give testimony during commission hearings. Several smaller working groups are usually formed to focus on specific subjects. Meetings of the Budget Committee are not open to the public and no record is made available of its proceedings. The Budget Committee invites sectoral commissions to submit advisory opinions on budget priorities and financial needs. The budget that is approved by the parliament by 31 October is at a very detailed level and is enacted by consensus rather than by majority voting. The approval of the budget two months before the start of the fiscal year is meant to give sub-national governments time to finalise their own budgets.

2.2 Laws and implementation guidelines

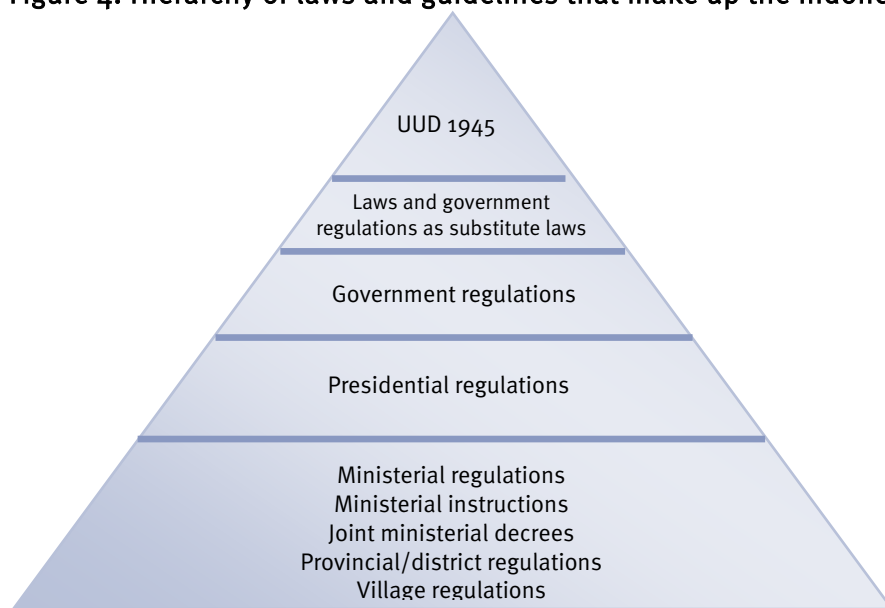
Here, we outline some of the formal rules for developing legislation and implementation guidelines. First, though, we outline the hierarchy of the various legal processes that exist in Indonesia according to Law No. 10/2004. This is illustrated in Figure 4, which comprises (Mardha, 2009):

- The 1945 Constitution of the Republic of Indonesia (Undang-Undang Dasar 1945, or UUD 1945) and its amendments thereto;
- Laws, which are formulated in agreement between the DPR and the Gol, signed by the president (UU No. 10/1997). These provide statements of general principles;
- Government regulations as substitute laws (*perpu*), which are made by the president in urgent situations, such as in times of crises;
- Government Regulations (*peraturan pemerintah*, or PP), to provide implementation guidelines for specific laws, which are drawn up and initiated by a minister (department or non-department) within an executive agency and signed by the president;

- Presidential regulations (*peraturan presiden*, or *perpres*), issued by the president as the head of executive bodies; and
- Provincial/district regulations (*peraturan daerah*, or *perda*), which are formulated in agreement between the provincial or district House of Representatives and head of province/district.

In practice, there are also presidential instructions, presidential decrees, ministerial decrees, joint ministerial decrees and circulation letters. Regarding presidential instructions, there is little documentation on any official procedures for drawing these up, indicating that considerable discretion is left with the president (Hamid and Atamimi, 1992).

Figure 4: Hierarchy of laws and guidelines that make up the Indonesian legal framework



Source: Mahendra (2008).

In describing formal legal processes, given the availability of literature, we focus on only two of these components: (i) the drafting and enactment of a law or bill and (ii) the drafting of an implementation guideline, namely, a government regulation.

Drafting laws

Procedures for work in the DPR are set out in the *Peraturan Tata Tertib* (Rules of Procedure), otherwise known as the *Tatib*.⁴ Further, Presidential Regulation No. 68/2005 on the General Mechanism of Establishing a National Legal Framework describes the processes necessary to draft laws, government regulations as substitute laws, presidential regulations and government regulations. Official procedures for drafting and passing laws differ according to whether the bill is introduced by the government or initiated by the DPR itself. Government bills are drafted in the relevant ministry and/or the Ministry of Law and Human Rights—usually by a taskforce, which can include key decision-makers from the executive as well as technical experts from universities and CSOs.

A bill is supposed to be accompanied by an academic document containing a detailed explanation of the matters to be dealt with, including a breakdown of all clauses. The Ministry of Law and Human Rights is responsible for coordinating the final drafting of all laws that the government proposes to the parliament. Draft bills are taken up to the relevant coordinating ministry, before being received by the DPR leadership (speaker and deputy-speakers) and passed to a steering committee that decides which commission will be responsible for overseeing its passage through the DPR.

⁴ The *Tatib* describes the roles of each of the organs of the DPR, such as committees, the types of meetings that can be held and the procedures for conducting meetings and making decisions.

The first stage of the legislative process takes the form of discussions between the relevant DPR commission and government representatives. The minister usually attends the initial meeting (which is mandatory if a bill is to proceed through the parliament), and is then represented by ministry officials in subsequent meetings. At the first meeting, the general views of each party caucus are presented. This is followed by the government's formal response to the positions of the caucuses. Commissions are also legally obliged to open proceedings up to the public and civil society (Lay, 2010). The administrative section of the commission is said to invite a range of stakeholders, including bureaucrats from state agencies, academics, industry representatives and CSOs (ibid.).

The main part of the discussion concerns the compilation of a problem inventory list (*daftar inventarisasi masalah*, or DIM) identifying potentially controversial clauses of the bill. This list—which may contain hundreds of items—forms the basis for negotiations between the Gol and DPR members. The formulation and discussion of a DIM usually takes place in a working committee, which is essentially a subcommittee of the commission appointed to deal with the bill. Agreement on the final draft of the bill is reached when all issues in the DIM have been resolved. The bill is then sent back to the commission. The second stage of the legislative process features the formal acceptance and passage of the bill through a plenary session. This session hears a report on the results of the deliberations in the first stage, presentations of the final views of the caucuses and the Gol response. The bill is then passed to the president to be signed.

Bills initiated by the DPR undergo further steps in addition to those undertaken by the executive. A bill initiated by the DPR may be proposed by one or more commissions or by the Legislation Committee, and it must be signed by at least 10 DPR members. Similar to bills drafted by the executive, taskforces will be established consisting of decision-makers and experts who help draft the bill. The bill is then submitted to the DPR leadership, which passes it to a steering committee. From there, it is sent to a plenary session for formal acceptance as a DPR initiative. The leadership then submits the bill to the president with a request that a minister be assigned to represent the government in deliberations. The bill then enters the first stage and from there on follows procedures outlined above for government-sponsored bills (this draws largely on Febrian, 2010 and Sherlock, 2010b).

Drafting implementation guidelines

Having outlined the formal process for developing legislative bills, here we outline briefly the steps required to draft a government regulation, particularly where a number of ministries are involved:

- 1 A (relevant) ministry is assigned as a sponsor, which then coordinates an inter-ministerial consultation.
- 2 A minister within the sponsoring ministry or someone from an equivalent post establishes a taskforce to draw up an academic concept and a draft government regulation.
- 3 The minister sends a letter, together with the academic concept and the draft government regulation, to other relevant ministers and institutions and asks for the names of people who could make up an inter-ministerial team.
- 4 Once the names of the inter-ministerial team have been received from the relevant ministries and institutions, the sponsoring minister establishes the team, which then proceeds to discuss and review the draft government regulation.
- 5 After several inter-ministerial team discussions and reviews of the draft, the sponsoring minister issues the final draft of the government regulation and sends it to other relevant ministries and institutions for approval.
- 6 The final draft with an approval letter is sent to the State Secretariat, which coordinates all draft decrees and instructions issued by the government, for a cabinet-level discussion and then a presidential signature.
- 7 Once legislative products are promulgated, the State Gazette of the Republic of Indonesia (*Lembaran Negara Republik Indonesia*) is issued from the State Secretariat.

2.3 The effectiveness of formal bureaucratic rules

We have outlined here some of the formal procedures for developing policies, both planned (regular development planning and budgeting) and ad hoc (laws and implementation guidelines). Throughout these processes, knowledge in the form of academic drafts and consultation processes among both state and non-state actors is supposed to play a significant role. However, some respondents indicated that formal processes for drawing up plans and policies were not followed in practice. Although there were differences between sectors, little work tended to go into drafting laws. Others suggested that, despite formal rules, they rarely knew how policy was made; some suggested that they often ‘muddled through’. The World Bank argues that decision-making processes underlying formulation of policies are often unclear (2009a:vi).

Other respondents suggested that, even if policy-making followed formal rules, rarely does this result in well-informed plans. Sherlock (2010a) suggests that projects, which might be invoked by laws and government regulations, are often regarded by officials as just a way to move money, indicating that process is followed at the expense of the quality of policy outputs. A number of respondents questioned the depth of academic studies accompanying recent laws. For instance, environmental and social impact studies are said to be repeatedly reused, with only the name of the relevant location changed to suite a particular contract (ibid.).

Together, this suggests that formal bureaucratic rules do not provide effective incentives to invest in, demand and use knowledge, with outputs possibly suffering as a result. For instance, Booth (2005) suggests that national planning processes place emphasis on target-setting, with little indication of how those targets will be achieved. The little detail outlined in the DPR’s *Tatib* leaves parliamentary members with a great deal of discretion in the way they work (Sherlock, 2010a). Lay (2010) also suggests that there are few guidelines on how DPR members as well as political parties should involve stakeholders in their work.

So, what might be the ‘informal’ rules and practices that drive policy-making in Indonesia? And, other than formal bureaucratic rules, what factors are likely to encourage policy-makers to request and use knowledge in policy processes? We answer these questions by exploring the political economy of policy-making in Indonesia. In particular, we examine the historical and institutional characteristics of the Indonesian policy-making system and discuss what this means for understanding how policies are shaped and the role that knowledge plays.

3. *Reformasi* and the legacy of the New Order

3.1 The accommodative nature of *Reformasi*

We begin our study of some of the less formal practices that might shape policy-making by trying to assess the nature of the current political system, particularly in relation to President Soeharto's New Order regime. Analysts have struggled to agree on the precise nature of the system that has taken shape since the fall of the New Order. It is nevertheless possible to identify three broad schools of thought on post-New Order Indonesia (Mietzner and Aspinall, 2010). First, there are those who believe that Indonesia has done exceptionally well in consolidating its democracy. Freedom House (2009), for instance, acknowledges Indonesia as a functioning democracy. And Indonesia's achievement is seen as even more remarkable given that democracy across the world, particularly in Southeast Asia, was waning at that time.

A second school of thought suggests that, despite important institutional reforms, democratic change has been superficial, with core structures of power remaining unchanged. Oligarchic elites that controlled the New Order have survived the 1998 regime change and continue to use the state for rent-seeking purposes (Robison and Hadiz, 2004). Finally, some authors have taken a middle ground, which seems to be substantiated by our research, emphasising that, while Indonesia has made some progress towards becoming a more democratic polity, removing all elements of the New Order has not and could not have been a priority. Instead, the accommodative nature of *Reformasi* was a fundamental factor contributing to the feasibility of achieving change. In particular,

Now, more than a decade after its democratic transition began, Indonesia has dealt effectively with these challenges to democracy. The military has retreated from the commanding heights of the political system. The most severe communal conflicts have receded, and the worst of the country's separatist insurgencies—in the Sumatran Province of Aceh—has been resolved by a peace deal. Apart from a small fringe, Islamist forces have been absorbed into the political mainstream and no longer prioritize campaigning for a state based on Shari'a. The neutralization of these threats has been accompanied by a host of other achievements—notably, a dramatic expansion of civil liberties, the emergence of a flourishing and pluralistic media market, and freely contested multiparty elections. The story of Indonesia's democratic success, in a decade that has witnessed worldwide democratic stagnation if not recession, presents valuable lessons for other countries. There is, however, 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 (Aspinall, 2010:20-21).

The challenges faced by the Indonesian decision-making processes today seem to be the result of the accommodative strategies adopted by reformers that allowed them to make the progress they have made. Acknowledging this and the relatively short time that has elapsed since the fall of Soeharto, by drawing primarily on a small subset of the political economy literature on Indonesia, we look back at what we consider to be a number of salient features of the New Order apparatus for clues to the nature of policy-making today.

3.2 Policy-making under the New Order

During the New Order regime, Soeharto was said to have practised a form of leadership practised by Javanese kings, which was hierarchical and concentric, requiring unconditional respect, deference and obedience (Crouch, 2005). The parliament, dominated by the military, was effectively a 'rubber stamp', while the judiciary enforced the regime's rules. President Soeharto was subsequently the final policy arbiter in a centralised and authoritarian regime (Martinez-Diaz, 2006). As one respondent said, 'When

word came down from Cendana [Soeharto's residence], you got it done, or there would be consequences.'

The generation of economic resources was of critical importance, with foreign-educated technocrats—brought in by Soeharto to fill ministerial posts for economic ministries such as Bappenas and the Ministries of Finance, Trade and Public Works—responsible for designing and implementing a series of five-year plans. However, Booth (2005) notes that, while some five-year plans contained insights into government thinking in a number of areas, planning processes seemed to become more ritualistic and less important as a guide to government policy as Soeharto's regime evolved.

Technocratic ministers were the government's primary interface with the international financial institutions, whose aid was crucial in fostering development. However, the influence of technocrats was highly variable and context-specific. They had no base support within the government and no constituency outside it. The president trusted technocrats primarily as expert crisis managers and economic fixers, with their influence peaking at times of economic turmoil. During times of relative stability and prosperity, however, national and crony interests (large entrepreneurs who were close to the president) tended to dominate policy (Martinez-Diaz, 2006).

Bappenas was responsible primarily for national planning, drafting the development budget, coordinating with foreign governments and international organisations and monitoring implementation and, as such, held considerable sway over other ministries. However, its influence seemed to be dependent on the character of its minister and their relationship with the president. For instance, when Bappenas was headed by a strong minister, as Professor Widjojo was considered to be, it could if necessary impose coordination between ministries. But after the departure of Widjojo from the cabinet in 1983, Bappenas no longer had the same authority (Booth, 2005). Three coordinating ministers pertaining to security, law and politics; people's welfare; and the economy, finance and development were powerful actors, whose role was primarily to communicate decisions made by the president to ministers (CastleAsia, 2010).

Widjojo's departure from the cabinet seemed to facilitate the rise of the Ministry of Finance in economic policy. Bappenas was relegated to a secondary position, although it still played an important role as a coordinator of aid projects and disbursements of development budget funds. Just as the Ministry of Finance appeared to have taken over the lead role in macroeconomic policy-making, so line ministries took the lead role in sectoral planning as well as in project implementation. Given that salary supplements from project implementation were an important part of the remuneration of most civil servants (see below), there was a strong incentive for line ministries to seek to increase the size of their development budget (Booth, 2005).

At the beginning of the New Order era, there was considerable discussion of civil service reform and the related issue of bureaucratic corruption. The widespread view was that the root cause of corruption was low salaries. Although the government was keen to streamline the civil service, attempts at reform were not successful. By the mid-1970s, one study reported a wide range of payments to civil servants, both legal and illegal, with the basic wage for most civil servants—certainly for the more senior—representing only a small part of total remuneration. There were supplements to compensate for inflation and honoraria for projects, which represented the largest single source of legally sanctioned supplementary incomes and were paid out of development (or discretionary) budgets. Thus, there was an incentive for civil servants to work in ministries that had large development budgets and in those directorates that were in charge of project implementation (Booth, 2005).

Regarding knowledge production and use, a number of research centres rose in prominence as Soeharto led a process of economic reform. These included the Institute for Economic and Social Research (Lembaga Penyelidikan Ekonomi dan Masyarakat, or LPEM) at the University of Indonesia, the Indonesian Institute of Sciences (Lembaga Ilmu Pengetahuan Indonesia, or LIPI), the Center for Policy and Implementation Studies (CPIS) and the Centre for Strategic and International Studies (CSIS). CPIS in particular had considerable influence on policy and practice, including, for instance, in the

development of credit programmes through village units that contributed to improvements in the rural economy. The 1980s saw a strong role for planning bureaus within most line ministries. In some ministries, such as the Ministry of Agriculture, the Research and Development Unit (Badan Penelitian dan Pengembangan, or Balitbang), staffed by civil servants with Masters' degrees and doctoral qualifications, played an important role in planning development projects, including those with substantial aid finance.

However, McCarthy and Ibrahim (2005) argue that universities and research centres played a legitimating function (see Nachiappan et al., 2010), while a number of respondents suggested that the original source of knowledge was largely (if not entirely) international (from prominent universities in the US such as Berkeley and Harvard), brought into the Indonesian context by foreign-trained academics, popularly known as the Berkeley Mafia.

3.3 Summary

In sum, we argue that, while Indonesia has made progress towards becoming a democratic polity, the accommodative nature of *Reformasi* has meant that a number of features of policy-making under the New Order are likely to persist today. From our brief look back at the New Order regime, we identify a number of key features that may provide some clues as to the nature of the current policy-making system:

- 1 The executive was extremely dominant, with the president seemingly positioned at the top of a steep hierarchy.
- 2 Considerable emphasis was placed on economic policy-making, which was top-down, with a strong role for technocratic officials.
- 3 The influence of Bappenas, once a major force in planning and coordinating policy, declined, with the Ministry of Finance taking over in the realm of economic policy-making.
- 4 As ministries took the lead in sectoral planning, competition over resources from the development budget increased, especially since basic civil service salaries were limited (see point 6).
- 5 The influence of ministries was often dependent on the persona and character of their minister and their relationship with the president.
- 6 As civil servant salaries were relatively low, there was a high level of bureaucratic corruption. Attempts at civil service reform were made, but they were seen as unsuccessful.
- 7 Research and development units within ministries and research centres, which rose in prominence as Soeharto pursued a strategy of economic development, seemed to play mainly a legitimating function.
- 8 Knowledge (including ideas) seemed to stem mainly from abroad, from universities such as Berkeley and Harvard in the US.

In the following sections, drawing mainly on key informant interviewees, we test the extent to which some of these hypotheses still hold true despite the *Reformasi* and what, if any, are the implications for policy-making and the role of knowledge.

4. The executive branch of the government

Building on the previous section, this section and the following two attempts to identify and assess some of the institutional features of the Indonesian policy-making system. This section first explores the rules that may determine the behaviour of actors within the executive arm of the government. It is divided into three components: (i) policy-making within the cabinet, including the role of the president and the vice-president; (ii) policy-making across the government, with a focus on national development planning and coordination across ministries; and (iii) policy-making within particular ministries, looking at the role of ministers, deputy-ministers, directors-general and directors.

4.1 Presidential and vice-presidential decision-making

The president, directly elected by the people since 2004, holds considerable authority, although not to the same extent as Soeharto under the New Order. The five-year plan, and in particular the process behind it, as outlined in Section 2, coincides with the five-year term of the president, with the plan in essence serving to highlight the president's priorities (Blondal et al., 2009). Although the president requires the approval of a more independent and active parliament to issue a budget or pass laws, he/she can effectively block the progress of legislation by refusing to designate a representative to discuss bills—constituting a pre-emptive veto.

Furthermore, considerable policy work, although falling within the scope of legislation, does not require parliamentary approval, leaving significant discretion for the president. The use of discretion was illustrated shortly after the current President, Susilo Bambang Yudhoyono (SBY) was re-elected in 2009. Upon retaking office, he outlined 15 priorities for his first 100 days, including both food security (a key public concern) and climate change (an issue on which Indonesia was under pressure from external actors to act and where it could benefit from significant donor investment). Soon after, a presidential instruction on 'securing national rice production in the face of extreme climate condition' was issued, giving instructions to 13 government institutions to take measures in increasing rice production.

However, these discretionary powers could also enable the president to slow down progress (though not necessarily through intent, given the differing priorities of the cabinet) where laws which provided high-level principles required (but lacked) more detailed implementation guidance. For instance, despite the enactment of Law No. 40/2004 on Social Protection and Social Security, which protects all groups of Indonesian citizens in the areas of health care, occupational accidents, death, old-age and pensions, the president has yet to issue 11 government regulations and 10 presidential instructions as technical and administrative guidance to implement the law.⁵

The role of the vice-president, elected on the same ticket as the president, is no longer ceremonial, with his/her instructions in theory carrying some weight. However, given higher levels of political competition (see below and Section 5), the vice-president can come into conflict with the president. For instance, in 2006, SBY wanted to establish a 'reform work unit', later called the Presidential Work Unit on Managing Programs and Reform (Unit Kerja Presiden Pengelolaan Program dan Reformasi, or UKP-PPR). The agency explicitly targeted bureaucratic and judicial reform as top priorities, but was brushed aside when Vice-president Jusuf Kalla voiced strong opposition to the unit's mission and several senior figures of the Party of Functional Groups (Partai Golkar) questioned its legality. Faced with such opposition, SBY allowed the unit to lapse.

⁵ www.thejakartapost.com/news/2011/02/23/sby-%E2%80%99violates%E2%80%99-social-security-law.html.

4.2 Cabinet-level decision-making

Ministerial appointments

In appointing ministers, technical ability is only one of several factors considered, as Indonesia's diversity means that ethnic background, geography, gender and, crucially, political party affiliation are also considered.⁶ In fact, given the inability of any one party to secure a majority of seats in the parliament in any of Indonesia's three elections since the end of Soeharto's New Order regime, politics (and policy-making) have been characterised by coalition.⁷ As coalitions are seen as alliances based mainly on the distribution of cabinet posts and rarely the direction of policy (Pamungkas, 2009), the president makes ministerial appointments in close consultation with the leaders of various parties (Blondal et al., 2009). Sukma (2010) argues that, in the forming of the 2009 cabinet, SBY's appointment of some ministers, especially from the coalition parties, reflected his preference for political compromise rather than expertise.

Nevertheless, ministries and agencies such as Finance, Trade, the Central Bank and Public Works were said by several respondents to have typically benefited from more meritocratic appointments by SBY, contributing to a continuing technocratic (knowledge-informed) culture within those ministries. These ministries were seen by some as producing both outputs and outcomes, which were more quantifiable in economic terms and where indicators of progress were clear, decision-making was more rational and systems for storing and reusing information were better. As such, they receive considerable funding from the national budget and ministers are subsequently viewed as more powerful. Other ministries, such as Agriculture (which received considerable funding during the New Order) and Social Welfare, were seen to produce outputs and outcomes that were less visible (at least in economic terms) and were thus seen as more 'political', perhaps suggesting that appointments were less likely to be based on expertise.⁸

Decision-making

With ministerial posts distributed among several parties, each with their own constituency (but not necessarily agenda), cabinet-level decision-making is viewed by some as cumbersome, with the president needing to work hard at maintaining a broad consensus, making it difficult to pass unpopular reform measures into law (see Booth, 2005). This means that, while the president on certain occasions has had the ability to push through priority reforms relatively quickly, higher levels of political competition may weaken his/her own leadership slightly. This was exemplified in the development of a moratorium on new permits to clear primary forests, where the president delegated the task of developing a presidential regulation to his presidential work unit, the Presidential Work Unit on Monitoring and Controlling Development (Unit Kerja Presiden Pengawasan dan Pengendalian Pembangunan, or UKP-PPP) (see below for more on this), but was faced with a competing proposal from the Ministry of Forestry (see Box 3 for more details).

⁶ In all, the president appoints 31 cabinet ministers (and five equivalent posts). These include three coordinating ministers, 21 departmental ministers and 10 state ministers who lack formal departments.

⁷ The coalition formed by SBY in late 2009 reflected his decision to opt for a wide but not all-inclusive coalition. Parties included: the Democratic Party (Partai Demokrat, or PD), Partai Golkar and four Islamic parties comprising the Prosperous Justice Party (Partai Keadilan Sejahtera, or PKS); the National Mandate Party (Partai Amanat Nasional, or PAN); the United Development Party (Partai Persatuan Pembangunan, or PPP); and the National Awakening Party (Partai Kebangkitan Bangsa, or PKB). The Indonesian Democratic Party-Struggle (Partai Demokrasi Indonesia Perjuangan, or PDI-P), the Great Indonesia Movement Party (Partai Gerindra) and the People's Conscience Party (Partai Hanura) were not part of the coalition. PD became the largest party within the coalition, with a total of 422 seats out of 560.

⁸ See Wilson (1989), for more on classifying the tasks of public agencies.

Box 3: The drafting of a moratorium on forestry licenses

Indonesia has been found to be the third-largest producer of carbon emissions after the US and China, mainly because of the release of greenhouse gases through large-scale deforestation. In response to this, at the Copenhagen Climate Change Summit, the president announced some ambitious targets—committing Indonesia to cutting carbon emissions by 26% by 2020 and to 41% if the country was granted donor support. It was unclear how these figures were derived. Nevertheless, the Norwegian government promised \$1 billion to the GoI in exchange for action around climate change. As part of a package of interventions, the president agreed to pass a moratorium on new permits to clear primary forests by January 2011. The UKP-PPP was charged with developing a presidential regulation, which it did after consultation with other ministries, including the Ministry of Forestry and non-governmental groups from civil society.

However, while the proposed regulation was circulating, the Ministry of Forestry, said to be more aligned with certain business interests (author interview, May 2011), also developed a proposal. Two separate drafts were subsequently sent out to the cabinet secretary, which reflected a breakdown in the consultation process. Interviews suggested that the development and submission of parallel drafts happened because there was a deadline for passage of the regulation and the Ministry of Forestry felt it could not wait for the consultation process to reach its conclusion, which it felt could have gone on indefinitely. By December 2010, there was little consensus on the scope of the moratorium. Ultimately, the regulation was issued in watered-down form, with the Ministry of Forestry's version favoured over UKP-PPP's. Whose decision was it to take? It started off with the presidential taskforce being given authority. In practice, the reality of coalition politics meant that the Ministry of Forestry and the coordinating Ministry of Economic Affairs (the minister for which is close to the president) were influential. The president's word (albeit delegated to highly placed supervisors) is no longer seen as final.

Moreover, (independent) technocrats face more contestation now than they used to. One respondent suggested,

'Twenty years ago, decisions were taken quickly [...] It was mostly the technocrats from UI [University of Indonesia]—the Berkeley Mafia—who informed decision-making. Now, there is SMERU and other leading universities. Ministers are more open-minded. Ministers [...] feel the need to include everyone. But not everyone is on same page.'

Technocrats are more dependent than ever before on their ability to secure backing from the president, who in turn is likely to be influenced by non-technical and highly politicised factors, such as public perception and support; parliamentary, political party and local government approval; and personal chemistry (Shiraishi, 2006).

The vulnerability of technocrats, even in ministries, historically known for their 'technocracy', was exemplified by the recent 'Bank Century' scandal, which led to the resignation of the Minister for Finance, Sri Mulyani Indrawati—a staunch reformer—and undermined the convening power and credibility of Vice-president Boediono, former head of the Central Bank. Sherlock (2010b), argues, that if Boediono and Sri Mulyani were affiliated with a particular party, they would probably have been defended by their respective parties. As independent technocrats, however, they were 'fair game' for all parties except the president's—the PD.

Performance

Further, ministers, generally speaking, seem to be under considerable pressure to 'perform'. Kuntoro Mangkusubroto, the Head of the UKP-PPP, is responsible for reviewing the performance of ministers on behalf of the president (who, now in his second and final term, is himself said to be under pressure to leave a legacy), which is in turn rumoured to have considerable influence on cabinet reshuffles. Moreover, parties who nominate individuals for ministerial posts probably expect a return in the form of a stronger public image, better opinion poll ratings and more financial resources.\

The media

The media, having grown rapidly since the fall of Soeharto, and particularly new media in the shape of social networking sites, also plays a crucial role in shaping the behaviour of policy-makers. Respondents suggested that top government officials often considered the media as an important input into decision-making, frequently feeling compelled to address an issue which the media had put

under the spotlight. One secretary-general suggested that the agenda for monthly executive meetings among directors-general and the minister was in some cases informed by headlines in the press. One director also commented, *'because of the advance in the information and communication, the community is not patient enough and they want to know anything, and we don't have much time to inform them. We have to go very fast and have to decide very soon.'* As a result, many ministers often feel compelled to roll out policies quickly, often without adequate consultation and with little piloting (author interview, May 2011).⁹

International factors

International factors also played on the minds of policy-makers. With Indonesia seen as a major global player and now considered a middle-income country, engagement with key forums such as the Group of Twenty Finance Ministers and Central Bank Governors (G-20) and the Association of Southeast Asian Nations (ASEAN) were viewed as important. Moreover, ministers often sought out 'quick fixes' to meet international benchmarks, such as the Millennium Development Goals. The Minister of Health, in particular, is said to have, for instance, launched a number of initiatives including subsidised healthcare, free baby deliveries, and free third-class hospital beds mainly in response to appeals from Members of Parliament (MPs) and rarely had an analytical base.

The Presidential Advisory Council

In addition to the cabinet and other senior officials from ministries, the Presidential Advisory Council (Dewan Pertimbangan Presiden, or Wantimpres), consisting of nine advisors who tend to be former ministers periodically instated by the president, provides him with a 'second opinion' on key policy issues. Each advisor appears to have expertise in different issues and varying levels of influence on the president and other arms of the government. For instance, one advisor, who is one of the original Berkeley Mafia, is concerned with boosting economic development across eastern Indonesia. And, according to a political economy analysis by the World Bank, another advisor—the former Health Minister—was said to wield considerable influence in the health sector (author interview, May 2010).

Presidential commissions and taskforces

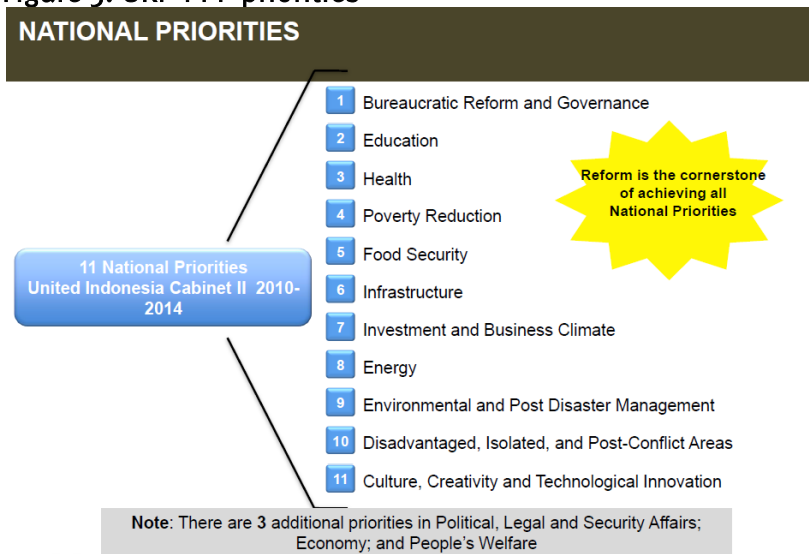
An array of commissions and special taskforces has also been established, led by the Office of the President or the Office of the Vice-president and managed by a prominent leader or 'champion'. These are often set up in response to the realisation that, on some issues, particularly those that require cross-ministry coordination, normal government structures have failed to make progress. But such vehicles also serve to increase the visibility of the president on key issues, provide him with more control over the response and enable him to claim credit for any subsequent progress. The UKP-PPP, as mentioned above, is one such commission, officially mandated to monitor priority development programmes and 'debottleneck' where necessary. Figure 5 provides an overview of some of the UKP-PPP's priorities.

Another commission—the Avian Influenza Commission, under the president's control and managed by the current vice-minister for agriculture—has done much to coordinate the government's response to Avian influenza, while the National Team for Accelerating Poverty Reduction (Tim Nasional Percepatan Penanggulangan Kemiskinan, or TNP2K), formed in 2010 to accelerate poverty reduction (formerly an initiative led by the Ministry of Social Welfare), is led by the vice-president. Other commissions and special taskforces include the Corruption Eradication Commission (Komisi Pemberantasan Korupsi, or KPK), the Judicial Commission and a recently established taskforce to help troubled migrants abroad. On issues where the president or vice-president has not shown leadership, particularly those requiring cross-ministry coordination, progress seems to have stalled, illustrating perhaps how resilient top-

⁹ To illustrate the power of new media and the pressures it can place on individuals and organisations, it is worth highlighting the story of Prita Mulyasari. She was charged, fined Rp204 million (\$20,500) and imprisoned for complaining by email about the quality of treatment she received at a private hospital in the Jakarta Satellite City of Tangerang. Her case was taken up by a group on Facebook and attracted considerable support from Indonesian blog sites. A mailing list and the Facebook group started raising money from people throughout Indonesia. Seeing the huge support for Prita, Omni International Hospital dropped the charges.

down lines of control (within a steep bureaucratic hierarchy) inhibit horizontal coordination, but also a high level of competition between ministries, something we return to below.

Figure 5: UKP-PPP priorities



Source: UKP-PPP (2011).

Capacity and personal characteristics of senior officials

Most respondents suggested that almost all senior officials enjoyed high levels of education and experience studying abroad, often at the world's best universities. The technical expertise (in, for instance, finance and economics) that was once commanded by only a narrow band of academic technocrats during the first part of Soeharto's rule seems to be shared more widely, not just by a wider pool of bureaucrats, but also by several politicians (even those who are considered 'political' appointments). However, senior officials tend to receive little or no training in leadership or management—seen as important in providing coherent direction to numerous directorates and sub-directorates within a ministry. One respondent suggested that they learnt on the job and drew lessons from those around them and from their own past experiences.

Personal characteristics of high-ranking individuals, including their ability to provide strong leadership to others, their charisma and their concern for the quality of policy, were considered by several respondents to be important. Many respondents pointed to a number of senior officials who were viewed as 'progressive'. For example, Kuntoro Mangkusubroto, the head of the UKP-PPP, was seen as a strong and dynamic character. He has a good track record, having managed the rebuilding of Aceh after the 2004 Tsunami at the president's behest. Another top official, a deputy-minister, was considered to be very concerned with the quality of policy-making, regularly consulting a range of knowledge producers before preparing draft legislation and guidelines. Sri Mulyani Indrawati, seen as a tough reformer, credited with strengthening Indonesia's economy, increasing investments and steering Southeast Asia's largest economy through the 2007–2010 financial crisis, was also talked about fondly by several respondents.

4.3 Policy-making across the government

National development planning

After the fall of Soeharto, an already weakened Bappenas saw its powers cut further by President Abdurrahman Wahid and ceded to the Ministry of Finance (coinciding with a focus on economic stabilisation after the AFC) and to local governments, whose powers and autonomy expanded under decentralisation. The Ministry of Finance was seen as officially responsible for fiscal policy and the macroeconomic framework as well as for preparing the annual budget. The minister for finance was considered the chief financial officer of the Republic of Indonesia, while other ministers were viewed as

chief operational officers for their own jurisdictions. The Ministry of Finance was seen to control a single consolidated budget (Booth, 2005).

However, as Indonesia recovered from the crisis, President Megawati Sukarnoputri ordered the chief of Bappenas to support the president in formulating national development plans. In its new guise, Bappenas is both a bureaucratic think-tank and the agency in charge of developing long-term, medium-term and annual development plans. This is reflected in the competencies of staff at Bappenas, who have expertise in various sectors, such as economic development, social development, health care and education—while those at the Ministry of Finance generally have backgrounds in finance and economics.

Bappenas maintains close relationships with line ministries through, for instance, directors who parallel each line ministry and agency. In contrast, the Directorate-general for Budget in the Ministry of Finance has three directors who together parallel the rest of the government (Blondal et al., 2009). Bappenas also tries to play an inter-ministerial coordination role. Attempting to coordinate line ministries seems to be an incentive for Bappenas to deflect undue donor influence, ensure independence from central line ministries and help push through important policy initiatives, which in turn could help establish and improve its credibility with the president. For instance, in implementing a conditional cash transfer scheme, Bappenas worked with the Ministries of Education and Health to ensure that conditions could be met by encouraging them to release sufficient funding for doctors and midwives. It has also played a role in coordinating a number of other policy processes, including those in relation to the National Poverty Reduction Strategy (NPRS) and the national strategy for Reduced Emissions from Deforestation and Degradation (REDD).

However, the re-emergence of Bappenas has led to overlapping responsibilities with the Ministry of Finance. Although Bappenas is responsible for annual planning, the annual plan is in effect the annual budget—the responsibility of the Ministry of Finance. Moreover, the Ministry of Finance is responsible for drawing up a medium-term expenditure framework, with which the annual budget should be consistent. At the same time, Bappenas is responsible for drawing up five-year plans, which also have to include expenditure targets. It is thus crucial for both agencies to coordinate their work (Booth, 2005).

In comparison with its role in the economic sphere under Soeharto, in the opinion of a number of respondents, Bappenas was slightly weaker. This is arguably reflected in its own analytical capacity, as it lacked the resources to, for instance, undertake its ‘flagship’ background study in-house to inform the medium-term development plan. And, since Bappenas no longer controls the budget, communication channels, particularly with larger line ministries, appear to be weak, with Bappenas less likely to be informed or listened to. For instance, ministries have stopped sending them regular updates, which represent much-needed planning inputs.

Planning processes undertaken by Bappenas and the Ministry of Finance still tend to be mainly top-down in nature. For instance, Blondal et al. (2009) suggest that this is the case with the development of the RKP. *Musrenbang*, where stakeholders are supposed to provide feedback to government plans, are mainly ceremonial and rarely result in change; if they do, it is usually around the margins.

Bappenas continue to play a key role in coordinating donors and international agencies in Indonesia. Although the Consultative Group on Indonesia (CGI) was disbanded in 2007,¹⁰ a number of working-level subgroups focusing on particular issues, such as health and education, meet regularly (probably monthly) to discuss key policy issues. According to the Organisation for Economic Co-operation and Development (OECD) (2010), government officials feel that bilateral donors exercise excessive influence during negotiations. Some ministers are uneasy with this, with one respondent suggesting that the previous Health Minister (and now on Wantimpres) was particularly hostile. Strong leadership

¹⁰ See www.indonesiamatters.com/1065/consultative-group-on-indonesia-cgi.

from within the GoI was thus seen as necessary to keep donors (each with differing missions) in line with government priorities.

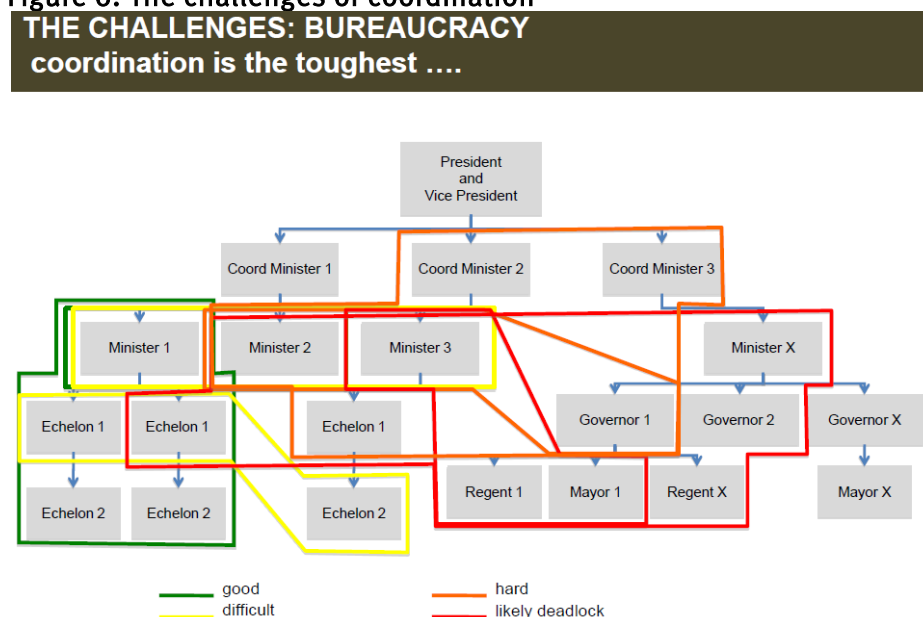
The few white and green papers that have been written seem to have been influenced heavily by donors. The 2003 White Paper was inspired by the International Monetary Fund (IMF)—its launch perhaps incentivised by the IMF’s impending departure. The development of a green paper on climate change was said by one respondent to be influenced in part by, or at least supported by, the Australian government. And Booth (2005) argues that the NPRS, drafted in 2004 and informed by accumulated knowledge, was in part a response to pressures from international donors for greater detail on the specifics of the GoI’s poverty reduction strategy.

Coordination among line ministries

Several programmes require cross-ministry coordination. Sponsoring ministries often specify inputs required by others. For example, the Ministry of Agriculture—the sponsoring ministry in increasing rice production—has mapped out the assistance it requires from a number of ministries, including the Ministry of Public Works to develop irrigation facilities and dams and the Ministry of Industry to increase fertiliser supply. However, securing cooperation from other ministries seems challenging. Coordinating ministries, whose responsibility is to provide ministries with strong directives, are now poorly funded and therefore forced to rely on small staff and limited resources. In practice, the authority of coordinating ministers depends largely on their relationships with the president and the support he gives them. Without the personal authority of the president or clear lines of authority over the ministries they are charged with coordinating, their influence is often seen to be limited (Blondal et al., 2009; CastleAsia, 2010).

Coordination problems mean inter-ministerial consultation processes (to, for instance, draw up government regulations), as well as implementation processes, usually experience significant delays. Examples of the former include the civil service pension reform, where the Ministry of Finance led three other ministries: Labour and Transmigration; Social Affairs; and the Coordinating Ministry. However, respondents suggested that there had been little progress on the issue. While there is a technical working group to undertake the analytical work, getting key findings and results elevated to the political level in that environment has proved challenging. An example of the latter is the aftermath of the 2009 Padang earthquake, a situation which was beset by poor management, as multiple agencies with overlapping mandates and responsibilities competed for visibility and attention. Figure 6, taken from a slide from a presentation on UKP-PPP’s achievement and challenges and not relating to any particular issue or sector, highlights some of the generic challenges in coordinating ministries.

Figure 6: The challenges of coordination



Source: UKP-PPP (2011).

While low civil servant salaries mean that there are still strong incentives to attract and thus compete for larger shares of the development budget, Downs (1965:444-445) suggests in a theory of bureaucracy that such behaviour is not necessarily surprising, as ministries and agencies (or bureaus, as he calls them) generally attempt to,

[...] stake out, defend, and expand a certain 'territory' of policy related to its social functions. Because of numerous technical interdependencies with other bureaus, the boundaries of each bureau's territory are both unstable and ambiguous. Hence, it is continually struggling with other bureaus and non-bureau social agents to establish its sovereignty in certain overlapping policy areas. Although such struggles often appear to be irrational manifestations of petty pride and jealousy, they may be highly rational attempts by the bureau to protect itself from excessive instability in its environment caused by uncoordinated decisions made by other agents.

According to respondents, the desire to defend and expand bureaucratic territory was a characteristic often seen within the Gol and among line ministries. For example, the former minister for health was said to have made a number of efforts to expand the ministry's territory. She successfully demanded that the health module from the Susenus (Census) be undertaken by the ministry and took carriage of the health insurance programme for the poor (from another ministry). In another example, one respondent suggested that the Ministry of Agriculture was often unable to take decisions on certain matters, as decision-making power had been usurped by other institutions, such as the Coordinating Ministry of the Economy (the minister for which currently has a good relationship with the president) and the Ministry of Trade. Hence, weaker ministries were seen to have their decision-making powers taken away from them by more powerful ministries with overlapping mandates.

The competition over territory and, importantly, resources seems to encourage ministries to create new and reshape existing priorities. For instance, the Ministry of National Education has made significant progress towards halving illiteracy from 14 to 7 million people, with current levels at 8.3 million people. The budget for the Directorate-general for Non-formal and Informal Education is subsequently decreasing, as the target has almost been achieved. Thus, new priorities (which may or may not have been informed by knowledge) such as information technology literacy have emerged to draw in resources and maintain the ministry's share of the (development) budget.

Difficulties in securing cooperation among ministries are exacerbated by ministers often being affiliated to rival political parties. For instance, cooperation between the Ministry of National Education and the Ministry of Religious Affairs is vital, given their overlapping mandates. However, their ministries are affiliated to rival parties, have different governance arrangements (one is centralised and the other decentralised), differ in their ethos and approach and are often in competition for the same funds.

Regarding national planning and budgeting, intense competition for the development budget (discretionary funding) means that the Ministry of Finance, in control of the budget (and usually close to the president), is responsible for assessing competing claims, whose authority carry substantial weight. In other cases, officials look either to the president or to someone with a presidential mandate to provide leadership. However, as we have discussed, such individuals are not always listened to.

Relations between central and district levels of government

Large-scale decentralisation has given considerable power and resources to districts in many important areas of policy. Central government capacity has weakened to varying extents, with 35% of the APBN and 3 million civil servants transferred from central to local authority (World Bank, 2009a). Regional politicians are unlikely to cooperate with the centre in implementing reforms unless they see a direct personal benefit (Booth, 2005). As such, line ministries now have to negotiate and bargain with local governments in the design and implementation of new programmes. On paper, at least, some respondents argued that ministries (for example Education) needed to focus more on national policy, standards/regulations and evaluation and less on implementation. But many line ministries were said to be struggling to come to terms with their new role as 'facilitators'. Some officials (particularly those in Bappenas and line ministries) have refused to accept their powers to plan and implement projects

have been severely curtailed (Booth, 2005)—some ministers want to ‘preside over bigger empires, to have more spending decisions and to have more procurement’ (author interview, May 2011). Box 4 describes how the Ministry of Finance was caught up in a dispute with a regional administration over the purchase of shares in a gold mine.

Box 4: Ministry of Finance versus regional administrations

Under its mandatory divestment, PT. Newmont Nusa Tenggara (NNT), part of Newmont Mining Corp—the world's largest gold producer—had to divest 31% of its shares to the government or appointed companies. Twenty-four percent of the shares were acquired by the administrations of West Sumbawa and Sumbawa regencies and West Nusa Tenggara province in 2009, fully funded by their joint venture partner PT. Multicapital, a business unit of the mining giant Bumi Resources. Bumi Resources is part of the Bakrie Business Group led by Aburizal Bakrie, who is also the chair of Partai Golkar. The government decided to purchase the final 7% through the Government Investment Unit (Pusat Investasi Pemerintah, or PIP), with the finance minister and the PIP concluding a sales and purchase agreement with NNT for the stake, worth \$246.8 million, in May 2011.

However, the DPR deemed this unlawful because the PIP funds were earmarked for infrastructure investment, yet the Ministry of Finance did not ask the DPR for approval of the acquisition. DPR members, notably those of Partai Golkar, recommended that the stake be acquired by West Nusa Tenggara’s local administration backed by a joint venture with Multicapital. With the Ministry of Finance refusing to shift its position, and despite regional administrations depending on grants from the central government for more than 80% of their budget, they filed a lawsuit against the Ministry of Finance, invoking the regional autonomy law as the legal foundation for their fight for the gold mine’s shares. Regional administrations sponsored street demonstrations and even threatened to close down NNT’s \$3.8 billion copper and gold mine unless they were given the right to acquire the stake.

Commission XI on Financial Affairs and Commission VII on Energy and Mineral Resources Affairs reinforced their opposition of the Ministry of Finance’s purchase of Newmont shares, saying that they would ask the Audit Board of Indonesia (Badan Pemeriksa Keuangan, or BPK) to conduct an investigative audit on the government’s purchase; consult the president; and oppose the Newmont shares purchase using the APBN. Minister for Finance Agus Martowardojo threatened to resign if DPR members continued to oppose the government’s acquisition of the shares. At the time of writing, the transaction was still in limbo and the Minister for Energy and Mineral Resources had not approved the deal, as required by mining and investment laws. Despite apparently considerable power asymmetry between the finance minister and a regional administration, decision-making was far from straightforward.¹¹

Nevertheless, according to several respondents, the central government still plays a significant role in sectors that have been decentralised. For instance, after a local parliament signed a draft bill on the Special Status of Aceh and passed it, the Ministry of Home Affairs proceeded to erase most of the important articles, such as those on the authority of the local government, independent candidates for the local election and a human rights court before bringing it before the parliament for debate. Lay (2010) suggests that senior government officials remained suspicious of secessionist movements, in particular the Free Aceh Movement (Gerakan Aceh Merdeka, or GAM), and felt that the bill would provide GAM with further legitimacy. And as the central government was still responsible for disbursing autonomy funds, many local governments were known to maintain cordial relationships with them. Many continued to respect directives from the centre in the shape of presidential instructions while, in many cases, elements of the autonomy grants were earmarked, in practice, if not in name.

4.4 Decision-making within ministries

Ministers

Having discussed the role of ministers in relation to the cabinet, we turn to their role in making policy at the ministry level. Ministers were said to be concerned with setting strategic policy goals and with taking key decisions. Their influence over the structure of the institution as well as the composition of

¹¹ www.thejakartapost.com/news/2011/06/12/the-week-review-the-bashing-contractors.html, www.reuters.com/article/2011/06/21/indonesia-newmont-idUSL3E7HLoUJ20110621, and <http://www.thejakartapost.com/news/2011/06/21/agus%E2%80%99-relations-with-legislators-stake-over-newmont-share.html>.

staff appears considerable. For instance, the minister for finance, at the time of writing, upon taking office replaced his entire senior management team—reappointing nine of his directors-general (which took six months). But, in another case, a minister, wanting to promote continuity (and highlighting the strategic nature of minister–director-general relationships), relaxed the policy of rotation to maintain a good working relationship with a certain director-general.

Ministers are expected to formulate policy and provide directives to echelon one-level bureaucrats (deputy-ministers, directors-general and executive secretaries) to implement policy. However, despite the concentric and hierarchical nature of the bureaucracy, as policy-making has become more complicated and wide-ranging (for instance in light of economic, political and social processes of globalisation, regional integration, decentralisation and urbanisation), and particularly in cases where ministers have limited technical expertise, ministers have increasingly come to provide more normative high-level goals (perhaps reiterating presidential directives) and, as such, have delegated responsibility for more practical policy formulation to directors-general and, more recently (since their emergence), to deputy-ministers.

Deputy-ministers

Perhaps recognising that some ministers had limited technical expertise, often had a wide portfolio and were faced with different incentives to non-elected officials, the president increased the number of deputy-ministers from one (initially in the Ministry of Foreign Affairs) to ten by January 2010. Appointments were made based on the weight of the ministry's duties. All deputy-ministers are 'professionals' or 'career officials'—reflecting SBY's intention to strengthen his cabinet—many of whom are politicians from his coalition parties.¹² Deputy-ministers are mandated to help the minister deliver on 'their contract to the president' (author interview, May 2011).

Deputy-ministers do not have authority over directors-general (a couple of respondents suggested that this might be frustrating for some), unless the minister asks him/her to lead on specific issues, in which case directors-general report to the deputy-minister. Making the appointment of a deputy-minister a rule rather than an exception required changes to bureaucratic structures. According to one respondent, the Cabinet Secretary and the Ministry of Administrative and Bureaucratic Reform (Kempan & RB) were still to provide clarity on how this relatively new position fits within the existing structure. As such, it seems that deputy-ministers do not have their own staff to provide day-to-day as well as analytical support (and, importantly, associated budget). When they require analysis, they have to seek assistance from staff who report to others, which, in a 'tall' hierarchy, was seen by one respondent to be fairly challenging, or to external actors such as universities, research centres and donors/international agencies.

Directors-general

Despite the power vested in ministers, the overwhelming consensus among respondents was that directors-general were key decision-shapers. Prior to the appointment of the deputy-minister, they were among the most senior bureaucrats in the civil service. As a result, they were responsible for policy implementation, controlled operational budgets and were more likely to draw on knowledge in advising the minister and to shape ministerial priorities. The Health Operational Assistance (Bantuan Operasional Kesehatan, or BOK) fund, giving supplementary funding to health centres, for instance, was inspired by a director-general, who was in turn influenced by studies undertaken by national universities showing that health outcomes had not improved in line with economic growth after the global financial crisis starting in 2008. Another director-general in the Ministry of Agriculture was apparently responsible for designing a food security project to promote enhanced agribusiness (which came under the banner of the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat, or PNPM)).

¹² www.thejakartaglobe.com/news/indonesias-new-deputy-ministers-told-to-avoid-rivalries/341133.

The importance of directors-general is illustrated in them being summoned along with ministers to respond to questions during hearings conducted by parliamentary commissions, particularly during budget review processes. An exception to this appears to be in the Ministry of Finance where, in addition to directors-general, echelon-two and even echelon-three staff are often summoned. Further illustrating their strategic role, Sherlock (2010a) argues that, if ministers draft proposals without consulting (or receiving support from) senior officials (such as directors-general), the latter could go as far as obstructing (albeit covertly) the minister's initiative.

Below directors-general are directors who, according to a couple of respondents, are responsible for translating policy goals into specific projects. One respondent suggested that directors had some scope in selecting their own staff but, given the rigid hierarchies, convincing other bosses to release key staff was challenging. Echelon-three bureaucrats seem to be concerned mainly with how to carry out particular projects.

Communication within and across divisions

Although directors-general play an important role in generating policy ideas, they still require approval from the minister, with one respondent saying, *'I had never met an echelon one who had actually made a decision.'* However, acquiring approval is not always straightforward, as the same respondent went on to say: *'It isn't feasible for a subordinate to call up his senior to ask for sign-off [...] You have to wait until he/she calls you for something and then have a list of other things you were waiting to ask him for'* (author interview, May 2011). As such, according to one respondent, 'selling ideas' (to use a market metaphor) to those higher up or convincing them to act or think in a certain way could be challenging.

Several respondents suggested that the institutional setup often restricted the flow of information within the bureaucracy to top-down lines of control, inhibiting more horizontal forms of communication. For instance, a couple of respondents suggested that poor communication across divisions was evident within Bappenas, as well as the Indonesian National Board for Disaster Management (Badan Nasional Penanggulangan Bencana, or BNPB). Further, within the Ministry of Finance's BKF, weak horizontal communication has resulted in the Fiscal Policy Unit not receiving much-needed assumptions with which to formulate the national budget each year from the Macroeconomic Forecasting and Analysis Unit. As such, it has created its own, effectively making the work of the forecasting unit redundant (see Box 7 for more details about this and the BKF).

A number of respondents suggested that, when bureaucrats did interact with one another formally (for planning and budgeting purposes, for instance), meetings were often held with a very large number of representatives, leaving little space for real debate and discussion. Moreover, an unwillingness to be associated with particular positions, at least formally or openly, means that participants tend to avoid criticism of previous or existing policy initiatives which, as one respondent suggested, limits the extent of innovation and change. Time pressures mean most officials tend to protect their area in the short time they have to input.

One respondent described budgeting processes in the Ministry of National Education, where the Planning Bureau organised a workshop to help translate annual work plans into planned expenditures (within stated expenditure ceilings). Coordinated by the executive secretary (also echelon one), this aimed to allocate funding among the directorates-general. Several reviews and meetings later, the ministerial team reached a consensus. But 'muddling through' was seen as 'tiring', with seven or eight iterations required to adjust to demands from various actors within and outside the ministry (including those from the president) before agreement was finally reached. Any analysis on risk and risk management was said to be ineffectual given the almost political nature of decision-making (author interview, May 2011).

Some government institutions appear to be taking steps to address some of these challenges. For instance, BNPB has decided to embed 15 staff to build links between divisions, while Bappenas has made efforts to strengthen horizontal learning mechanisms. Moreover, some ministries have made

attempts to embrace plurality in decision-making. For example, a few respondents suggested that directors were often invited to meet with directors-general, and even the minister in the Ministry of National Education. But even if processes appear to be more consultative, directors are not necessarily brought in at a point where their contribution is meaningful.

4.5 Summary

Using some of the features of the New Order identified in Section 3 as an entry point, we have explored policy-making dynamics within the executive arm of the government. Some notable points include the following:

- 1 The president, directly elected by the people since 2004, is seen as the country's most powerful policy-maker, with the capacity to block the progress of legislation and considerable discretion in the formulation of implementation guidelines. The vice-president, elected on the same ticket as the president, no longer holds merely a ceremonial position, and his/her instructions can carry considerable weight.
- 2 Coalition politics have meant that appointment to ministerial posts is often informed by discussions between the president and the leaders of a number of political parties. But appointments to ministries considered economic, such as Bappenas and the Ministries of Finance, Trade and Public Works, typically continue to benefit from meritocratic appointments, suggesting a continued focus on economic policy. But technocrats, especially those without political backing, seem to face higher levels of contestation than they did under Soeharto's New Order.
- 3 Policy-makers, especially those who are elected, are under considerable pressure from various quarters, especially from the media and the public (through television stations, the written press and social networking sites), to deliver development results.
- 4 Given the country's status as a middle-income country, policy-makers are also under pressure to prepare for and perform on the international stage in forums such as the G-20 and the Association of Southeast Asian Nations (ASEAN) and to meet global targets such as the Millennium Development Goals (MDGs).
- 5 The Ministry of Finance stands out as the most powerful ministry, with its role of managing the economy and controlling the budget. As such, it is responsible for assessing competing claims from ministries and agencies for resources. Although Bappenas is responsible for long-term, medium-term and annual planning, it lacks the power (and resources) to do so adequately. Moreover, overlapping planning functions have meant that both institutions need to work closely together.
- 6 With power diffused across the government (within the cabinet, between ministries and between the central and sub-national governments), decision-making tends to be protracted. As a result, the Offices of the President and Vice-president have established an array of commissions and taskforces to champion reform on pressing issues, particularly those which have experienced bottlenecks.
- 7 Within ministries, deputy-ministers and directors-general are key actors in shaping the decisions of ministers. Siloisation has meant limited communication across divisions, although steps are being taken in some cases to address this.
- 8 Performance of senior-ranked officials is to varying extents often determined by their own personal and professional ethics, but they seem to lack training in leadership and management.

Given its rising influence, the following section explores policy-making dynamics in the DPR.

5. Political parties and the parliament

In the *Reformasi* period, policy-making was more subject to political bargaining within a multiparty system, which has arguably made policy-making more explicitly political rather than technocratic (McCarthy and Ibrahim, 2010). In this section, we take a deeper look at these assumptions, examining the institutional features on the legislative side of the government, with a focus on (i) political parties, (ii) the influence of the DPR, (iii) the role of parliamentary commissions and (iv) the link between political parties and DPR members.

5.1 Political parties

Since the fall of Soeharto, there has been a proliferation of new parties in Indonesia. However, Tomsa (2010) argues that, paradoxically, while the party system in Indonesia has apparently become stronger, most of the core parties that constitute the system have become weaker. Pointing towards a strengthening of the party system as a whole, the five largest parties in the 1999 parliament are still represented in 2009, despite the introduction of a parliamentary threshold and the emergence of new parties. Such party longevity is rare in most East Asian democracies: parties in South Korea, Thailand and the Philippines have often disappeared after one or two elections. Despite criticism that coalition politics have promoted complicity among parties, many view Indonesian party politics as highly competitive, with election results often contested hotly by one party or another. And, finally, in spite of a continuous decline since 1999, voters' participation in elections in Indonesia has remained fairly high by international standards, suggesting generally strong support for the overall system among the broader populace and a normalisation of the democratic system since changes were made to the system following the fall of Soeharto.

However, the share of the vote secured by the five largest parties in the 1999 parliament has declined in every election since, suggesting a weakening of individual parties as well as declining ability of parties to fulfil their key functions.¹³ Although reasons for this weakening vary from party to party, Tomsa (2010) suggests a number of common explanatory variables. First, parties lack organisational coherence and programmatic distinctiveness. Although most of the core parties have distinct histories and political values (derived from, for instance, long-existing social cleavages—PKB is effectively a political arm of Nahdlatul Ulama (NU) and PAN has close ties with Muhammadiyah), as well as favourable starting conditions (PDI-P, PKB and PAN inherited old party networks from the New Order and previous regimes), they are beset by internal problems such as factionalism and ineffective leadership, and are unable to sharpen their programmatic profiles. Their core values have also become diluted over the years, owing in part to the inclusion of nearly all the main parties in the various multi-party coalition cabinets since 1999. In the run-up to the 2009 elections, for instance, campaign strategists found it difficult to position their parties against their competitors, as all except PDI-P were represented in SBY's first United Indonesia Cabinet. As a consequence, the majority of parties during the 2009 election campaign were almost indistinguishable in terms of their promises to voters.

Second, in line with this decline in parties as programmatic platforms, Indonesian politics has become increasingly (but not entirely) personalised, especially with the introduction of direct presidential elections in 2004 and the subsequent extension of direct elections to governors, mayors and district heads in the following year (Mujani and Liddle, 2007). PD illustrates that it is possible to create a party from scratch without paying much attention to organisational structures or political ideas. From the beginning, the party's identity has been tied closely to the presidential ambitions of SBY. PD's gains in 2009 were a reflection more of the president's popularity than of the performance of the party. Inspired

¹³ Carothers (2006:9) suggests that, formally, political parties have a number of key functions: (i) representing citizens' interests to the state (interest articulation and aggregation); (ii) presenting policy choices and platforms; (iii) engaging and involving citizens in democratic participation; (iv) forming government and opposition; and (v) managing conflicts among groups in society and between society and the state.

by PD's success, two former generals founded their own parties—Partai Hanura and Partai Gerindra. Despite major financial investments, they have not been able to emulate PD's achievements. But the fact that the two parties have been able to pass the electoral threshold seems to confirm this trend.

This in turn seems to be linked to the growing importance of political consultancies and the mass media, especially television. Polling companies and professional political consultants who hone the image of nominees have become ubiquitous in all national and local elections. They are seen as crucial actors in shaping the opinions and perceptions of voters, who, exposed to a continuous stream of broadcasts, are said to base their political choices purely on the media image of candidates over any concern of policy issues (Mietzner, 2009a; Qodari, 2010).

Political consultants, some of whom are recruited from abroad, communicate their messages through thousands of political advertisements in the media. In the first quarter of 2009 alone, the media research institute ACNielsen documented more than 20,000 party advertisements spread over 19 different television channels. More than half of these were for PD and Partai Golkar, with Partai Gerindra also spending a considerable sum. According to ACNielsen estimates, in that period Partai Golkar spent \$18.5 million and PD \$12.3 million. Partai Gerindra spent \$6.6 million on advertisements in print and electronic media outlets (Tomsa, 2010).

Finally, unable to raise funds through regular means, parties often engage in illicit fundraising activities (often within the bureaucracy), such as extracting rents from contracts and procurement processes, in order to supplement party funds and improve their financial situation (Mietzner, 2009a). Closely related to this is the commercialisation of electoral politics, linked to the introduction of direct elections and the personalisation of politics described above. The need to mobilise huge amounts of money in order to run for parliament has diverted parties' attention further away from policy solutions towards attracting support from private entrepreneurs. For example, in the race for governorship in Jakarta, it is necessary to spend at least \$20 million to secure nomination as an official candidate (Ufen, 2006). And this does not include campaign costs, which could include paying polling companies, which often charge their clients billions of rupiah. However, party membership fees are negligible, as is public funding for political parties. The need for such large investments has in recent years resulted in businesspeople, such as Yusuf Kalla (Partai Golkar) and Sutrisno Bachir (PAN), taking up posts as party heads, while financiers like billionaire Aburizal Bakrie have been rewarded with ministerial positions. Regulations on party financing exist, but violations are hardly ever punished (Hadiwinata, 2006:106). Politicians have to pay back 'loans' in some shape or form, with some often feeling compelled to provide special favours to their supporters.

Transparency International Indonesia lists various manifestations of corruption, including the bribery of DPR members who plan to scrutinise entrepreneurs on their activities, members of parliament (MPs) acting as brokers to help private companies get government contracts and financial rewards from public officers in 'fit and proper tests' before the parliament (Ufen, 2006). Respondents suggested that corporate interests were influential in a number of policy areas, including fuel subsidies and rice distribution. A substantial amount of subsidised fuel is consumed by high wealth individuals as well as illicitly by industrial sources that stand to lose out if subsidies are reduced (IISD, 2011). Despite fuel subsidies consuming a substantial share of the government budget, wealthy individuals and industrial interests are said to be exerting considerable pressure on officials from both the executive and the legislature to limit reform. Furthermore, the Rice for the Poor programme, brought in after the AFC, is now deemed unnecessary and to consume considerable government funding. However, top officials are again said to be under pressure by predatory business interests such as rice importers and suppliers. In sum, the role of corporate interests seems to compromise parties' ability to function as a genuine platform for political debate and reform.¹⁴

¹⁴ However, since the establishment of the KPK, some officials, both elected and unelected, who have misused authority and resources have been brought to justice and found guilty.

Despite the pervasive nature of ‘money politics’, not all politicians are necessarily under the influence of corporate interests, and thus not all pursue the same political strategies. Rosser et al. (2011a) suggest that, at the district level, district heads’ choices about what strategy to pursue are dependent more on incentives created by their personal networks, alliances and constituencies and less on their political ambition and administrative or technical skills. They go on to say that, where district heads rely on the backing of predatory interests such as business groups, the military and criminal gangs, they have a strong incentive to pursue strategies of patronage distribution, because such groups expect something in return for their support and typically have the capacity to retaliate effectively if they do not get what they expected.

But where district heads are relatively autonomous of predatory interests, they have an incentive to incorporate ‘political entrepreneurship’ into their strategies. This could help them generate the popular support needed to get re-elected, gain promotion or promote their political careers, or bolster their position with regard to the local parliament and political parties by enhancing their popularity to an extent that the latter do not challenge them for fear of alienating the voting public (Rosser, 2011b:12). This dynamic may well apply to politicians at the national level.

Nevertheless, despite the apparent weakening of political parties, they have generally sought largely non-violent means to express their views within the party system. Unlike during the presidencies of Habibie and Abdurrahman Wahid, when parties tried to settle conflicts by mobilising their supporters at the grassroots level, political leaders today mostly resort to negotiations, power-sharing and peaceful dispute resolution in democratic institutions such as the DPR (Aspinall and Mietzner, 2010), to which we now turn our attention.

5.2 Influence of the DPR

As a result of constitutional reforms carried out between 1999 and 2002, the DPR has gone from having limited powers and mainly giving consent to laws drafted by the executive to being named explicitly as Indonesia’s law-making institution, shifting power away from the executive towards the legislature. Further, with the introduction of an open-list electoral system in the 2009 elections (increasing accountability to local constituents and shaping their electoral incentives¹⁵) and the media (both serious and light) increasingly shining the spotlight on DPR members, they are under increasing pressure to hold the government to account, address public concerns, build strong local profiles in their districts and respond to constituency demands for improvements to local infrastructure and services.

The DPR’s most significant role is probably its participation in the newly consultative budget process (outlined in Section 2). Under Soeharto, the parliament was called only to formally approve the budget presented by the executive. However, now parliamentary engagement takes place formally at all stages of the budget process, with MPs able to hold the executive to account. One MP interviewed suggested that, on occasion, the Budget Committee had questioned allocations (or non-allocations) to certain programmes and asked why certain programmes that had not been discussed during committee meetings had been included in the budget statement. In terms of addressing local concerns, one senior official (within the executive) suggested that, during budgetary discussions, certain commission members would insist, for example, that schools be built in their particular constituency. Moreover, one MP stated that he would often address concerns from regional governments that were unhappy with their share of budget resources by lobbying the Budget Committee.

¹⁵ Until recently, party leaders selected individuals who would fill the party’s seats in the parliament, thus rendering parliamentarians more accountable to their party chairs than to the constituents they are supposed to represent.

Box 5: The enquiry into the Bank Century bailout

In 2008, the government took over Bank Century at the height of the global financial crisis, arguing that the fall of the bank at such a sensitive time could precipitate the collapse of the whole banking system. The DPR's Commission XI on Finance and Banking subsequently endorsed a government decision to inject Rp1.3 trillion into the bank, but by mid-2009 this had risen to Rp6.8 trillion. In August 2009, at a meeting attended by Finance Minister Sri Mulyani Indrawati, Commission XI members questioned the government's handling of the case. Bank Indonesia was criticised for its failure to detect certain transactions carried out by Bank Century, offences that had led to one of the bank's owners being sentenced to four years' imprisonment. These criticisms were notable in that they involved not only SBY's newly elected vice-president, former Bank Indonesia Governor Boediono, but also one of his key cabinet members, Sri Mulyani Indrawati. The attacks on Boediono and Sri Mulyani were supported by all major parties in the DPR, except SBY's own PD.

The DPR stepped up its efforts to investigate the case in September 2009, when Commission XI asked the BPK to carry out an audit of the funds used to prop up Bank Century. During the course of this, the chair of BPK, Anwar Nasution, reported that Sri Mulyani had expressed doubts about the quality of the data gathered by Bank Indonesia when monitoring Bank Century transactions. Sri Mulyani accused the Partai Golkar chair, Aburizal Bakrie, of instigating the investigations because some of her decisions as minister had disadvantaged his companies. Other analysts suspected some coalition parties of eyeing Boediono and Sri Mulyani's posts. Nevertheless, Commission XI's activities succeeded in focusing public attention on the problems in the government's oversight of the banking system, particularly the apparent failings in the operations of Bank Indonesia.

Although the vast majority of bills are drafted by executive agencies, MPs, in response to local concerns, are drafting increasing amounts of legislation, particularly on social issues such as education and health. Public hearings convened by DPR commissions are sometimes broadcast live on television and help to put the spotlight on the activities of the government or specific individuals. For instance, a special committee was set up to pursue the mudflow disaster in Sidoarjo, East Java, which was said to be caused primarily by the activities of a company owned by Partai Golkar-affiliated minister and tycoon Aburizal Bakrie. Sensitivity to public concerns was illustrated by the DPR's involvement in the case of Prita Mulyasari, who was sued for defamation and subsequently imprisoned and fined for complaining about the quality of health care she received from a private hospital.¹⁶ And parliamentary oversight of the government was epitomised in the parliamentary investigation into the government bailout of the insolvent Bank Century in November 2008 (see Box 5) (Sherlock, 2010b).

Although the extent to which the government has been forced to make substantive changes in response to DPR pressure is unclear, there are some anecdotal examples. For instance, the government was forced to back down and withdraw from the Defence Cooperation Agreement with Singapore after strong DPR pressure. Further, the parliament (together with the media and NGOs) has been influential in inspiring a national programme on 'character education' to improve the morals and values of the general public (see Box 6). During the budget process, individual commissions whose concerns have not been addressed have been known to hold back budgetary disbursements until they have, even when the budget has been formally approved. As a result—even with a two-month period to finalise the details—budget disbursements on occasion have not been authorised until several months into the next fiscal year. In 2007, for example, about 45% of all expenditures were delayed (Blondal et al., 2009).

However, in terms of representing voters, some MPs are hampered in addressing local concerns, given Indonesia's geography as the world's largest archipelago. Most MPs interviewed in Lay (2010) admitted that travelling to local areas to meet constituents and local activities was challenging. Many MPs have vast areas to cover. For instance, three MPs are mandated to serve Papua province, but are not provided with adequate resources (such as transport allowances) to address this. Moreover, MPs are faced with discussing an excessive number of laws, which few have the capacity to undertake. As one MP said, '*Our tasks in the parliament are so many, making it impossible for MPs to engage adequately with specific issues.*'

¹⁶ www.telegraph.co.uk/technology/facebook/8630662/Indonesia-court-overturns-Facebook-womans-acquittal.html.

Box 6: The formulation and implementation of a strategy on character education

In response to corruption, fighting among students and protests resulting from land disputes, among other things, the parliament, together with the media and NGOs, pressured the government to develop a national programme on character-building to improve the integrity, morals and values of the general public. A national strategy for character building was subsequently designed, led by the Ministry of Social Welfare, which was assigned the role of coordinating ministry. The strategy was informed by a special team of experts from universities and CSOs. Since there were sufficient laws to instigate the programme, the coordinating minister endorsed the programme by issuing a government decree. It was then the responsibility of the Ministry of National Education and the Ministry of Religious Affairs to take the lead. The Minister for National Education issued a call to draw up a ‘grand design for character education’.

Within the Ministry of National Education, the Balitbang evaluated existing initiatives, understanding their strengths and weaknesses by, for instance, consulting teachers at the district level. A programme strategy was subsequently drafted, with a focus on awareness-raising, curriculum development and teacher training. A national seminar was conducted with around 400 key stakeholders, including a plenary and breakout session. Similar seminars were held in large cities and regions. The revised strategy was approved by the minister. Different directorates-general supported by the Balitbang produced information, education, and communication materials such as manuals, training modules and video tapes. Guidelines were drawn up for school-based character education. There is also a block grant for local governments, enabling them to implement innovative initiatives to improve character education in their schools.

Moreover, schools have been invited to showcase good practice by capturing video footage and hosting an annual national event. The aim of the programme is to reach out to 3.4 million teachers in 268,000 schools across 500 districts and municipalities. But it started with a pilot in 125 schools in 16 districts and by May 2011, the Ministry of National Education had trained 1,200 teachers in Jakarta, who were in turn to be responsible for training province-based trainers. Decentralisation meant that implementation was very challenging. The ministry had to convince district executives that the programme was worth investing in and identify ‘champions’ at the local level to spearhead activities. After a year of implementation, it was unclear how successful the programme had been.

The growing assertiveness of the legislature has given way to discourse, suggesting that the parliament has become too powerful in relation to the executive branch. For instance, MPs are often seen as potential veto players, helping to water down, delay or block supposedly ‘good legislation’ drafted by executive agencies. Under the glare of the media, the general public and their political party, legislators are often seen to sacrifice constructive engagement for a more adversarial relationship with officials from the executive. For instance, one respondent suggested that a certain piece of legislation was turned ‘upside down’ (several of the clauses were altered with little regard to the problem the law was initially intending to address). This seemed to be the case with the Dana Alokasi Khusus (DAK)—a special allocation fund—and, in particular, the formula that would determine allocative decisions, which was initially prepared by the Directorate-general for Fiscal Balance within the Ministry of Finance but faced opposition from DPR members; it was eventually altered considerably (author interview, May 2011).

However, as mentioned briefly in the previous section, the executive branch has effective veto power over all legislation, as the provision for joint agreement to legislation means the president can delay the passage of the bills initiated by the DPR simply by not naming a minister to participate in discussions between its representatives and the relevant DPR commission. Obstruction of the passage of bills or proposed amendments occurs mainly out of public sight, greatly reducing the political risk for a president who refuses to pass or delays legislation (Sherlock, 2010b). Moreover, the accommodative nature of *Reformasi* discussed in Section 3 means that members of the executive who were fairly prominent under the New Order, such as the military and the police, appear to have retained the power to prevent certain laws from being passed. For instance, the military were able to prevent the Military Court Bill (which would mean members of the military would be tried in a civilian court for any criminal activity) from being passed (Lay, 2010). Thus, despite the post-1998 evolution of the parliament from being a rubber stamp body to being a more influential institution, the executive retains a considerable degree of power.

Nevertheless, it appears that the executive is yet to come to terms with the increased power of the legislature, increased levels of contestation and protracted decision-making processes. As a result, some respondents felt that the government's approach in engaging with the parliament was not sufficiently sophisticated. One respondent in particular suggested that some external actors had a more constructive approach to engaging the DPR than did the executive. For instance, looking to bolster its constituency in the United Nations (UN), the Iranian ambassador had facilitated exchanges and tours among politicians between the two countries. The country's Ministry of Foreign Affairs, on the other hand, appeared not to have an engagement strategy on this or other pressing issues.

5.3 Parliamentary commissions

Although there are a number of spaces of the discussion of issues within the DPR, power seems to centre in its legislative commissions, rather than in the party-controlled caucuses (Meitzner and Aspinall, 2010; Sherlock, 2010b; Sukma, 2010). Top officials from ministries and agencies from the executive are said to exercise great care in trying to satisfy the wishes of their respective commission (Blondal et al., 2009). Even on budgetary issues, which are formally discussed by the Budget Committee (which, one top official suggested, has good relations with representatives of the BKF), key decisions tend to be made in commissions, with the Budget Committee usually accepting all advisory opinions from commissions, as these are agreed informally before being submitted. One respondent suggested that commissions had considerable say in planning and budgeting, which seems to have become a process driven more by political rather than technical criteria, with considerable 'to-ing and fro-ing' between senior officials within the executive and commission members before the budget is finalised.

Commissions' record on consultation, in terms of both number and quality, is mixed, and varies from one commission to another. There are examples of inclusive deliberations. For instance, in drafting Law No. 27/2009 on the Majelis Permusyawaratan Rakyat (MPR), or People's Consultative Assembly, the DPR, Dewan Perwakilan Daerah (DPD), or Regional Representatives Council and the Dewan Perwakilan Rakyat Daerah (DPRD), or Regional House of Representatives in 2009, a legal NGO that had often been critical of the DPR and its proceedings commended a certain commission for its openness to public input and its willingness to experiment with new methods of conducting deliberations (PSHK, 2009, in Sherlock, 2010b). The process for debating the Bill on the National Election Commission and on Parliament also seemed to be open to the public (Lay, 2010).

There are also examples of commissions being reluctant to undertake open consultations, perhaps because of the presence of special interests. For example, the initial draft of the anti-pornography bill was compiled without public consultation during the 1999-2004 DPR. The legislation then lay dormant for several years in the DPR secretariat before it was revived by a special committee in 2005. Deliberations then once again occurred without any public input. After some token consultations with regions potentially affected by the bill (such as Bali and Papua), a slightly watered-down version was eventually passed in October 2008 (Sherlock, 2010b). Moreover, in the drafting of the Bill on the Special Status on Aceh, debates on crucial articles such as the human rights court, the truth and reconciliation commission, local political parties, independent candidates for local leaders, Islamic law, authority of national and local governments and sharing of revenue, all of which were highly contested, were discussed mostly behind closed doors (Lay, 2010).

The patchy record of the DPR in relation to public accountability is also illustrated by the issue of public access to documentation on DPR debates. For instance, transcripts of consultations, which could help to formalise knowledge inputs, were produced only at the discretion of the commission concerned, for the commission's own internal use, and were not normally accessible by the general public. However, one particular motivation for producing transcripts was to defend newly passed laws against a possible challenge in the Constitutional Court (Sherlock, 2010b).

Despite the seemingly adversarial nature of political engagement alluded to above (particularly in formal spaces under the media spotlight), decisions within commissions are generally reached through deliberation and consensus-building (and rarely through majority vote). Sherlock (2010b) suggests that, during meetings of committees or other DPR organs, each caucus usually presents its views on the matter under discussion. If all take the same position, the chair will declare a consensus. If not, the caucus leaders withdraw to closed-door ‘lobbying’ meetings until a deal is reached—whereby parties are expected to make concessions so that the final product is presented as a result of a genuine agreement (*mufakat*). Decisions are not considered final until there is a unanimous agreement. In practice, though, it is assumed that agreement has been reached if no further dissent is expressed. These deliberations often take place away from the DPR building in more discreet venues such as hotels, resorts and golf courses, channels which often exclude women, who are less likely to participate in informal spaces. The leaders usually emerge from these meetings to declare that all caucuses are in agreement so that the chair can rule that consensus has been reached (ibid.; Lay, 2010).

There are both merits and drawbacks to this approach. On the upside, it prevents the adoption of partisan and exclusivist policies and laws—an important prerequisite for social stability in an ethnically and religiously diverse nation—and provides a means to prevent deadlock in decision-making processes in a peaceful way. On the downside, if there is a difference of opinion, minority caucuses ‘*can hold the consensus hostage*’ (as one respondent stated) until their issue has been addressed. Non-substantive issues can consume huge amounts of time, while discussion of critical policy issues is rushed through in order to meet deadlines.

The consensus-based system has effectively made every party caucus a veto player, which has in turn created rent-seeking behaviour (see Sherlock, 2010a). One respondent confirmed this by suggesting that ‘*the government tends to approach things by saying here’s the bill, pass it please. [They] then get upset when it’s not passed. [Their] second instinct is to use money to pass it.*’ Although the consensus-based system is not a direct cause of rent-seeking behaviour, it does seem to help facilitate it.

On several occasions, the parliament has struggled to pass coherent legislation, with laws often featuring contradictory or deliberately vague stipulations in order to please all those involved in the negotiations (Sherlock, 2010a).

Finally, the lack of transparency in decision-making—with parliamentarians on occasion appearing to speak out against government policies formally but then appearing to support criticised bills after backroom deals—closes the door to the formal participation of CSOs and other non-state actors, giving the media further ‘ammunition’ to depict Indonesia’s parliament, whether fairly or not, as unaccountable and corrupt (Lay, 2010; Ufen, 2006).¹⁷

The dominance of the commissions in decision-making in the DPR has left plenary sessions with a relatively minor role. These are largely ceremonial, and substantive debates during these sessions are very rare. The plenary session that begins the second stage of the legislative process, for instance, is entirely so: in most cases, the bill will not go to plenary until it is agreed to by all caucuses in the committees and by the government. This also applies to the two plenary sessions that follow the president’s announcement of the national budget in August each year. Despite the ceremonial/procedural value that plenary sessions have, they are the public face of the DPR, with media outlets (unfairly) focusing on, for instance, non-attendance of plenary sessions by DPR members. As such, when substantive debates do occur, they almost never relate to bills. Instead, plenary sessions are a forum for parties or individual members to publicly put pressure on the government on issues of current significance. Prominent examples include debates on fuel subsidies, the importation of foreign rice and the mudflow disaster in Sidoarjo.

¹⁷ However, this does not stop non-state actors from influencing MPs through informal linkages (Lay, 2010).

Lay (2010) argues that the limited influence of plenary debates, the hugely important role of commissions and the informal nature of decision-making have led to a great deal of competition among MPs for places on parliamentary commissions. But, although appointment of DPR members to commissions probably differs from party to party, a number of respondents suggested that appointments tended to lack transparency and were not based on appointees having the requisite expertise.

5.4 Political parties and their DPR members

A major effect of the concentration of decision-making power in the commissions has been the fragmentation of the DPR. DPR members know what their commission is doing, but often have little interest in or knowledge on the issues being considered by other commissions, unless they are particularly controversial issues. As such, members of the DPR often identify more strongly with their commission members than with their party members, with commission-based solidarity prevailing over loyalty to the party or caucus. For instance, when commissions are in dispute with each other over, say, the right to take carriage of a particular bill, members of one commission can potentially line up against their colleagues from the same party in an opposing commission (Sherlock, 2010b).

Moreover, Sherlock (2010b), along with a number of respondents, argues that dominance of commissions over party caucuses means that coalitions in the DPR are far from solid alliances that vote strictly either for government or for the opposition, nor have parties been able to substantially differentiate themselves from each other (a feature we discussed earlier). While party leaders control resources and appointments, they tend to exercise little day-to-day control over ordinary members of their caucuses in the DPR (though this varies across political parties). Since policy development is relatively weak within most parties, leaders rarely have predetermined views on issues related to individual bills, particularly if they entail complex technical detail. One respondent, however, suggested that commission members did receive directives to focus on specific issues when assessing the annual work plan and budget, with PDI-P asking one of their members on the Budget Committee to focus on social safety nets. Nevertheless, committee caucuses rarely have to refer to party leadership when expressing opinions with regard to the drafting of legislation. The position adopted by members of one committee has even been known to conflict with the position adopted by members of the same party in another committee.

Although this lack of consistency and discipline tend to go unnoticed by the public, if the issue under discussion is controversial, the pluralism of personal opinions becomes apparent, which appeared to be the case during the drafting of the anti-pornography law, where members of the same caucus often expressed contradictory opinions during committee meetings. Nevertheless, central party boards are largely indifferent to the chaotic pluralism of views within their parliamentary caucuses (Sherlock, 2010a).¹⁸ So, in an interesting twist, lack of party discipline and coordination ensures that legislators are more likely to scrutinise government legislation, programmes and budgets critically, even when their parties are represented in the cabinet, as most of the major parties are.

5.5 Summary

We have identified a number of features of decision-making in the DPR:

- 1 Although the five largest parties in the 1999 parliament were still represented in 2009 and can rely on core constituencies to provide them with some support, especially during elections, they tend to have low and falling memberships, lack independent funding sources and serve as weak platforms for presenting policy choices.

¹⁸ Although some MPs have been recalled by their parties, this has been for embarrassing personal behaviour, after an internal party split or for switching parties, never because they have failed to toe the party line (Sherlock, 2010a).

- 2 The DPR's powers have expanded considerably since the fall of Soeharto, with it being named explicitly as the country's law-making institution. However, claims that it is too powerful seem unfounded, as the president has a pre-emptive veto, and considerable policy work, including detailed implementation guidelines for legislation, resides with the executive. Nevertheless, the DPR can still influence the latter, as almost all major parties are represented in the cabinet and all party commissions are extremely important (see below).
- 3 The personalisation of politics (facilitated by direct elections) coupled with the professionalisation of politics (encouraged by the rise of the media and the need to create a favourable media image) has dramatically increased the cost of campaigning (and politics generally), with politicians under pressure to hire opinion-polling companies and political consultants. Politicians' desire for campaign funding has brought them closer to corporate interests which, looking for a *quid pro quo*, often have considerable influence on decision-making in the DPR.
- 4 DPR members have often sought to expose or exert pressure on individuals, especially top officials within the government, particularly during plenary discussions, which tend to be the DPR's 'public face'.
- 5 DPR members are often hampered in their ability to represent their constituents owing to vast distances and limited resources to travel.
- 6 Power in the DPR is centred in its legislative commissions, rather than in the party-controlled caucuses that dominate conventional parliaments, with DPR members often identifying more strongly with their commissions than with their parties.
- 7 While this has encouraged commissions to scrutinise government activities even when their parties are represented in the cabinet, the excessive powers vested in commissions has also led to a lack of transparency and accountability, with decisions often made in closed-door meetings.
- 8 Decision-making in the DPR is generally conducted through deliberation and consensus-building. All parties are expected to make concessions before agreement can be reached. This usually prevents the adoption of partisan and exclusivist laws, but also makes it more difficult to pass coherent legislation.

In sum, coalition politics at the national level and greater voice in the political arena (particularly from DPR members) have made the task of policy formulation or reaching consensus on critical policies and reforms much more challenging (World Bank, 2009a). As one respondent said,

'You have the legislature sending mixed signals. You have the executive part of the central government sending mixed signals because it's a coalition cabinet, not speaking with one voice, and then local officials who might have a completely different agenda. When you have multiple principles, agents can do what they want [...]. You're not going to get much coherence and coordination in policy formulation.'

The next section explores the capacity of government ministries, departments and agencies to generate knowledge as well as their links to external knowledge sources.

6. Knowledge production and procurement

In this section, we provide a brief assessment of the analytical capacity within both the executive and the legislative arms of the government, describe the effectiveness of the civil service and then suggest how and where else policy-makers can turn to in their pursuit of knowledge.

6.1 Analytical capacity within the executive

Although the executive has a number of units generating and procuring knowledge, including research and advice, here we limit our analysis to those within ministries, Statistics Indonesia (Badan Pusat Statistik, BPS) and LIPI.

Capacity within ministries

Several respondents suggested that the hierarchical nature of bureaucracies meant that requests for information and analysis were often channelled downwards. Generally speaking, if ministers require information, they can turn to the Balitbang which resides in each ministry. The head of the Balitbang, headed up by an echelon one-ranked bureaucrat, is generally tasked with providing the minister with inputs to high-level policy and decision-making processes on a demand-led basis. Within each Balitbang, there are usually a number of research centres or institutes. For instance, the Balitbang within the Ministry of Agriculture houses the Centre for Social and Economic Studies (which focuses on social science issues including issues of poverty) and the Centre for Agricultural Policy Assessment (which tends to focus on technical and natural science issues including seed varieties and pest control).

Some Balitbang produce regularised data, such as data from cohort studies in the Ministry of National Education, which officials find particularly useful during budget processes. Others were said to conduct mainly evaluative work.¹⁹ For instance, the Centre for Agricultural Policy Assessment in the Ministry of Agriculture was set up to assess the effectiveness of the ministry's policies. A number of respondents suggested that some Balitbang had good connections to universities as well as international agencies. For instance, the Balitbang in the Ministry of Agriculture has links with the International Food Policy Research Institute (IFPRI), with which it has done collaborative research.

However, the capacity of Balitbang varies widely. Most ministers tend to focus on operations at the expense of research and analysis, making few demands of the Balitbang. As a result, although a few Balitbang have sourced funding from international and donor agencies, budget allocations for Balitbang usually amount to a small fraction of the ministry's overall budget, with the ministry's analytical function tending to suffer (see also Suryadarma et al., 2011).

Moreover, directors-general, together with their staff, who are often responsible for developing policy solutions and often require analysis, tend to have very weak links with staff from the Balitbang who could provide them with specialist expertise. As elsewhere in the bureaucracy, siloisation seems to be a strong feature (see Sherlock, 2010a) and working through the hierarchy seems to appear a disincentive.

Suryadarma et al. (2011) also suggest, reflecting the little value management place in the Balitbang, that the latter tend to be a unit where low-performing civil servants are located, who tend to receive fewer benefits than their counterparts elsewhere in the ministry. Frequent rotation of staff also leads to high-quality individuals there moving on quickly and, given weak mechanisms to store knowledge, often taking considerable knowledge and contacts with them. Balitbang are subsequently trapped in a self-perpetuating cycle of declining capacity, deteriorating standards and falling utilisation. One

¹⁹ Some officials may see evaluative work as potentially threatening, which may in turn act as a disincentive to approaching them in the first instance.

respondent stated that one particular centre was *'at the same level it was 15 years ago'*. One respondent suggested that directorates-general have subsequently relied on directorates for data and information.

However, there are exceptions, namely, the Balitbang in the Ministry of Finance, or BKF. Box 7 provides a detailed description of the functions and roles of the BKF, while the next section explores possible reasons why considerable investments have been made in it. Respondents also suggested that the Balitbang in the Ministry of Trade was particularly good, as well as that in the Ministry of Agriculture (perhaps because it was favoured by Soeharto), while those in the Ministries of Health and Education were seen to be improving.

Where the minister or other senior official require analysis (to, for instance, accompany a draft regulation or law), as Balitbang are seen to produce work of variable quality (or, alternatively, if there is considered to be a dearth of expertise or information externally), bureaucrats can undertake the work in-house. Respondents suggested that demands channelled down the hierarchy were often made with very short time horizons, with ministers asking for answers to be delivered immediately. One deputy-minister, for example, received ad hoc requests from his minister to prepare for parliamentary meetings, often at a very short notice. The quality of answers inevitably depends not only on the time available, but also on whether the respondent uses their latent expertise or contracts out questions for further investigation.

Although ministers were said to have expert staff to rely on, according to some respondents more substantive work is likely be undertaken by staff within the directorates, probably at echelon three level. The availability of information within a ministry was said by a few respondents to vary according to the extent to which the ministry was considered economic versus non-economic. Some respondents suggested that access to information in non-economic ministries was entirely dependent on the individual and, in particular, their personal networks (which we discuss below). However, access to the internet was seen by some to help *'level the playing field'*. Most likely drawing on their own networks, ministries can also invite experts to seminars to assess whether there is pre-existing work they can draw on before undertaking the work themselves.

However, some respondents suggested that civil servants often had limited technical capacity to, among other things, generate and interpret information and data. For instance, on the fuel subsidy reform, technical aspects of an assessment of policy options undertaken by bureaucrats was seen as questionable by one respondent, who felt estimates of cost savings were much too optimistic. Although this was seen as partly a politically-driven outcome, it was also put down partly to inadequate technical abilities of civil servants (from the Ministry of Energy and Mineral Resources).

If officials cannot or do not want to undertake work in-house, they can commission external actors, such as universities, research centres and/or NGOs. One respondent suggested that most commissioned research typically took place at directorate (echelon two) and sub-directorate (echelon three) levels. For example, Bappenas, unable to undertake all the research it needs in-house, particularly for the five-year medium-term plan, consults with a range of academics, individual experts and national and international consultants.

However, rigidities in ministry budgets (we discuss this below) mean that officials cannot easily mobilise resources if demands to undertake research arise during the fiscal year. Some ministries address this by allocating resources for a number of research projects in annual budget plans whose objectives are defined as they emerge, but the amounts are usually too small and, in any case, are not released until the second half of the fiscal year. Budget rigidities also inhibit ministries from commissioning multi-year research projects (Suryadarma et al., 2011).

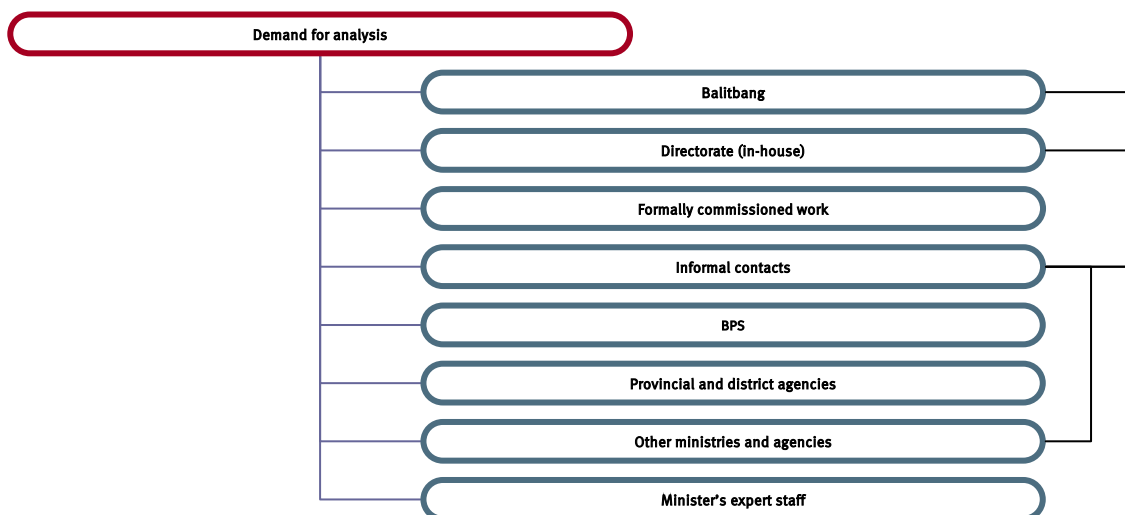
Limited funding means that ministries, particularly those outside the Ministry of Finance, are unlikely to spend considerable sums on hiring consultants, especially international ones. One respondent suggested that the Ministry of Transport would not consider using the local office of

PricewaterhouseCoopers. Moreover, the late Hadi Soesastro, once director of CSIS, observed in an interview that only a few government institutions had mechanisms to formally sponsor research, and in most ministries it depended on the minister and a few senior officials.

Further, regulations prohibit the government from paying non-profit organisations anything above Rp50 million (\$5,600) (see Sherlock, 2010a). Some officials work around this either by defining a research project as *swakelola*, or self-managed, enabling them to contract external experts but depict the research project as conducted in-house, or by approaching donors to pay for experts to provide analysis (Suryadarma et al., 2011). However, for many, procurement rules close formal channels, forcing officials to rely on (potentially poor quality information from) the Balitbang, undertake the work in-house (with officials who do not always have sufficient capacity) or pursue informal channels (see below).

Respondents also suggested that top officials had often turned to both district and provincial offices for data. However, data were seen as inferior, as they are often not in continuous consistent formats and tend not to match figures from the BPS (which we describe below). Some respondents suggested that policy-makers made requests to other ministries. However, it is unclear whether information is secured through formal requests or through informal, personalised and more horizontal networks that tend to exist across the bureaucracy. Figure 7 provides an illustration of the options available for top officials in accessing knowledge.

Figure 7: Possible sources of knowledge within ministries



Statistics Indonesia

An important source of knowledge within the government is BPS, a non-ministerial government institution (*lembaga pemerintah non-kementerian*, or LPNK) under the direction of and responsible directly to the president and headed up by a director-general. This is responsible for collecting and analysing statistical data. Several respondents saw BPS as the primary source of data of this kind, which they felt was particularly useful during planning and budgeting processes. The importance attached to such data indicates an increasing preference for quantifiable measurable indicators. But this has proved challenging in areas such as the environment. Further, some respondents often felt dissatisfied with BPS data, as they are not always current and are insufficiently disaggregated, with data from regions further away from Jakarta, particularly Eastern Indonesia, seen as questionable or less robust, reflecting in part the geography of the country. Although most of the poor live in Java, where power has traditionally been centred, depth of poverty tends to increase the further east one goes, with poverty rates among the highest in places such as Papua.

Indonesian Institute of Sciences

LIPI, another LPNK, is a largely government-funded research institute. Oey-Gardiner (2011) states that LIPI's resources are used mainly to fund bottom-up proposed research projects, with few funds available for ad hoc projects. However, government requests are usually accommodated through special top-up allocations. LIPI's researchers have suggested that they have provided a number of government agencies with knowledge inputs, mainly through discussions/seminars around research design and outcomes:

Through this process, LIPI researchers claim to have contributed to discussions and changes in public sector rules and regulations on, for instance, the labour law, the education laws, and policies (e.g., BOS [Bantuan Operasional Sekolah, or School Operational Assistance]) by the Population Division, or inputs were contributed on the creation of the election commission(s), and activities and law(s), and other rules and regulations, in this regard, for MOHA [Ministry of Home Affairs]. Currently (2011), the Culture and Society Division is conducting a national priority study to produce a dictionary on 'dying' languages spoken by isolated communities in various parts of the archipelago (approved by Bappenas) (Oey Gardiner, 2011:7).

At the individual and informal level,

Researchers from the Politics and Economics Divisions claim to provide inputs to the government on decentralisation and regional autonomy laws and modifications thereof. Then, the UKP-PPP [...] draws on LIPI's expertise about Papua to prepare a road map. This unit calls on individuals for their expertise known to the leadership in the unit to provide 'quick' answers to their questions. It is the UKP-PPP which then puts it all together as advice and/or solutions for decision-making by the president. This office does not (due to time constraints) rely on new research findings for its advice to the president. Hence, it does not need to identify financial resources for the compilation of knowledge through research (ibid.).

In addition, two respondents suggested that members from the DPR's Commission IX had requested information from LIPI on issues related to social and health insurance schemes. TNP2K and the Ministry of Forestry have had also made requests. And the Office of the Vice-president has invited researchers from LIPI to help monitor a programme of work implemented by various ministries. Respondents also claimed that LIPI tended to provide research that was more theoretically grounded and, given its distance from central ministries (compared with, say, the Balitbang), offered advice that was more politically neutral. However, since these respondents were from LIPI itself, this claim requires further verification.

Donor support

Our research suggests that donors are funding a number of capacity-building initiatives targeting various ministries, departments and agencies on the executive side of the government. We could not assess the number, scale and impact of these initiatives, but we provide a few indicative examples. The Ministry of Women's Empowerment, for instance, was said to have received considerable support from a number of international agencies. This includes a UN Development Fund for Women (UNIFEM)-funded expert working with the secretary to the minister; German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ) funding for a policy analysis unit; and a UN Population Fund (UNFPA)-funded project management unit on reproductive health issues. The World Bank is lending support to BPS. AusAID has a presence in the form of technical advisors in the Directorate-general for Tax in the Ministry of Finance. Moreover, some Global Fund money is going into data production and surveillance work (some of which is to be channelled through the Balitbang). In addition, the Analytical and Capacity Development Partnership (ACDP), worth \$50 over five years, has been established by the European Union (EU), AusAID, and the Asian Development Bank (ADB) to provide the government with technical expertise and access to international knowledge and best practices in support of its education reforms, complementing its \$1 billion five-year commitment to the Education Sector Support Program (ESSP).

Box 7: The Fiscal Policy Office

The BKF was established in 2006 and has between 350 and 400 staff, who prepare all speeches for the minister as well as draft ministerial decrees. Key functions of the BKF include (i) macroeconomic forecasting and analysis; (ii) fiscal policy; (iii) fiscal risk; and (iv) managing international work. Based on the comments of two respondents, we describe each of these functions in turn.

1. Macroeconomic Forecasting and Analysis Unit: This unit prepares the economic assumptions, such as economic growth, foreign exchange, interest, inflation, crude oil production and revenue forecasts. For this, the BKF relies on a committee of technical experts whose members represent the Ministry of Finance, Bappenas, BPS, the Central Bank, the Ministry of Energy and Mineral Resources and the Coordinating Ministry for Economy, Finance and Industry. The committee is chaired by the minister for finance and meets on numerous occasions.

One respondent suggested that the analysis produced tended to be a factual narrative of what the economy was doing and lacked the overlay of political context, which was thought to be needed for the head of the BKF or the minister to mount an influential argument in public. This may be because the BKF wants to remain pure, but it might also indicate a preference for tools and systems which provide an answer, avoiding the overlay of judgement and discretion. However, it was suggested that economic forecasting rarely provided an ‘answer’ and was subject to a considerable number of assumptions and substantial interpretation.

2. Fiscal Policy Unit: This unit establishes maximum expenditures and assesses how they affect the economy. The environment they work in is highly politicised, with members (usually echelon two and echelon three, and even lower-ranking staff) regularly asked to appear before the parliament during the negotiation of budgets (and to respond to questions around the economic assumptions used to construct the budget). In theory, this unit should draw on the economic assumptions developed by those in the Macroeconomic Forecasting and Analysis Unit. However, with flows of information restricted to top-down lines of control, possibly combined with weak leadership from the head of the BKF, communication between the two directorates is limited. As such, this unit prepares its own economic assumptions which are then fed into the official budget.

3. Fiscal Risk Unit: This unit assesses possible risks to the budget. These include, for instance, the risks that implementation of larger social safety nets might pose as well as the impact of disasters. These are core areas which the BKF needs to provide leadership on. However, perhaps as the current head of the BKF is new to the job, there seems to be little demand for the unit and, as a result, it has little influence on higher levels of authority. As a consequence, the quality of work seems to have suffered with, for instance, policy proposals reviewed after and not during the policy development stage.

4. International Unit: This unit is responsible for Indonesia’s international engagement. It undertakes many of the logistical elements of the country’s participation in international forums, such as the hosting of the recent ASEAN conference. Because of the extensive amount of international engagement, it is stretched and subsequently has little spare capacity to focus on developing robust analyses to inform the government’s policy position. However, Kempan & RB has approved the establishment of a new centre to take the lead on multilateral and climate change engagement. The head of the BKF is also the chair of the taskforce leading on climate change financing. The aforementioned centre is likely to have around 15 people who are more research-focused.

Formal communication outputs: The BKF has three types of study: (i) short studies in response to requests from the minister, which usually take five days and tend to be a synthesis of materials found on the internet; (ii) research that can take a few months to undertake to feed into key decisions; and (iii) fundamental research which can take several years and may include statistical modelling. The BKF usually delivers findings in a range of formats (determined by audience and objective), which include three-page policy memos.

Personnel for the BKF are initially drawn from a number of existing directorates within the Ministry of Finance. Having the crucial function of determining the budget and assessing competing claims for funding, staff are technically sound and were said to have a position on almost every sector, from agricultural seed varieties to the vehicle industry. Critically, Kempan & RB have agreed to free the Ministry of Finance from constraints of centralised regulations around salary issues and helped it set up separate rates of remuneration for its staff. This has allowed BKF to introduce an internal system of performance appraisal for staff, which is linked to remuneration and to the immediate needs of the unit. This has improved the scope for the enhancement of staff skills and capacities, with the potential of improving the quality of advice provided to senior officials and the minister (Sherlock, 2010a). There is also a significant interest among foreign donors in providing technical support.

Despite all this, communication between the BKF and other directorates-general tends to be weak, as the BKF rarely receives requests from other directorates-general. If other directorates-general are not satisfied with, for instance, the forecasts issued by the BKF, complaints tend not to be heard through formal channels (which are through the hierarchy—up, across and down) and are thus unlikely to translate into a request to alter the way in which the information is produced.

6.2 Analytical capacity in the legislature

Although the DPR was seen to have acquired considerable powers, several respondents suggested that many MPs did not necessarily possess the expertise to draft and scrutinise legislation. One respondent pointed to the Bank Century enquiry as an example. While this was seen as an attempt by some individuals to put pressure on the president and leading members of his cabinet, MPs' questions were not sufficiently sophisticated and some statements were said to be factually incorrect. The enquiry subsequently centred on whether the bailout was appropriate, rather than why the initial outlay multiplied to over 10 times. While the finance minister had the support of several officials as well as considerable amounts of information to construct a robust defence, MPs, on the other hand, lacked any detailed information and analysis. So the enquiry highlighted MPs' ability to hold government accountable, but it also revealed their inability to conduct that process effectively. Part of this was said by some respondents to be because of inadequate capacity within the DPR to support its members.²⁰

Blondal et al. (2009) suggest there are a number of constraints faced by MPs in the DPR. First, the turnover of MPs is high. In the 2009 elections, nearly 75% of MPs were entering the parliament for the first time. While this reflects the transition to democracy, it also highlights the lack of legislative experience of most MPs. Reviewing the budget, for instance, could be an overwhelming experience, as new MPs are faced with three large volumes of budget documents, hugely technical in detail without any of the expertise that executive officials had (in the shape of the BKF, for instance). Rotation of MPs from one commission to another is also high, limiting the time they have to accumulate knowledge and experience on an issue.

Second, overall resourcing of the parliament has not increased in line with its new responsibilities. For instance, MPs on occasion have not had the resources to collect information from their constituencies owing to the vast size of the areas they have to cover and are unable to play their representation function effectively. That the executive is ultimately responsible for approving the DPR's budget may go some way towards explaining its under-resourcing.

Third, the parliament lacks sufficient analytical support. Blondal et al. (2009) suggest that there are 35 'experts' working for the Center for Research and Data and Information Processing (Pusat Pengkajian dan Pengolahan Data dan Informasi, or P3DI) in the DPR's secretariat-general, responsible for serving 550 MPs (and their staff). P3DI staff include researchers, librarians, archivists, computer specialists and legislative drafters and are tasked with supporting DPR members across all activities (Sherlock, 2010a). Blondal et al. (2009) state that, of the 35 experts, only 7 are responsible for providing support on budgeting. The secretariat-general's staff also appear to focus on preparing lengthy research studies rather than timely policy syntheses for MPs. Staff were said to lack adequate qualifications and specialised knowledge. Training by SMERU for parliamentary staff on research methods is said to have had little impact on the quality of their work. As a result, MPs and their own staff (see below) saw little point in turning to the secretariat-general for assistance.

More recently, the government has provided MPs with more resources to hire up to three staff. These tend to be assistants who essentially help MPs manage their day-to-day workload rather than experts to help with making decisions. Specialist staff exist for factions; these tend to be political staff

²⁰ However, more analytical capacity may not necessarily change this. In the recent select committee hearing of Rupert Murdoch centred on the phone hacking controversy in the UK, MPs who had considerable analytical capacity at their disposal (including Parliamentary Research Services) was criticised for often asking open-ended or irrelevant questions (see www.economist.com/blogs/bagehot/2011/07/british-press-and-phone-hacking-scandal-8).

appointed by the DPR member or party but funded by the state budget (Sherlock, 2010a). Further, commissions are allowed to hire part-time advisors to assist them. These advisors are not civil servants with specialised expertise and are often associated with a specific political party or faction. Each party or faction can also recruit a limited number of experts according to its proportion of seats in the DPR (ibid.). Some respondents stated that several political parties had Balitbang, but they knew little of their capacity.

Regardless of these developments, commissions rely on cost calculations submitted by the Ministry of Finance or respective line ministries when discussing the budget impact of various amendments under consideration (Blondal et al., 2009). So that the DPR is not totally dependent on the government, it has set up an independent budget office (separate to the research office mentioned above), modelled on the United States' Congressional Budget Office, which aims to provide non-partisan advice on the budget.²¹ With most of the budget not changing, given the rigidities highlighted earlier, of vital interest is whether the budget office is able to assess actual changes from year to year and to present these in an appropriate format. Interviewees knew little of its capacity and usage by MPs apart from one respondent, who suggested that it was not able to provide, for instance, analysis on the budgetary implications of passing specific legislation.

On the whole, despite the relatively high level of responsibility the DPR has, the legislature's capacity to generate, interpret and use knowledge products, although increasing, remains fairly limited. As a result, some respondents suggested that the parliament was not able to perform effectively. For instance, the DPR, some respondents noted, is not able to effectively process the current volume of legislation that goes through it. It is also suggested that members of the Budget Committee are able to provide only a limited critique of the macroeconomic framework, fiscal policies and priorities, deficit targets, revenue projects and expenditure ceilings, instead focusing on small and detailed items of expenditures (Blondal et al., 2009). This was confirmed by one respondent who suggested that some DPR members during the last budget process demanded expenditure in the budget of the Ministry of Education be shifted from school and classroom building to computers, laboratories and libraries.

Donors providing support to the DPR, and in particular its analytical function, appear to be far fewer in number than those working with executive agencies, perhaps in part because of a reluctance among donors to appear overtly political. The World Bank, for instance, was unclear as to how to engage with the DPR and has brought in a consultant to help. Nevertheless, our research did uncover a few examples of donor support. These include programmes undertaken by the National Democratic Institute (NDI), the International Republican Institute (IRI), the UN Development Programme (UNDP) through its Parliamentary Support Programme, the Institutional Reform and Informal Sector (IRIS) Parliamentary Project under the University of Maryland, the Growth through Investment and Trade (GIAT) Parliamentary Support Project and the joint Asia Foundation and United States Agency for International Development (USAID)-funded National Legislative Strengthening Program (NLSP), among others. The NLSP, in particular, is a programme that has been running since 2001 which targets the DPR through the Budget Committee and members of other commissions and the secretary-general by way of technical assistance in the form of policy analysis, seminars, discussions and direct consultations (Arianto and Fatmawati, 2008).

6.3 Civil service performance

As discussed above, analytical capacity in the executive and, especially, the legislative arms of the government appear limited. However, a number of respondents suggested that the problem was not necessarily the inadequately trained technical and managerial staff, but more the civil service as a whole, in particular the way it is organised. For instance, Sherlock (2010a) suggests that the secretary-general's poor performance owes in part to the way staff are categorised, supervised, remunerated and advanced in their careers, which discourages staff from producing adequate knowledge products and

²¹ It is not clear as to when the budget office was established.

weakens the flow of information between the DPR and outside sources of knowledge. We describe a number of the features that characterise the civil service, starting with recruitment.

Civil servants enter the government at a young age and are guaranteed tenure, salary, promotion and other benefits (CastleAsia, 2010). However, the selection process is not always competitive, with the recruitment system said to be characterised by informal payments for entry into the system and for promotions (World Bank, 2009a). A number of respondents suggested that, as a result of these dynamics, top university graduates were unlikely to join. Moreover, the civil service does not allow the lateral recruitment of mid-career professionals for limited terms, with any such candidates recruited starting from the bottom, alongside those who have left school or college only recently (author interview, May 2011).

Once civil servants are recruited, training seems to be general in nature, rather than technically or managerially based (CastleAsia, 2010). Most civil servants are likely to remain in the same ministry in which they start, although they are rotated within that ministry, often at a very short notice, which is, arguably, a continuation of a feature practised under the New Order. The Ministry of Finance, for instance, has had three directorates-general in charge of tax in the past three years and, within the Directorate-general for Tax, five directors in charge of the Human Resources Bureau. At the lower levels, one respondent suggested, *'You could be in one job one week and then ordered to go to Papua or East Java the next.'* Although rotation could provide civil servants with benefits (such as exposure to new work and training in order to move up to higher levels), the practice also has some drawbacks. One of the World Bank's reviews on public sector reforms suggests that continuity among leaders is a prerequisite for effective reform (author interview, May 2011). Rotation then, particularly among key civil servants, was viewed as disruptive, as new staff often require long periods of time before they are adequately 'socialised'. And, given the institutional setup, if they leave, there are few mechanisms to ensure the continuation of good work that may have started.

Despite job security, the system for determining overall pay and benefits is opaque, discretionary and prone to abuse, with weak links to either individual or group performance. Extra supplements in cash and kind still comprise the bulk of remuneration of many civil servants (Booth, 2005).

Performance criteria for promotion are weak and there are few credible sanctions for low performance and corruption (World Bank, 2009a). In fact, several respondents suggested that promotion up the ranks of the civil service had little to do with 'performance' and tended to be determined by seniority and, importantly, loyalty to those higher up. As such, *'most [civil servants] will wait for orders, rather than initiate actions.'* Another respondent suggested that, within the bureaucracy,

'Whatever the boss says, you do. There's very little push back. [... In some cases,] those below will implement even if they don't agree. [Others will] stall, so nothing will happen, which is detrimental to any organisation. They don't feel that they can challenge or disagree with superiors. Loyalty and fear are key. [... But] in other cases, there's loyalty and respect' (author interview, May 2011).

Ministers propose individuals for promotion whom the president then has to approve. In some ministries, particularly those that are not considered 'economic', promotion of bureaucrats as low as directors is often determined by loyalty to the minister's respective party. This is particularly important if there are several candidates going for the same position. However, this seems to change for promotions to echelon one level which, according to some respondents, appears somewhat more meritocratic, although this varies across ministries.

Risk aversion seems to be quite common among decision-makers, especially at echelon two and echelon three levels. Given the constraints bureaucrats are under, taking risks is unlikely to help someone climb through the ranks and, in some cases, is likely to hold them back. This was clearly illustrated recently when the authors heard how one director seemed to have their promotion prospects put on hold after they were seen to overstep their remit—by advising a newly appointed minister that they prioritise bureaucratic reform.

Sherlock (2010b) suggests that bureaucrats are influenced by a culture where rules and regulations are slavishly followed for their own sake to the detriment of good results. A number of respondents suggested that the focus on process at the expense of outputs and outcomes was reinforced by the fear of being picked up by the BPK, which oversees the management of state funds, and being seen as potentially corrupt. All line ministries and local governments require an unqualified result or risk being brought to task. This was confirmed by one respondent, who suggested,

'Most [bureaucrats] are pushing papers [to avoid being seen as corrupt], so they will spend money according to the budget process, with very little concern what they are spending money for, to satisfy financial audits, even though they are clever. It takes nine months to do a detailed budget and they spend it in two months and comply with audits—that's the obsession.'

The way in which the annual national budget is drawn together creates little space for policy change, hence few incentives for bureaucrats to move beyond routine work. Although all budgets are, in one sense, rigid, with change occurring only at the margins, in Indonesia there are additional factors which limit flexibility further. Box 8 lists five factors which reinforce the rigidity of the budget (Blondal et al., 2009).

Box 8: Rigidities in the budget

Factors which limit changes in the budget:

- Natural resource revenue and 26% of all government revenue (net of revenue sharing) must be transferred to regional governments in the form of general allocation funds (*dana alokasi umum*, or DAU).
- Constitutional provisions mandate allocations to certain sectors. For instance, 20% must be allocated to education. There is disagreement as to what should be considered education for these purposes and there have been numerous court cases to resolve the issue.
- Tax revenues are often earmarked for certain functions. For instance, forestry fees, in some cases, are dedicated to reforestation and related activities.
- Civil servants are tenured for life once appointed. They are largely insulated from fiscal adjustments and from critical scrutiny during the budget formulation process.
- The traditional split of budgeting into development and routine budgets has left the latter on 'autopilot' and not subject to critical scrutiny. This problem is now being addressed, but room for manoeuvre is limited, not least because of civil service protections.

On the whole, merit and professional expertise matter relatively little in lower and mid-level civil service postings. However, according to some respondents, there appear to be two exceptions to this. Both the Ministry of Finance, in particular the BKF (or its Balitbang), and the Central Bank secured permission from Kempan & RB²² to establish different rates of pay for staff. As a result, they introduced an internal system of performance appraisal for staff linked to salaries and benefits. It is not surprising, then, that both institutions tend to attract the 'best' people and funding for a considerable number of scholarships for their staff to study abroad.

In light of the aforementioned concerns and others around the broader civil service, the government initiated a process of bureaucratic reform led mainly by Kempan & RB and elevated to the level of the president through the UKP-PPP. However, the World Bank (2009a) argues that a large number of agencies with overlapping authority share responsibility for management of various aspects of the civil service. As a result, no single agency is proactively managing the structure and shape of the civil service and no agency has the recognised authority to undertake comprehensive civil service reform. Moreover, one respondent suggested that the reform programme was too generic and high level, and was unlikely to reach lower levels unless greater efforts were made to operationalise it.

As a result, the World Bank (2009a) suggests that reforms have so far been undertaken at the ministerial level, such as in the Ministry of Finance and a few others, and that it is not Kempan & RB but

²² Kempan & RB is officially responsible for the organisational structure of national institutions.

the Ministry of Finance that is the driving force behind reforms, in part because of the powers it has to determine budget allocations for reform processes. For instance, the Ministry of Finance has already set up a taskforce to examine salaries and benefits for high-ranking state officials, intended to lead to an independent remuneration commission to determine both the level and structure of pay for Indonesia's highest-ranking officials. But in the highly codified system that Indonesia works in, transforming elements of the civil service and the culture within it has been far from straightforward. For instance, it took the Directorate-general for Tax within the Ministry of Finance two years to create a transformation directorate merely to handle the reforms that were required. Moreover, the civil service, especially its senior ranks, is still largely a product of the New Order era and is likely to resist measures that are perceived to threaten its traditional role (Booth, 2005). This seems to confirm a World Bank study in 2000 which suggested that patronage networks wielded considerable influence over civil service staff—maintaining rent-collecting opportunities while viewing reform with suspicion (CastleAsia, 2010).

Rosser et al. (2011a) illustrate the influence of such forces in explaining the persistence of formal and informal user fees. They suggest three main reasons, all of which reflect the continuing power of senior officials and corporate interests from the New Order period. First, senior officials outside the education sector managed to draw off resources intended for education initiatives to boost their own sectoral budgets. Second, they successfully resisted the development of genuinely participatory school committees at most schools (introduced following the fall of the New Order), with committees being harnessed to further the rent-seeking agenda of politico-bureaucratic elements within the education system, rather than being used to promote the interests of the poor. Finally, the justice system was not willing to enforce children's rights to free basic education (as stated in the 1945 Constitution), suggesting that relevant agencies were dominated by elements of the New Order. Further evidence is provided by Sherlock (2010a), who suggests that senior officials such as ministers and directors-general have considerable power vested in informal networks within ministries and across the government, and often behave in ways to maintain those networks at the expense of achieving a progressive policy or programme outcome. With informal networks hugely influential in policy-making circles, this is the subject of the next part.

6.4 Informal and personalised networks

Both the literature and respondents suggest overwhelmingly that informal relationships are hugely dominant in terms of how people go about looking for information. But the strength of informal networks seems to be facilitated by regulatory obstacles within the 'knowledge market' and inadequate analytical capacity within both the executive and the DPR (as we have seen). For instance, Sherlock (2010a) suggests that the most common way for government agencies and office holders to circumvent these obstacles is to call on individual academics in a personal capacity to provide advice without payment or to directly engage single individuals. The strength of informal links was illustrated by an advisor to the president (who had neither a budget for research nor institutional links with research producers):

'I have a network and use it, for example on the moratorium [on issuing forestry licenses]. I ask who's the expert on an issue in a region. The network knows who is who and puts me in touch with the right people. I have contacts with NGOs who provide some suggestions based on grassroots experience. I have friends who work in these NGOs. I invite them in for a seminar and have a discussion.'

Further, respondents suggested that MPs often resorted to their informal networks for knowledge inputs, with one MP who required support in assessing the annual budget saying,

'I ask some of my contacts, friends who are professionals in business, e.g., health business, infrastructure business. I ask them how they spend things in their company, how much different things cost in the private sector for comparison like building a harbour. The government costs were different from what private sector would have paid. I know contractors who work for the government; they are pleased to give me information. They provide some pointers.'

However, there appears to be an assumption that informal and personalised networks in the policy-making process, which some might associate with other less legal forms of personal links, are inferior to more formal forms of engagement with, for instance, published and disseminated research. For instance, Sherlock (2010a) suggests that not only is informality unsystematic and ad hoc, but also it does not recompense universities for their work and relies on salaried staff to devote their time unpaid and mostly unrecognised. He goes on to argue that personal networks in the knowledge sector reinforce a culture of patronage, nepotism and corruption.

While there may be an element of truth in this, we are more optimistic. For instance, Lay (2010) states that such linkages (between MPs and members of CSOs, for instance) tend to be based on long-established relationships, shared social histories, friendship, ideology and/or political affiliation. Many policy-makers seem to prefer this, as it is characterised by high levels of trust and credibility; as a result, they prefer links with individuals over those with organisations. Informal networks provide effective conduits for information flows from experts such as university professors to decision-makers and help decision-makers identify pieces of evidence they need. Thus, knowledge products are often seen as intangible and dependent on face-to-face contacts. Heryanto (2010:183) suggests that this may owe at least in part to Indonesia being an orality-oriented society. In particular, he says, 'Compared to their counterparts in more literacy-dependent societies, people in Indonesia, including the literati and graduates of higher education, prefer to share important information and messages through face-to-face communication.'

Further, information is said to flow more quickly through informal channels than it does through those that are more bureaucratic and institutional in nature. And even where there are institutional links, these tend to be underpinned by personal contacts.

6.5 Sources of knowledge external to government²³

University and nongovernmental research centres

Policy-makers tend to have strong links with academics from university research centres. Both formal and informal knowledge inputs from academics are often drawn on to inform legislation, plans and budgets. For instance, Bappenas formally partnered with six of the country's largest national universities to access academic content for its planning processes. On the reduction of fuel subsidies and labour law reform, universities were formally approached individually or in consortia to undertake analysis and formulate policy options. Some MPs appreciate academics' depth of analysis (over that produced by CSOs). In the health sector, several policy initiatives were said to have been inspired by a number of academics. Influential academics tend to come from UI and the University of Gadjah Mada (UGM). However, a few respondents suggested that MPs did not have complete trust in the objectivity of work by universities which had close links to the government; others suggested that the executive was reluctant to turn to particular universities that were historically seen as sites of challenge and potential opposition.

Although we did not undertake a detailed mapping, the fact that respondents mentioned very few NGO research centres may indicate the limited links that policy-makers have with such organisations or indeed the absence of a great many institutes of this type, with one respondent suggesting this problem owed in large part to a weak higher education system. The major exception is SMERU, which several government respondents said they were familiar with. Although GoI respondents may have been influenced by the presence of SMERU during interviews, many said that they had at least considered its findings in policy work. For instance, TNP2K invited SMERU to discuss issues related to the Household Conditional Cash Transfer (Program Keluarga Harapan, or PKH). Moreover, the PNPM steering committee, made up mainly of government ministries, was said to have drawn on SMERU's

²³ Although the media can be seen as a key input in policy-making processes, because of limited data, we omit them from our analysis.

recommendations, particularly in reaching marginalised groups. Directors-general and directors at Bappenas are said to have good relations with senior researchers from SMERU.

Given the increase in demand from politicians seeking advice on voters' behaviours and campaign strategies, the number of survey institutes has increased considerably since 1998. The Jakarta-based Institute for Social and Economic Research, Education and Information (Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial, or LP3ES) quickly emerged as a major actor in this field soon after Soeharto's fall. And since 2005, when direct elections for local leaders began to be held, these survey institutes have flourished. They now include established names such as Lingkaran Survey Indonesia (LSI) and more recent entrants, such as the Indo Barometer and the CIRRUS Surveyor Group and others.

Civil society organisations

Mietzner and Aspinall (2010) suggest that CSOs, and in particular NGOs, have, since the fall of the New Order, been very effective in scrutinising government budgets, uncovering corruption scandals and advocating for urgently needed policies. Without such energetic activism—strongly supported by the media—many of the key post-New Order political reforms might not have materialised or might have been much weaker. Although representatives of NGOs tend to have links with policy-makers from both the executive and the DPR, these seem to be stronger with the latter, as some MPs are former students or NGO activists, subsequently shared the same personal networks and often shared the same goal in holding the executive to account. Moreover, in drafting legislation, MPs, with access to far less analytical capacity than their counterparts in the executive, have turned more readily to CSOs for knowledge inputs.

For instance, MPs have approached CSOs such as Fitra to help gain insights into the annual budgeting process. On the anti-pornography bill, one MP found working with a CSO very helpful, as it provided her with not only political support but also strong arguments to back up her position. On gender issues, the Ministry of Women's Empowerment has worked with the Women's Coalition to, for instance, draft the domestic violence law. Some policy-makers have turned to CSOs to play a mediation role when members of the executive and/or the legislature have reached deadlock in negotiations. For example, Propratria has provided a space for the military and the police and helped the DPR's Commission I and key government institutions to sit together to find a resolution to disputes. Individuals from political parties were also said to have links with CSOs. Members of PDI-P, for instance, are said to have links with individuals from Democratic Youth and the Poor People's Union of Indonesia (Serikat Rakyat Miskin Indonesia, or SRMI) (Lay, 2010).

Some respondents suggested there were a number of disincentives to drawing on CSO inputs. Some policy-makers felt that some CSOs lacked sufficient technical expertise. However, some CSOs were seen to be addressing this, with one NGO, KontraS, for example, recruiting activists with Masters' degrees in human rights and environmental law. Some MPs felt that CSOs could be confrontational in their approach, with some of their work being considered sensational, designed more to capture the attention of the media than to foster constructive engagement with MPs. Moreover, some MPs viewed CSOs with suspicion, particularly because many, if not all of them, tended to be funded by foreign agencies (Lay, 2010).

International actors

Policy-makers have often turned to international actors based both in and out of the country for analysis and advice. Bappenas and other ministries, for instance, have relationships with foreign universities. Links between government institutions and foreign universities may be formalised through agreements in the shape of memoranda of understandings, while other links might be more informal, through relationships between counterparts in respective institutions. Nevertheless, links with international actors, by and large, tend to be more formal.

In-country bilateral (such as the Japan International Cooperation Agency, or JICA, and AusAID) and multilateral agencies (such as the UN and the World Bank) were considered by several respondents to be credible sources of policy advice. The World Bank, in particular, was highlighted by many. Although the World Bank's loan portfolio is relatively small (in comparison with other donors), it has significant staff numbers—approaching 800 (providing mainly technical assistance), many of whom are funded by a range of donors through trust funds. Several high-ranking officials are known to approach the Bank for advice. One deputy-minister, for instance, approaches the Bank on a regular basis for analysis on a number of policy issues, including a recent law on teaching reform.

There are several incentives for government officials to turn to donors and multilateral agencies for knowledge inputs. Government officials working within short timeframes tend to demand information at short notice in succinct delivery formats. With Balitbang generally lacking the capacity to undertake such analysis and regulatory constraints inhibiting the formal contracting of research institutes such as SMERU, officials turn to donors and multilateral agencies, including the Bank. The Trade Unit within the Bank, for instance, typically responds to requests from the Ministry of Trade within a week. There are financial incentives too, as the World Bank can pay for its own research. The Ministry of National Education, for instance, is reluctant to fund research itself (given the limited funding it has for research) and is hence happy to receive 'free' research findings from the Bank.

A few respondents suggested that, perversely, some officials were more likely to draw on external analyses to provide them with insulation from domestic criticism. For instance, one respondent said, *'if policy "fails", they can blame it on the World Bank.'* Importantly, given our discussion of informal networks and the importance of trust, the Bank has an established historical relationship with top levels of the government and is seen as credible. For instance, despite the incentives for World Bank consultants to publish as much of their work as they can, some have agreed not to where the government has deemed this politically sensitive. Further, some suggested that the government lacked confidence in its own bureaucracy or in domestic think-tanks to deliver high quality analysis (highlighted by the analysis above). One respondent suggested that the government would also rather pay significantly for top-quality advice that is provided with a promise of political neutrality.

Nevertheless, working with external actors, particularly the Bank, can be politically sensitive, given some anti-donor sentiment within the Gol. One respondent suggested that, by demanding and using information from donors, there was a risk that the government could be pulled away from its own policy agenda. The UKP-PPP, for instance, has been criticised for being too reliant on international sources of knowledge. As a result, the Bank, for instance, has on occasion taken more of a backseat role, instead working closely with universities such as UGM and UI. A number of respondents suggested, though, that much of the Bank's resources could be better spent improving the government's own in-house analytical capacity.

6.6 Summary

In this section, we have assessed, to some extent, the government's capacity to produce and procure research and advice. In sum:

- 1 Within ministries, policy-makers, particularly senior officials, can draw information from a range of sources. These include the Balitbang, BPS, provincial and district offices and other ministries. They can also do the work in-house, formally commissioning 'outsiders' or drawing on knowledge inputs through personal and informal networks.
- 2 However, our analysis suggests that, although the capacity of Balitbang varies widely, these have generally declined relative to their role during the New Order era. They tend to suffer from a number of mutually reinforcing problems including insufficient funding, inadequately skilled and poorly remunerated staff, poor utilisation, high turnover and weak communication mechanisms with operational directorates. However, there are exceptions, including the BKF,

- which has up to 400 staff and essentially helps the Ministry of Finance to manage the economy and prepare the budget.
- 3 Ministries face a number of obstacles in commissioning outsiders to undertake research, including limited funding and inhibitive regulations.
 - 4 An important source of data is the BPS, reflecting an increasing preference among policy-makers for quantifiable indicators. However, some respondents suggested that data could be better disaggregated and produced more regularly, especially for regions in Eastern Indonesia. LIPI, a government research institute, tends to produce research not directly in response to government requests but theoretical research based on priorities outlined in the government's medium-term development plan.
 - 5 Analytical capacity in the legislature seems to be weak but improving. Overall resourcing of the parliament has not seemed to increase in line with the considerable increase in its responsibilities. The secretariat-general seems to be under staffed and is not provided with the necessary incentives to produce appropriate material. Specialist staff for MPs, commissions, factions and parties seem to be increasing in number but still appear inadequate, with staff not necessarily equipped with the right expertise. A budget office has been set up for DPR members to help them review the annual budget, but little is known of its quality.
 - 6 Limitations in analytical capacity in the government stem mainly from systemic problems in the civil service. These include problems with recruitment, training, promotion and compensation. This, coupled with rigidities in policy-making processes, especially in the budget, means that civil servants are unlikely to go beyond routine work. Although the government has initiated a bureaucratic reform, senior officials from the New Order period retain considerable influence, were said to view reform with suspicion and are likely to resist and maintain their patronage networks.
 - 7 Partly because of the weak analytical capacity within the government (including poor formal links), but also because of cultural features, informal or personal networks are hugely dominant in the way policy-makers go looking for information.
 - 8 Sources of knowledge external to the government include university research centres, non-governmental research centres, NGOs, foreign universities and bilateral and multilateral agencies.

Drawing on the institutional characteristics of Indonesian policy-making in Sections 4, 5 and 6, in Section 7 we explore what this means for the factors that shape policy-makers' demand for and use of knowledge in policy processes.

7. Factors that shape policy-makers' use of knowledge

Drawing on the institutional features of the policy-making system in Indonesia outlined in the previous sections, we now explore what implications these have on the incentives policy-makers have to invest in, demand and use knowledge of different sorts in policy-making processes. Although investing in, demanding and using knowledge are three very different actions, for the purpose of this study we do not discriminate between them. Furthermore, as will become clear, these incentives inevitably overlap, as there is rarely ever one single reason why knowledge in the shape of a piece of research, a body of knowledge, expert opinion, stakeholder consultation or statistical data is seen as valuable or not. Once we have explored factors that might encourage policy-makers to invest in, demand and use knowledge, we then explore factors that might discourage policy-makers from doing so.

7.1 Factors that might motivate policy-makers to use knowledge

Seeking to respond to the president or those with a presidential mandate

As we have discussed, although higher levels of political competition have weakened the leadership of the president somewhat, he is still considered the most powerful political actor in Indonesia, and his instructions carry considerable weight. As such, policy actors are often compelled to respond to directives whether they come from him/her directly or through a highly placed supervisor with a presidential mandate.

Several respondents indicated that responding to presidential directives could require the provision of knowledge in some shape or form. For instance, presidential directives to implement the large-scale cash transfer programme before the 2009 election led to considerable analytical work by Bappenas and the Ministry of Finance. Lacking relevant expertise, one director of Bappenas brought in experts through his informal network to give a seminar on key issues and later hired a consultant to undertake some of the groundwork. He also used research undertaken by SMERU, whose ability to produce results quickly was much needed in response to rapidly rising oil prices, to improve phase two of the scheme.

Some respondents mentioned another priority for the president—the removal of user fees in basic education and the role knowledge has played recently in relation to the implementation of this. Elements within the government were said to have resisted a number of policy measures, with user fees both formal and informal persisting. For instance, Rosser et al. (2011b) suggest that senior officials outside the education sector appropriated education resources to enhance their own sectoral budgets. SBY subsequently mandated the minister for national education to spearhead necessary reforms, who in turn sought advice from a number of donors including the World Bank and the ACDP on, for instance, what free basic education really meant and, given the endurance of the New Order bureaucrats and corporate interests, how such an initiative could be successfully financed.

ACDP subsequently agreed to support the ministry in the production of appropriate knowledge inputs and the development of a financing strategy and policy instruments (Box 9 provides more detail). In fact, the government's emphasis on education, particularly given that a fifth of the budget was to be spent on the sector, saw the (\$50 million) ACDP attract 50 proposals from top officials to support policy development on a range of issues, 14 of which were to be followed up at the time of writing. A number of respondents also suggested that this had encouraged the Balitbang in the Ministry of National Education to improve the quality and coverage of its knowledge inputs.

Box 9: Drawing on knowledge to help remove basic education user fees

The removal of user fees in basic education has long been a priority for the Gol, and in particular SBY. The 1945 Constitution was amended in 2002 to require central and regional governments to spend 20% of their respective budgets on education (Article 31 (4)). In Law No. 20/2003, the DPR went further, specifying that this 20% should not include teachers' salaries, the largest single item of education expenditure in Indonesia, in effect requiring the central and regional governments to spend beyond 20% of their budgets on education. In 2004, SBY campaigned on a platform that included improving access to quality education, especially for poor and disadvantaged people. The commitment to remove user fees was seen as an example of higher levels of responsiveness of the state, but it also served to provide opportunities for SBY to build his support base, appealing across different regions and to different classes who sought to prioritise education. Following his victory in the 2004 election, SBY introduced a range of measures to promote the removal of user fees in basic education (Rosser et al., 2011a).

The first measure his government introduced was to dramatically increase government spending on the education sector. This included the introduction of BOS in 2005. Funded through cuts to central government fuel subsidies, BOS sought to realise free basic education in Indonesia by providing funds directly to local governments and private primary and junior secondary schools on a per pupil basis to cover operational costs such as those related to the registration of new students, the purchase of textbooks, the production of report cards, stationery, teacher development and training, remedial teaching programmes and examinations. The second was to issue various implementing regulations, such as Minister for National Education Regulation No. 11/2005 on Textbooks and Government Regulations No. 47/2009 and No. 48/2009 on Compulsory Education and Education Funding, and to instruct regional governments to produce their own local regulations to enable implementation of free basic education within their respective regions. Finally, SBY ran a large-scale public information campaign to promote awareness of the government's free basic education policy. Timed to coincide with the 2009 elections, this campaign involved blanket advertising across all forms of media—newspapers, television, radio and the internet (Rosser et al., 2011a).

Together, these initiatives had a significant short-term positive impact on enrolment levels in primary and junior secondary education. Nevertheless, both formal and informal school fees have persisted, reflecting, as Rosser et al. (2011a) argue, the continuing power of politico-bureaucratic and corporate elements in the post-New Order period. For instance, in addition to resistance from senior business figures, most notably Vice-president Jusuf Kalla, one of Indonesia's wealthiest businessmen; technocratic policy-makers, such as Finance Minister Sri Mulyani Indrawati; and members of the donor community, notably the World Bank—all of whom expressed strong concern about their budgetary implications—politico-bureaucrats outside the education sector manoeuvred to appropriate education resources to enhance their own sectoral budgets. As free basic education was a key component of SBY's 2009 election manifesto (and related to the president's own desires to seek favourable perceptions among the public), the minister for national education and the deputy-minister approached a number of sources for advice and analysis on realising free basic education. Sources included the ACDP, as well as the World Bank. The deputy-minister in particular asked questions about allocative decisions and standard-setting. The ACDP subsequently agreed to work with the Ministry of National Education to undertake a mapping of the Indonesian education system (including early childhood education, *madrasa* education, senior secondary education and gender mainstreaming), develop a strategy and define a policy instrument informed by a political economy analysis of funding arrangements.

Poverty reduction, which achieved limited progress under the leadership of the relatively weak Ministry of Social Affairs and was subsequently elevated to the Office of the Vice-president through the establishment of a taskforce—the TNP2K—is an example of another key priority for the president. Chaired by the vice-president and including several cabinet-level posts, the team is advised by working groups, each informed by a number of university scholars and experts. One respondent suggested that TNP2K had commissioned research studies that had helped them to convey the depth of the challenge in addressing poverty in Indonesia.

The presidential work unit has also responded to key presidential priorities by generating knowledge inputs. Part of the UKP-PPP's role is to monitor and verify action plans implemented by certain ministries. This involves fieldwork and the compilation of reports, which could arguably be interpreted as the production of knowledge. For instance, in monitoring the preparation of a floating storage and regasification unit in North Sumatra, West Java and East Java, site visits revealed key problems with pricing, gas supply and land reclamation. In addition, UKP-PPP's 'debottlenecking' strategy included a

quick and hands-on problem assessment, such as an on-site examination and discussion with relevant experts.

In sum, our evidence suggests that policy-makers seem more likely to demand and use knowledge when responding to presidential directives (although there is less evidence to suggest that presidential priorities themselves are evidence-based).

Seeking economic benefits

Given the continued importance of generating economic resources for the country as a whole (and thereby the significance of its economic policy); strong competition over resources among ministries and agencies, not only within the central government but also between central and sub-national governments; as well as perverse incentives for top officials to extract rents where they can (in part because of poor civil servant salaries), there is strong evidence to suggest that policy-makers are more likely to demand and/or draw on research if there are (significant) economic benefits at stake that could be quantifiable in economic terms. Respondents suggested a number of examples, as follows.

The vision of the Ministry of Finance to, among other things, manage the country's finances effectively and be an instrument for improving economic prosperity²⁴ is probably a key contributing factor to the considerable investments that have been made in the production of knowledge within the ministry and its demand for analysis outside. For example, the BKF, an equivalent to Balitbang in other ministries, installed in 2006, is said to have 400 staff and to produce considerable analysis on macroeconomic forecasting, fiscal policy and fiscal risk.

Moreover, the Ministry of Finance can also draw on its expert staff, who produce analysis on a range of issues including state income, state expenditure and macroeconomic and international finance.²⁵ The ministry is also said to regularly seek advice from a number of donors and international agencies, in particular the World Bank, with one respondent suggesting that the World Bank had effectively been installed as an 'in-house advisor'.

The Central Bank, which is responsible for achieving and maintaining the stability of the value of the rupiah, as well as monetary policy and regulating the payment and banking system, and is instrumental in accumulating economic resources, also has considerable analytical capacity. This in turn attracts a considerable amount of technical support from international sources, including scholarships for staff to study abroad.

The Ministry of Trade has established a coordinating board with offices abroad, which produces information on possible investment opportunities. Moreover, the signing of regional and international trade agreements as well as government budget processes is said to spur on directorates-general in the Ministry of Trade to facilitate a flow of relevant information, as both have implications on revenue generation for the ministry as well as the Gol as a whole.

The president's response to the Norwegian government's \$1 billion commitment to the Gol in exchange for action around climate change is also illustrative of such incentives, but also reflects the president's desire to seek favourable perceptions on the international stage—as Indonesia has been identified as the world's third-largest producer of greenhouse gases. As part of the package of measures to reduce these, the president committed to developing a moratorium on the issuing of forestry licenses. Mandated by the president, the UKP-PPP set up a taskforce to generate knowledge through consultation with various stakeholders, including academia and CSOs specialising on the issue (facilitated by a leading civil society foundation, Kamitraan). Such incentives were said to have led to the establishment of a centre within the BKF, likely to be manned by around 15 research staff, to consider options on climate financing.

²⁴ www.depkeu.go.id/Eng/Organization/?prof=visi.

²⁵ www.depkeu.go.id/eng/Organization/?prof=tupoksi.

Policy-makers were said to have sought knowledge in securing donor investments. For instance, the Country Coordinating Mechanism—set up to manage Global Fund money—commissioned research ahead of Round 11 of the Global Fund and brought in a consultant from Ghana to work with domestic counterparts in preparing the proposal.

Finally, incentives to seek economic benefits also apply to individuals within the government. Suryadarma et al. (2011) suggest that, given low civil servant salaries, some officials see commissioning research as an opportunity to collect rents. This practice reportedly takes place in most government ministries and agencies, with officials said to offer contracts to the ‘highest bidder’, collecting rents either through cash in envelopes or disguised as a management item in the budget. Inevitably, this leads to less funding for research and poorer quality outputs, and ultimately prevents top-class research providers from serving government clients.

Seeking favourable perceptions among the media and the public

The introduction of direct elections for the president, local leaders and now MPs, coupled with the growth of the media, was said to have caused dramatic changes in the behaviour of policy-makers, especially those seeking political office (see Qodari, 2010). Mietzner (2009a), for example, argues that the extensive cash transfer programme was instrumental in SBY’s 2009 election triumph. Although SBY suffered in the opinion polls in 2008, Mietzner (2009a:4) argues that:

The introduction of massive cash programs for the poor triggered SBY’s meteoric rise from electoral underdog to almost unassailable frontrunner. Between June 2008 and April 2009, the government spent approximately US\$2 billion on compensation payments for increased fuel prices, schooling allowances, and microcredit programs. As a result, SBY’s popularity skyrocketed from 25% in June 2008 to 50.3% in February 2009, and PD’s support surged to 24.3% in the same time frame.

As we described above, the implementation of the cash transfer programme involved considerable analytical work in Bappenas. Some respondents also suggested that policy issues, which involved a higher degree of media focus, had often led to constructive and evidence-informed changes. For example, the process around recent changes to immigration laws attracted considerable media attention, with pressure from CSOs. As a result, the matter was discussed openly and the commission drafting the legislation consulted widely. Another respondent suggested that seeking favourable perceptions among the media, particularly in response to natural disasters, could encourage provincial leaders, for instance, to invest in, and use, knowledge inputs such as robust disaster risk assessments.

The role of the media in shaping perceptions of election candidates as well as in framing issues was said to have given birth to a range of new actors, including survey institutes. Such institutes are called on to map voter preferences, understand the strengths and weaknesses of a candidate and decide what strategies would persuade voters to vote for them.

But polling does not seem to be limited to assessing the prospects of election candidates. According to some workshop participants, government agencies have also started to undertake polling among ‘service users’ to assess the quality of service delivery (perhaps inspired by ministers’ incentives to retain posts in the cabinet). One respondent suggested that district-level offices for the Ministry of Social Affairs had, for instance, set up online forms enabling members of the public to comment on the quality of certain services.

However, Mietzner (2009b) suggests that the emergence of opinion polling as a central element of electoral politics in Indonesia has tempted many party leaders to pick candidates and policies based on survey results and not their political platform. This has created tensions in political parties, undermined their role as vehicles of representation and aggregation and encouraged candidates to place image politics above substantive policy platforms.²⁶ And considering the impact of their political

²⁶ However, survey work and opinion polling could be used in a policy-oriented manner. For example, changes identified in citizen priorities from survey work could potentially influence changes in party platforms.

moves on their standing in the polls, Indonesia's contemporary politicians have become reluctant to launching groundbreaking (and potentially controversial and unpopular) policy initiatives.

But after decades under Soeharto's New Order regime, the new populists' attention to voters' wishes has been welcomed as a positive change, as Muhammad Asfar, a pollster from Indonesia's second-largest city Surabaya, suggests: 'The district head told us to find out what projects and policies the people wanted to see implemented before the next ballot; we went there, conducted a survey, and drafted a list of things that the voters wanted to see done.' Recommending that the district build water irrigation systems and begin other urgently needed infrastructure projects, Asfar felt that his polling institute had made a concrete contribution to the development of the area in which the survey was held. 'Without such pressure from opinion polls, the district head would never have addressed these crucial problems; now, you can call this populism, but I call it practical, real, and tangible democracy,' said Asfar (in Mietzner, 2009b:122).

Seeking favourable perceptions among international actors

With the president's (and other politicians') credibility at stake on the world stage, particularly given the country's relatively new status as a middle-income country, policy actors have often drawn on knowledge inputs to meet international targets and benchmarks or prepare for negotiations in international forums (which could also bring about economic benefits). For example, in meeting the MDGs, Bappenas, in preparing the next medium-term development plan, approached the World Bank on what it could do to contribute to the MDGs and MDGs+, particularly those that were health-oriented. Calls to meet the MDGs may also explain to a certain extent why the minister for health considerably increased staffing in the Balitbang to around 40 and why the minister is, according to some respondents, placing more demands on staff to produce high quality analyses. But this could also be for a variety of other reasons, which we outline elsewhere in this section, including the need to maintain high levels of economic growth (if one assumes that 'health is wealth') and, given inter-ministerial competition, the need to maintain donor investments from the likes of the Global Fund.

Although closely linked with other incentives to, for instance, seek economic benefits, respond to presidential directives and inform political arguments, similar dynamics have spurred several actors within the government to seek knowledge inputs. For instance, the UKP-PPP commissioned research on how the economy could be more competitive in relation to its neighbours. There has also been demand for information on the effect of Japan's slowdown on the Indonesian economy. Seeking to increase the country's tax base, the Ministry of Finance sought comparative research on tax intensity (which highlighted the country's poor performance). Under considerable pressure to reduce greenhouse gases, the former minister for finance, impressed with initiatives taken by Australia, sought help from the Australian Treasurer to think about policy options on climate change adaptation and mitigation.

Preparing for negotiations in G-20 and ASEAN forums and signing trade agreements also seems to drive knowledge production. The deputy-minister for trade, for instance, himself produced background notes ahead of a recent G-20 summit (as he could not be sure of the quality of the papers if they were commissioned out). Further, the government's signing of UN conventions and treaties abroad was seen to put pressure on policy-makers at home to respond to non-state actors such as CSOs in domesticating such laws and, in the process, draw on expertise to, for instance, draft bills. This seems to be the case on issues of gender and women's rights where the Women's Coalition has been called on for considerable assistance.

Seeking to exercise authority over others

Demand for research is often shaped by the need for certain actors to establish or maintain authority over others. For instance, the BKF was seen to provide leadership over policy areas which are the line responsibility of other people within the ministry (such as the Directorate-general for Budget) and government (including Bappenas). This includes the important role of managing fierce competition between ministries (and lobbying from ministers) over resources. Although a strong personality and relationships with others are important (the minister for finance was seen as involving the current head

of the BKF in several areas of the ministry's work, suggesting a high level of trust in the head to perform), the strength of argument is also bolstered by the considerable knowledge produced by many of the BKF's 400 staff.

This dynamic can also be seen between the central and sub-national levels. In allocating funds to community health centres (*puskesmas*), the Balitbang in the Ministry of Health (which in turn may have drawn on the expertise of various universities) undertook a study taking in 300 *puskesmas* samples, which the Planning Bureau used to determine allocations which, given the power asymmetry between the Ministry of Health and local governments, faced little contestation.

Seeking to prevent and/or mitigate the effects of crises or acute disorders

The combination of trauma from the effects of the AFC and the occurrence of frequent natural disasters (by virtue of Indonesia's location along the Pacific ring of fire), in addition to the role of the media in shaping perceptions of politicians seeking election, has put considerable emphasis on policy-makers to take measures which prevent or at least mitigate the effects of crises. For instance, in light of the frequently occurring exogenous shocks, such as high profile natural disasters, and the role of the media in influencing the rise or fall of high-ranking officials dealing with such issues, there have been demands for information and analysis from the BNPB on, for instance, international good practices in disaster risk reduction.

Moreover, the UKP-PPP and one presidential advisor have shown interest in information to help control food prices and curb youth unemployment to avoid political unrest. In a bid to avert religious extremism and possible future terrorist threats, research has been carried out to understand how and where people could be radicalised. This revealed that children attending *madrasas* were particularly vulnerable. As a result, the Ministry of Religious Affairs, with the support of the ACDP, embarked on a consultative process to address religious intolerance. And, traumatised after being hit hardest by the AFC, the government, taking action early after the global financial crisis hit the US and Europe, promptly undertook research to inform the design of social protection measures—interventions which ultimately helped it to 'sail through' the (albeit less severe) crisis of 2008/09.

Seeking to deflect or insulate oneself from criticism and/or influence

Given the relatively high levels of political competition within the government and the role of the media in shining a light on policy-makers, some respondents suggested that knowledge and associations with particular sources of knowledge were used as a strategy to deflect criticism of unpopular policies or provide decision-makers with a degree of insulation (should things go wrong). For instance, this was seen by one respondent as an incentive for line ministries to draw on external World Bank analysis. Another respondent suggested that, by asking LPEM to estimate the impact of a 30% increase in the cost of electricity, the government helped to insulate itself from subsequent criticism, with much of it unfairly directed towards LPEM, which was deemed (incorrectly) by the media to have initially suggested the figure.

Repeatedly commissioning research or doing so over a long period of time could be interpreted as a way of enabling decision-makers to defer decision-making to a later date, especially when decisions are hotly contested and are made in the presence of powerful interest groups. On the issue of fuel subsidies, for instance, it appears that the government has undertaken several studies over the years to inform policy options, with the latest one being undertaken by a consortium of three universities early in 2011. While repeatedly undertaking research reflects the need to reassess options, given the volatility of international fuel prices and other aspects of the international economy, it may also suggest a desire to appear to be doing something and, in the process, help to insulate the Gol from excessive criticism while at the same time avoiding taking potentially difficult decisions (see Box 10).

Box 10: The production of knowledge on reforming the energy subsidy regime

Subsidies for fuels (comprising coal, gasoline, diesel oil, kerosene and liquefied petroleum gas) and electricity have received huge amounts of government support in Indonesia for decades. During the 1980s, when Indonesian's oil production was higher, fuel and electricity subsidies were more affordable. However, oil production has steadily declined over the past 10 years—by 40% in total—and, last year, Indonesia withdrew from the Organization of the Petroleum-exporting Countries (OPEC). Coupled with this, fuel and electricity subsidy expenditures rocketed, with the Indonesian government spending more on energy subsidies in 2010 than it spent on defence, education, health and social security combined, with subsidies likely to be worth over Rp134 trillion (\$15 billion) in 2011.

Fuel subsidies in particular have corresponded to transfers from the central government to the state-owned oil company (Pertamina) to cover the losses the company incurs when the domestic price is kept below international prices. Oil price volatility has hence created significant challenges in managing the Indonesian budget. High international oil prices have resulted in expenditures far exceeding revenue from fuel. The government made reductions in the level of subsidies in 2001/02, 2005 and 2008. However, these reductions were more than offset by rising international fuel prices, with total expenditure on fuel subsidies increasing substantially over this period. The government has reiterated on many occasions its intention to eliminate these subsidies, as they are seen to benefit the well-off more than vulnerable individuals (who consume less fuel) and because subsidies crowd out higher quality expenditure on infrastructure investment, human capital accumulation and social protection programmes.

In 2010, the Ministry of Energy and Mineral Resources set up a commission to assess policy options. However, respondents suggested that findings were (i) not sufficiently ambitious, with bureaucrats, aware of the sensitivities, perhaps self-censoring; and (ii) technically deficient in some aspects, with estimates of cost savings seen as much too optimistic. But the Gol subsequently announced a plan in 2010 to raise electricity prices and limit fuel subsidies. The measure would have restricted private car owners in the Greater Jakarta area from buying subsidised fuel from April 2011. Only public transportation would be entitled to subsidised fuel. In 2012, subsidies were to be further reduced. However, the plan has been postponed indefinitely, with the government citing increasing global oil prices as a key impediment.

More recently, in March 2011, the government commissioned a study on the restriction of subsidised fuel consumption. It entrusted university research centres at UGM, Bandung Institute of Technology (Institut Teknologi Bandung, or ITB) and UI to participate in the study. UGM was assigned to study the subsidised fuel restriction policy from an economic perspective, ITB from a technical perspective and UI from a supervisory standpoint.²⁷ However, one respondent suggested that interest on research on the issue had shifted from identifying options for removing the subsidy to how the government could increase the fuel price, with the shift pushed by the president and vice-president.

With a large price disparity between subsidised and non-subsidised products, strong incentives exist for illegal practices such as fuel smuggling and diversion to unintended recipients in industry and business. Successive proposals have thus faced strong political opposition from many MPs, many of whom themselves benefit from subsidised fuel and have links to key economic actors who gain from the status quo (IISD, 2011).

Another respondent suggested that developing a knowledge base would help to insulate policy-makers from (undue) influence and opinions of non-state actors. Although the government appears to have become more responsive, one respondent suggested that *'demand from the surrounding by no means reflected the objective situation.'* In other words, demands made by civil society and the media do not necessarily reflect a neutral perspective. For example, in relation to education policy, one respondent suggested that, without an evidence base, the minister was swayed by public opinion (often mediated by the press and television) from one day to the next, which in itself some respondents considered unlikely to be informed by objective or politically neutral analysis. Specifically, in response to the controversy over national examinations, the Ministry of National Education, with support from the ACDP, was to undertake a study into examination practice (see Box 11 for more on the controversy). Similarly, concerning the Bank Century case, a workshop participant suggested that the existence of an objectively defined indicator to help determine when and at what stage banks should be bailed out or left to fail may have resulted in less conflict between the executive and legislature over the Bank Century bailout.

²⁷ www.majalahtambang.com/detail_berita.php?category=15&newsnr=3645.

Box 11: The controversy over national examinations

In 2003, the government initiated *ujian nasional* (UN), or nationwide standardised exams. These were to test students in four subjects at junior secondary level and six subjects at senior secondary school level. Students had to get an average 5.5 out of a possible 10 in each subject to allow them to continue to higher levels of education. This became the only means to appraise a student's academic performance.

The decision to initiate the UN sparked intense nationwide debate among teachers, education experts, parents and students. Those who opposed argued that the exams were unfair considering the high levels of inequality in education between regions in Indonesia, which would have a negative impact on teachers and the education environment in general. The government, on the other hand, argued that the UN was necessary to measure education performance across the country and to help the government improve the quality of education. Faced with intense pressures for their students to pass and prove their worth in teaching, many teachers were said to encourage students to cheat during the examinations. Cases of cheating ranging from leaking exams to the circulation of answer sheets were uncovered in several schools across Indonesia.

In 2007, a lawsuit was filed by a group of students and parents at the Central Jakarta City Court, seeking the elimination of the UN. When the court reached its conclusion a long time later—in September 2009—the government had to upgrade educational facilities nationwide before it could hold national exams. However, in January 2010, following a request from a UN working committee on the DPR's Commission X, which focused on education issues, the Supreme Court came down on the side of the government, stating that its verdict did not mean the UN should be delayed.

Despite the controversy, the Ministry of National Education persisted with the UN in 2011, but changed the weighting of a student's overall pass mark, 60% of which would be informed by the UN, with the remaining 40% coming from the school's own examination score. The change resulted in the percentage of students passing approaching 100%. The controversy finally led the ministry to approach the ACDP for assistance in establishing a body of knowledge on what the UN was trying to measure and the best way to do this.

Seeking to bolster arguments or legitimise policy

According to some respondents, research has often been used to bolster or defend policy positions and approaches to addressing policy problems that have already been taken (although such positions could also be in support of particular elements of the bureaucracy in intra-governmental competition for resources—an economic benefit). One respondent mentioned how quantitative impact evaluations were particularly useful in helping to defend programmes in the parliament (and perhaps justify continued government funding). On a particular labour law, the Ministry of Labour had reportedly commissioned research from a number of sources in a bid to identify politically viable options. In addition, in relation to fuel subsidies, some MPs, who were said to be preventing the government from removing fuel subsidies, suggested that they had seen studies showing that the current fuel subsidy regime did not benefit only the wealthy. And several respondents suggested that research from Balitbang, although considered weak, was often drawn on, as it was 'politically viable'.

A few respondents implied that knowledge could help bolster political arguments. In relation to economic policy, one respondent suggested that,

'The role of research in economics is a vested question. Often, because results are often so unclear and so open to debates, economic research is often used as a tool to support a rhetorical debate rather than being an argument killer in itself. It's rare that an economic study wins the day. Foundations of the research are rarely questioned. It becomes the role of the champion for that research to construct it into a rhetorical argument that cuts through at a political level.'

As such, much of the research produced by the BKF, for instance, is arguably produced to help the minister for finance to make strong arguments when negotiating with other members of the government (and to help him to exert authority over others).

Concerning the issue of fuel subsidies, in 2008, the vice-president, wanting to present a strong case for reducing subsidies to the parliament, drew on World Bank analysis highlighting the (negative) budgetary and inflationary impact of not reducing fuel subsidies and what the savings could be used

for. And, although many within the government seemed to accept the need to reduce subsidies further, given the high oil price, the government commissioned a number of further studies, arguably to bolster its argument given the presence of strong opposition (see Box 10). Finally, Lay (2010) suggests that MPs found that working with CSOs helped them to access evidence to improve their arguments during legislative processes.

Seeking to exert pressure on others

As the Bank Century case shows, as do some of the debates during plenary sessions, MPs are often influenced by a desire to put pressure on certain policy actors. And, as some respondents suggested, drawing on technical information or allying with civil society experts are effective tools to do that. For instance, the head of Commission XI allied with Democratic Youth in order to successfully prevent the privatisation of a local government hospital in Jakarta (Lay, 2010). Moreover, having discussed the acrimony there existed among central government officials on fiscal decentralisation, some officials may have sought analysis to discipline local authorities or at least highlight deficiencies in local government performance. One such example is research commissioned by the Ministry of Health and undertaken by UI and UGM highlighting the failure of local governments to meet a government mandate to allocate at least 15% of funding to health care. Comparative research and performance indices (on budget transparency processes, for instance) are increasingly being undertaken at the district level in a bid to highlight (with the help of the media) performance of local governments. Some respondents believed that this could in turn influence district heads' incentives to undertake more (knowledge-informed) developmental strategies.

Seeking to prove and increase one's legitimacy

Given the challenges some MPs face in properly representing their constituents (vast distances, inadequate resources, weak analytical capacity and an excessive number of tasks), MPs have drawn on knowledge inputs in the form of alliances with civil society groups. Lay (2010) suggests that MPs are more likely to work with organisations if they have a clear-cut constituency and a network helping them to better represent their constituents by, for instance, facilitating consultation processes and helping to channel up 'grassroots' voices, providing them with greater levels of legitimacy in the eyes of senior government officials. For instance, in promoting better health care for the poor, PDI-P allied with SRMI, which in turn was able to mobilise thousands of displaced people from 10 locations across Jakarta. Together, they were able to force local authorities to direct the government's cash for the poor scheme to 3,000 people and secure the Gol health insurance scheme for 1,500 people (Lay, 2010).

Seeking to strengthen relationships with others

Our research suggests that, given the dominance of informal and personalised networks, research may be commissioned to maintain or strengthen relationships. Although, as discussed earlier, the strength of personal networks is facilitated by weak internal knowledge management mechanisms together with prohibitive government knowledge procurement regulations, such problems suit many top officials, as this enables them to use project money to strengthen their patronage networks through the direct appointment of specific individual researchers and specialists (Sherlock, 2010a). The role of knowledge exchange in maintaining relationships is exemplified by Lay (2010), who suggests that MPs may pass on or 'leak' information to CSO contacts as well as channel information from CSOs into decision-making spaces, while CSOs in return are required to apply Chatham House Rules and maintain confidentiality of the source (Lay, 2010).

Seeking to establish and improve one's credibility

In addition to maintaining relationships, some respondents suggested that the use of research could help establish and improve one's credibility in relation to those around them. A number of respondents suggested that a strong incentive for Bappenas to produce and use research was to enable it to be viewed by others as a credible source of knowledge (thus helping it to fulfil its role as a think-tank for government agencies) and gain the trust of other ministry officials. As such, one could interpret this as attempts to re-exert its power in the government, given the overlapping nature of planning functions

between it and the Ministry of Finance. Such incentives may have led Bappenas, which seems to have insufficient power to adequately coordinate line ministries, to, for instance, secure a deal with AusAID to fund a policy analysis unit as well as support to use computer modelling data in the drawing-up of the medium-term development plan, and one with USAID to fund an in-house senior advisor. In addition, one respondent suggested that MPs were likely to draw on research and analysis if it was likely to make them appear more credible in relation to their political party or other key actor(s).

Seeking to advance one's career

Given the earlier discussion around civil service performance, it seems unlikely that civil servants, particularly those below the upper echelons, view drawing on information and analysis in decision-making as a way of advancing their career. Possible exceptions, though, include staff from the Ministry of Finance and the Central Bank, two institutions which have received permission from Kempan & RB to establish performance-based remuneration systems. Nevertheless, it is unclear how performance is defined and whether this has had an effect on officials' demand for and use of knowledge inputs. Among senior officials, it is more likely that promotion to director-general and especially new deputy-minister posts is based at least in part on a track record of designing good policies and strong leadership. But, given the high levels of rotation and turnover among senior civil servants, it is unclear whether promotion criteria can include an assessment of the effectiveness of policy outputs (and outcomes). As we discuss elsewhere, elected politicians may feel that drawing on knowledge may help them to establish credibility in relation to their party or the electorate, put pressure on other actors and build relationships, all of which may advance their own political career.

Seeking to act in accordance with one's ethics

There may be individuals who gain satisfaction from performing their job well, which may mean they are more likely to draw on research, analysis and stakeholder consultations. Individuals may believe that consulting with a range of stakeholders is in itself a good thing. For instance, Lay (2010) suggests that some MPs are confident that civil society involvement in policy processes is a good thing in itself—related to the basic idea of democracy that people have the right to be involved in public matters and to access information. These traits are probably stronger for some actors than others. As one respondent suggested, the use of knowledge in policy-making among ministers is highly variable and supposedly dependent on whether or not the minister values research (which can be informed by whether or not they themselves have a research background).

And the extent to which the political economy conditions particular actors (or not) differs according to a range of reasons, including position within the system. For example, senior technocrats such as deputy-ministers and heads of commissions may be in a better position to act in accordance with their ethics given less direct exposure to political competition. As discussed in Section 4, personalities such as Kuntoro Mangkusubroto, the head of UKP-PPP, and the former minister for finance, Sri Mulyani Indrawati, were seen as progressive reformers who valued research and consultation processes. One vice-minister, said to have driven every major reform in his ministry in recent years, appreciated advice and knew how to frame policy questions. But, as we highlighted in Section 4, not all those who seem to be free from some of the political economy constraints we outlined earlier have ethics in line with some of the normative prescriptions of the (neoliberal) good governance agenda.

Other possible factors

Here, we discuss two factors for which there is limited evidence. First, as mentioned earlier, some ministries and agencies, such as Finance, Trade, the Central Bank and Public Works, were said by some respondents to produce both outputs and outcomes that are more quantifiable in economic terms and where indicators of progress are clear, decision-making is more rational and systems for storing and reusing information are better. This may suggest that policy-makers could have incentives to **adhere to established technical standards** in a limited number of ministries and thus are more likely to draw on knowledge in the process.

Second, in general terms, there is often a perception that issues such as trade and fiscal policy that are viewed as **technically more complicated** create an incentive to bring in people with academic backgrounds and technical skills. This suggests that issues that seem less complicated, such as health and education, are unlikely to attract quite as much technical input and conversely enable a broader number of actors to comment and critique. A number of respondents suggested that the media and civil society were more likely to report on social issues such as health and education, perhaps because they could relate more to the issue. As they had been ill and been to a hospital, they felt they were better placed to have a say on how the health system should be designed; or, since they had been to school, they could comment on designing education policies (which may also indicate why legislators have increasingly been seen to draft legislation on these issues). However, a number of respondents reasoned that the quality of debate on such issues in the media tended to be very poor, reflecting a lack of understanding of what ‘good’ policies (on health and education, for instance) really are. This would suggest that almost all policy issues can be characterised as technically complicated and that levels of stakeholder engagement are driven mainly by perceptions rather than actual levels of complexity.

7.2 Factors that might discourage policy-makers from using knowledge

Having identified a number of factors which might encourage policy-makers to invest in, demand and/or use knowledge, we now consider those which might discourage policy-makers from doing so. Although there are often countless reasons why policy-makers might not draw on knowledge, our research suggests four key factors.²⁸

Lack of convening power

Unless policy-makers are responding to a higher placed supervisor, if a person lacks power and, hence, the capacity to convene others and take a decision, they are unlikely to request analysis on any one issue. One respondent suggested that policy problems often had relatively straightforward solutions but required the convening and cooperation of multiple actors (including central and local as well as public and private actors) which, given the competition over territory and resources, tended to result in deadlock. Moreover, the analysis in Section 4 highlighted that subordinates are probably unlikely to want to take a position on an issue and ‘influence’ or ‘sell’ ideas (that any research might indicate) to their seniors unless they are asked, making it more difficult for them to demand analysis to help them in the first instance.

Resistance from politico-bureaucrats and corporate interests

Even if policy-makers invest in and demand knowledge of various sorts, they are not always in a position to use such knowledge to inform their decision-making. Our repeated mentions of the fuel subsidy issue are illustrative of how corporate interests are able to exert considerable influence on policy-makers and prevent them from pushing through reform. Furthermore, the nature of the research questions posed, the analysis conducted and the way in which results have been presented all seem to have been conditioned by the interests of those who may have a great deal to lose from any divergence from the status quo.

Short time horizons

As we highlighted in Sections 4 and 5, the desire among elected leaders to seek re-election, the glare of the media spotlight and increasing public pressure mean that policy-makers often feel compelled to draft laws and guidelines quickly. Short time horizons, perhaps coupled with limited capacity among domestic research centres to deliver research products in appropriate formats, often mean that plans are brought forward, frequently with little analysis, and/or launched without adequate piloting or

²⁸ Vincent Cable, now a minister for the UK government, outlined five 'S's that limit the ability of decision-makers to pursue an evidence-based approach: speed, superficiality, spin, secrecy and scientific ignorance. This resource can be found at www.odi.org.uk/Rapid/Meetings/Evidence/Presentation_3/Cable.html.

testing. Respondents pointed to a number of examples to illustrate this: the launch of initiatives to promote free basic education without having undertaken studies to assess, for example, the complexity of financing and implementing such an initiative; and a law mandating every district in the country to develop one international standard school intended to increase access for children from poor backgrounds to high standards of education. As these schools required considerable parental contributions, the poor were effectively excluded—something which one respondent suggested could have been recognised as a risk ex-ante through prior analytical work.

Inadequate analytical capacity

Respondents suggested that a lack of analytical capacity may discourage some policy-makers from demanding and using knowledge. This seems to be particularly the case for MPs within the legislature, where, as we have suggested, the capacity of the secretariat-general and the budget office probably do not match the powers they have been given to draft laws, provide oversight of the executive and represent the country's citizens. Furthermore, we have suggested that politicians in many cases seek to put pressure on others or establish their credibility, but many respondents suggested that poor perceptions of the capacity of the secretariat-general and its staff could mean that they are less likely to ensure that their positions are evidence-based/informed, or that they draw on informal contacts, if possible (where quality of analysis could be highly variable).

7.3 Summary

Our analysis of the political economy of policy-making in Indonesia suggests a range of factors which appear to shape policy-makers' demand for and use of knowledge. Not only do such factors influence the behaviour of policy-makers generally, but also they may influence policy-makers to draw on knowledge in particular. We list these factors in Table 2 and attempt to indicate (although this would most likely vary according to the nature of the issue) which of the four actors—the president, ministers, MPs and senior (echelon one) bureaucrats—are likely to be susceptible to such incentives considering their location in the government and the constraints they are under. We also try to assess the relative strength of the evidence for each incentive. Our analysis suggests that there is strong evidence to indicate that four factors in particular—directives from the president (except the president himself/herself), economic rewards, public/media pressure and external factors—affect almost all types of policy-makers.

Table 2: Policy-makers' incentives to use knowledge

Factor	Senior bureaucrats	Ministers	MPs	President	Relative strength of evidence
1. Seeking to respond to the president or those with a presidential mandate such as a highly placed supervisor	Yes	Yes	Possibly		Strong
2. Seeking economic benefits for the government as a whole, for particular ministries or for individuals	Yes	Yes	Yes	Yes	Strong
3. Seeking favourable perceptions among the media and public	Possibly	Yes	Yes	Yes	Strong
4. Seeking favourable perceptions among key international actors (within key forums such as the UN)	Yes	Yes	Yes	Yes	Strong
5. Seeking to exercise authority over others (in, for example, making allocative decisions)	Yes	Yes	Yes		Moderate
6. Seeking to prevent and/or mitigate the effects of crises (political unrest, natural disasters, financial crises)	Yes	Yes		Yes	Moderate
7. Seeking to deflect or insulate oneself from criticism and influence (from the media, the public or MPs)	Yes	Yes	Yes		Moderate
8. Seeking to bolster arguments or legitimise policy	Yes	Yes	Yes		Moderate
9. Seeking to exert pressure on others (through, for example, parliamentary enquiries)	Yes	Yes	Yes		Moderate
10. Seeking to prove and increase one's legitimacy			Yes		Moderate
11. Seeking to strengthen relationships with others	Yes				Moderate
12. Seeking to establish and improve one's credibility	Yes		Yes		Moderate
13. Seeking to advance one's career	Possibly				Moderate
14. Seeking to act in accordance with one's ethics	Yes	Yes	Yes		Moderate
15. Seeking to adhere to established technical standards	Possibly				Limited
16. Seeking to address high levels of technical complexity	Possibly				Limited

In the final section, we summarise some of the institutional features of the policy-making system in Indonesia and discuss the factors that shape knowledge use in somewhat more depth before suggesting what this implies for AusAID's Knowledge Sector Programme in Indonesia.

8. Conclusions, recommendations and further work

This concluding section summarises our findings; discusses factors that both motivate and discourage policy-makers to use knowledge; provides recommendations for AusAID in selecting policy issues to work on and designing demand-side interventions; and makes suggestions for further research and learning.

8.1 Formal policy processes

In Indonesia, there seem to be two sets of major policy processes: (i) regular development planning and budgeting and (ii) the development of more ad hoc laws and regulations. While laws, which provide high level principles, require parliamentary approval, regulations, which provide detailed guidance to implement particular laws, do not. Importantly, the annual budget also requires parliamentary approval. Guidance for development planning seems fairly detailed, but this is less the case for laws and regulations.

Nevertheless, formal knowledge in the shape of academic drafts and consultations with state and non-state actors is, generally speaking, supposed to play a prominent role in policy formulation processes. However, our research suggests that, although varying considerably across sectors, formal rules are not always followed; when they are, they do not necessarily result in well-informed plans. Further, formal bureaucratic rules appear to provide weak incentives for policy-makers to invest in, demand and use knowledge in order to produce good outputs and outcomes. As such, this study aimed to uncover other (perhaps stronger) factors which encourage policy-makers to use knowledge, by identifying key institutional features of the policy-making process or, in other words, the ‘rules of the game’, which shape policy-makers’ knowledge-seeking/using behaviour.

8.2 The ‘rules of the game’

The president, directly elected in 2004, is seen as the country’s most influential policy-maker. SBY is under considerable pressure to quicken the pace of economic and social development, especially from a vibrant media and civil society. As his credibility is at stake on the world stage, particularly given the country’s relatively new status as a middle-income country, he (and his cabinet) is often under pressure to prepare and perform in forums such as the G-20 and ASEAN and at the UN, and to meet global targets such as the MDGs. The role of the vice-president, elected on the same ticket as the president, is no longer a ceremonial position; his or her instructions can, in theory, carry considerable weight.

Coalition politics mean that the appointment of ministerial posts is often informed by discussions between the president and the leaders of coalition parties. However, appointments to ministries considered economic, such as Bappenas and the Ministries of Finance, Trade and Public Works, have typically continued to benefit from meritocratic appointments, reflecting a continued focus on economic policy. But higher levels of political competition mean that cabinet-level decision-making can be drawn out, with unpopular reforms less likely to be realised and technocrats, especially those without political backing, facing higher levels of contestation than they did, say, under Soeharto’s New Order era. While higher levels of political competition ensure that key decision-making processes are subject to more contestation, this is also in part because of intense inter-ministerial bureaucratic competition over territory and resources, which in turn creates major coordination problems.

The minister for finance, as, in effect, the country’s chief financial officer, is responsible for managing the macroeconomic framework, as well as controlling the budget. As such, the ministry has the authority to assess and resolve competing claims for resources from ministries and agencies. Although Bappenas is responsible for long-term, medium-term and annual planning, some of its functions overlap with those of the Ministry of Finance, and it appears to lack the authority and resources to

undertake its planning functions adequately. With regard to cross-ministry programmes, difficult reforms are often elevated to the level of the president and the vice-president to 'debottleneck' through the establishment of commissions and taskforces, such as the UKP-PPP and TNP2K.

Within ministries, deputy-ministers and directors-general are key actors in shaping the decisions of ministers. Many seem to lack training in leadership and management, instead learning from past experiences and 'on the job'. Performance of senior-ranked officials, to varying extents, is often determined by the nature of their personality and, in particular, their own personal and professional ethics. Further, siloisation limits the communication across divisions, which often affects the quality of policy work. However, steps are being taken in some cases to address this.

Political parties have moved away from the violent conflict that characterised the early part of the country's transition towards a system, and they now exercise power through negotiation, power-sharing and peaceful dispute resolution. The party system seems to have been institutionalised, with the five largest parties in the 1999 parliament also represented in the 2009 election. Such party longevity is rare in most East Asian democracies. However, although there is considerable variation, political parties tend to have low and falling memberships, lack independent funding sources and serve as weak platforms for presenting policy choices.

The power of the DPR has expanded considerably in the short time since the fall of Soeharto. Despite most legislation being drafted by executive agencies, MPs are drafting increasing amounts, especially on social issues. They are increasingly active in overseeing legislation and more prominent in reviewing the annual budget. Even though considerable policy work, such as on government regulations, resides formally with the executive, theoretically speaking, DPR members can influence such work, as almost all major parties are represented in the cabinet.

Power in the DPR is centred in its legislative commissions rather than in the party-controlled caucuses, with DPR members often identifying more strongly with their commissions than with their parties. Decision-making in the DPR is generally through deliberation and consensus-building, and all parties are expected to make concessions before agreement can be reached. While this prevents the adoption of partisan and exclusivist laws, it also makes it more difficult to pass coherent legislation. And, while the excessive powers vested in commissions has led to a lack of transparency and accountability, importantly, it has encouraged DPR members to scrutinise government activities even when their parties are represented in the cabinet.

The personalisation of politics (facilitated by direct elections), coupled with the professionalisation of politics (encouraged by the rise of the media and the need to create a favourable image), has increased the cost of campaigning dramatically (and politics generally), which has limited the pool from which electoral candidates can emerge. Moreover, under pressure to canvass widely, hire opinion polling companies and political consultants and pay for television adverts, the need for politicians to have increasing amounts of campaign financing has brought them closer to corporate interests which, looking for a quid pro quo, have often had considerable influence on decision-making in the DPR.

Our analysis suggests that, although the capacity of Balitbang varies widely, they have generally declined relative to their role during the New Order era. They tend to suffer from a number of mutually reinforcing problems, including insufficient funding, inadequately skilled and poorly remunerated staff, poor utilisation, high turnover and weak communication mechanisms with operational directorates. The extent to which they suffer these problems varies across Balitbang, with the BKF being a major exception: this has up to 400 staff and essentially helps the Ministry of Finance to manage the economy and prepare the budget.

Ministries face a number of obstacles in commissioning outsiders to undertake research, including limited funding and inhibitive regulations. An important source of data is the BPS, particularly as policy-makers are showing increasing preference for quantifiable indicators. However, some

respondents reasoned that data could be better disaggregated and more regularly produced, especially for regions in Eastern Indonesia.

Analytical capacity in the legislature seems to be weak but improving. Overall, resourcing of the parliament seems not to have increased in line with the considerable increase in its responsibilities. For example, DPR members are often hampered in their ability to represent their constituents. The secretariat-general seems to be under staffed and is not provided with the necessary incentives to produce appropriate material. Specialist staff for MPs, commissions, factions and parties seem to be increasing in number, but still appear ill-equipped to help MPs to make decisions. A budget office has been set up for DPR members to help them review the annual budget, but little is known of the quality of its work.

Weak analytical capacity in the government owes largely to weaknesses in the civil service, which has suffered systemic problems in recruitment, training, promotion and compensation. This, coupled with rigidities in policy-making processes, especially in the budget, means that civil servants are unlikely to go beyond routine work. Although the government has initiated bureaucratic reform, senior officials during the New Order era continue to wield considerable influence, were said to view reform with suspicion and are likely to resist change. Partly because of weak analytical capacity within the government (including poor formal links) but also because this is a strong feature in Indonesian culture, informal or personal networks between policy-makers and knowledge producers such as academics, CSO activists and NGO practitioners are hugely dominant in the way policy-makers go looking for information.

In sum, coalition politics at the national level and greater voice in the political arena (particularly of DPR members) have made the task of policy formulation or reaching consensus on critical policies and reforms much more challenging (World Bank, 2009a). To be sure, the complex set of interactions and interests among political parties and DPR-based commissions and individuals, including government ministers and top-level bureaucrats, has resulted in an executive which finds it impossible to establish a monopoly over the government and an often confused and inconsistent policy debate (Sherlock, 2010b).

But this is not necessarily surprising. Our research confirms earlier findings that policy-making at the highest level of the government is often complex, multi-factoral and nonlinear (Court et al., 2004). One respondent reasoned that, in many cases, policy-making was defined by a certain degree of arbitrariness even in the most developed countries, and things were not necessarily so different in Indonesia (Stiglitz, 1998). Of concern, though, is whether the bureaucracy has the capacity to undertake systematic analysis or whether there are sources outside the government, in the shape of NGOs, think-tanks and a vibrant research, community to undertake research; and whether there are mechanisms through which this could be brought up for consideration by top-level policy-makers. Although our analysis suggests that there is significant room for improvement, it also indicates a number of motivations for policy-makers to seek out and use knowledge.

8.3 Factors that shape knowledge use

Based in part on the analysis above, we find that policy-makers may be motivated to draw on and use knowledge in order to,

- 1 **Respond to the president** or those with a presidential mandate, such as a highly placed supervisor;
- 2 **Seek economic or financial benefits:** This may be for the government as a whole, individual ministries or individual government officials;
- 3 **Seek favourable perceptions among the media and the public** by designing and launching populist policies and conducting opinion surveys to assess public preferences;

- 4 **Seek favourable perceptions among key international actors** by performing well economically, especially in comparison with neighbouring countries, preparing for negotiations in key international forums and meeting global goals and targets such as the MDGs;
- 5 **Exercise authority over others** to, for instance, assess and resolve competing claims for resources;
- 6 **Prevent and/or mitigate the effects of crises and acute social and political disorders:** This could be in relation to food price rises, fuel price rises, terrorist attacks or natural disasters;
- 7 **Deflect or insulate oneself from criticism and/or influence:** This may be in relation to developing a firm position to avoid significant and repeated shifts in policy in response to external criticism from, say, the media and civil society;
- 8 **Bolster arguments or legitimise policy** positions and approaches to addressing policy problems that have already been taken;
- 9 **Exert pressure on others** by, for example, exposing them or highlighting deficiencies in their performance or behaviour;
- 10 **Prove and increase one's legitimacy** to improve, for instance, an MP's ability to represent his/her constituents;
- 11 **Strengthen relationships with others** by consulting those who are valued and trusted or to circulate patronage;
- 12 **Establish and improve one's credibility,** for example by wishing to be seen as a resource person by others;
- 13 **Advance one's career** in the civil service, or perhaps as a politician, wanting to establish credibility with colleagues in the party;
- 14 **Act in accordance with one's ethics:** This could be personal and/or professional, whereby individuals receive satisfaction from drawing on analysis or consulting with civil society as a way to develop good policy or see civil society consultation as good in itself;
- 15 **Adhere to established technical standards** in a limited number of ministries where there seems to be a culture of 'more rational' decision-making and where outputs and outcomes are more quantifiable; or
- 16 **Address higher levels of technical complexity** in areas which appear more abstract to the lay person, such as those relating to finance and economics.

However, as we have seen, there is usually no one reason why policy-makers invest in, demand and/or use knowledge in policy-making. For instance, the consultations undertaken to draw up a moratorium on forestry licenses happened in response to presidential directives channelled through a highly placed supervisor, the head of UKP-PPP, but were also spurred on by economic incentives (aid up to \$1 billion), as well as a desire to be perceived favourably by international actors (and reduce greenhouse gases, in light of statistics revealing that the country was the world's third-largest emitter of these).

Another example features the analytical work undertaken by Bappenas and other line ministries on the large-scale cash transfer scheme in 2008. This was a directive from the president, but also coincided with the aftermath of the global financial crisis. Probably most crucial of all, it seems to have been influenced by SBY's desire to seek re-election, which he achieved by seeking favourable perceptions among the media and the public.

At the same time, policy-makers may be discouraged from seeking knowledge because,

- 1 **There may be actors or interests who oppose any reforms that knowledge might suggest or inform:** Although policy-makers may demand knowledge, they may not be in a position to act on it. They may be faced with opposition from influential actors who benefit from the status quo.
- 2 **They may lack the power to convene multiple actors or those with more power than them:** Given the extent of siloisation and the challenges of coordinating equals across government or within a ministry, acting on any knowledge is challenging and may discourage policy-makers from demanding analysis in the first instance.

- 3 **They may not have the time:** Given pressure from the media and the public to perform, many policy-makers feel compelled to roll out policies quickly, often without adequate research and analysis.
- 4 **They lack sufficient analytical capacity:** Even if policy-makers want to draw on knowledge, given weaknesses in the government's analytical capacity, coupled with systemic weaknesses in the civil service, they may lack sources to pursue.

Overall, with the exception of a few factors, motivational and constraining factors are based largely on economic or monetary metrics, an assessment of power gained or lost, bolstering one's status and safeguarding relationships, among others. The political economy of the demand for and use of knowledge is clearly bound up with the political economy of policy itself (Booth, 2011).

8.4 Recommendations

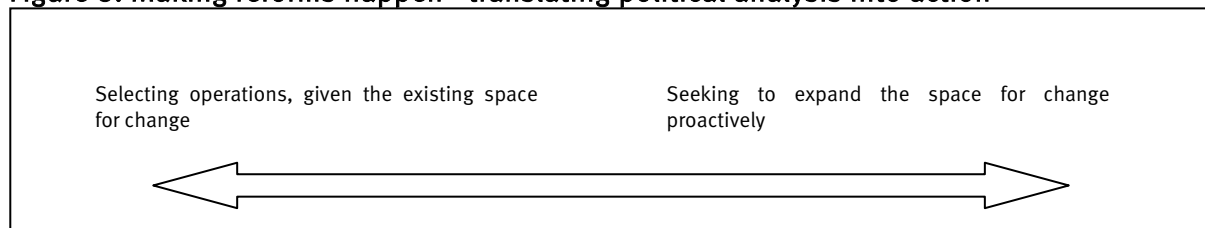
Designing demand-side interventions

Selecting policy issues

We suggest that AusAID use the motivational factors listed above as criteria to select a core set of issues (from a longer list, perhaps reflecting the country's development priorities as articulated in the medium-term development plan) to focus its pilot interventions with policy-makers and policy-making institutions where there are likely to be greater levels of knowledge demand and use. This would involve, for instance, a mapping of the key actors working on policy issues and an assessment of the extent to which actors are compelled to implement presidential directives, want to accumulate economic benefits and seek favourable perceptions from the media, etc. However, as we have suggested, many of the factors we list, which are often associated with a monetary metric and calculations of power gained or lost, as well as the importance of informal and personalised networks, may not correspond with some of the normative values and approaches prescribed by the good governance agenda, from which the trend towards evidence-based policy stems. AusAID will need to consider how much it wants to or can 'work with the grain' and with the incentives of policy-makers in Indonesia.

As policy-makers are often influenced by powerful interests, the aforementioned analysis could also assess the various interests involved. Although AusAID may want to avoid working on issues that are dominated by entrenched 'client politics' and 'interest group politics', but this is likely to rule out the most interesting and potentially influential areas of policy-making. It may be more helpful to take an approach similar to that suggested by Fritz et al.'s (2009) work on problem-driven governance and political economy analysis. The authors lay out a spectrum across which adopting a political economy approach (that is, one which identifies incentives of various actors and vested interests) can help either in selecting operations, given the existing space for change (that is, where there are no vested interests capable of derailing reform), or in seeking to expand the space for change proactively (see Figure 8).

The lack of convening power, cited as a factor that may inhibit the use of knowledge, could be addressed by working with a highly placed supervisor or those with a presidential mandate. In our recommendations below, we suggest ways to address other inhibiting factors (weak analytical capacity and short time horizons) in designing demand-side pilot interventions.

Figure 8: Making reforms happen—translating political analysis into action

Source: Fritz et al. (2009).

It is likely that the motivation of a policy-maker to demand and use knowledge will affect the way evidence is generated and used. That is, where a policy-maker is concerned with more effective policy to, for instance, improve the state of the economy or meet international targets, standards for rigour and attention to detail within research findings are likely to be higher than where they are more concerned with associating themselves with a particular organisation and/or increasing the credibility of their position, whether for conscious or subconscious reasons. This may entail the need for supply-side actors (in both government agencies and universities and research centres) to improve research governance and, importantly, to ensure that researchers have the incentives to produce analysis with a high degree of rigour and political neutrality. This is addressed in part below, but also in AusAID's other diagnostics, which focus on 'supply-side' actors.

Demand-side interventions to strengthen the government's technical capacity

We here provide some suggestions as to the shape of possible interventions. The precise nature of any interventions will depend on the policy issue, the role of the actors in the policy process and their pre-existing level of capacity. So, given our analysis, we indicate first who AusAID could work with and then, where possible, the focus of possible interventions.

Who and what

- 1 **Highly placed individuals** (such as heads of presidential commissions, ministers, deputy ministers, director-generals) on leadership issues: advice, mentoring or the establishment of forums for senior officials to share experiences including success stories on, for example, implementing reform processes with a focus on the role of knowledge;
- 2 **Expert staff working with highly placed individuals:** undertaking stakeholder mapping, poverty and social impact analyses and political analyses of reform processes, in order to help policy-makers negotiate the politics of reform, as well as communicating research products in appropriate delivery formats;
- 3 **Directors-general** on improving information flow between and within divisions and, given high turnover, mechanisms to capture and store information of a strategic nature;
- 4 **Relevant Balitbang**, although problems for Balitbang appear to be related to problems with the wider civil service (see below), it may be worth working with relevant Balitbang staff on producing high quality research in appropriate delivery formats;
- 5 **Sub-directorate staff within ministries** on research management, methods, and communication;
- 6 **BPS**, to produce more robust regular and disaggregated social and economic data across Indonesia, particularly in the east;
- 7 **Expert staff for relevant parliamentary commissions:** improving their advisory capacity and/or facilitating linkages with CSOs through, for instance, events, forums and information or contact directories;
- 8 **Expert staff for MPs:** These tend to be key knowledge brokers, but many were said to lack the technical expertise to help MPs filter information. Support could include facilitating linkages between them and other sources of knowledge as well as training in interpreting, analysing, synthesising and presenting knowledge in appropriate formats;
- 9 **Parliamentary research services in the secretariat-general** on, for instance, improving access to information (journals), facilitating linkages to other knowledge sources and drafting and presenting syntheses in appropriate formats.;

- 10 **Parliamentary budget office:** Support to analysing the annual budget, responding to MPs' requests in a timely and appropriate manner and proactive engagement through, for instance, the publication of briefings in time for particular discussions (most probably those undertaken by commissions);
- 11 **Political parties:** Arrangements to facilitate linkages between political parties and CSOs and the generation of knowledge to help improve their function as a policy platform;
- 12 **Ministry of Finance and Kempan & RB** on bureaucratic reform, including civil service reform, and relieving regulatory obstacles in knowledge procurement and resourcing for the parliament and political parties.

How (for those providing research and technical advice)

In addition to what is suggested above, support in working with research or expert staff could be achieved by providing in-house support through an advisor working alongside the staff. However, given sensitivity regarding the excessive use of foreign consultants, AusAID could explore whether it could second Indonesian experts from domestic research centres or indeed donor agencies to government units for a fixed length of time. Alternatively, or in addition, support could take the form of training, advice or networking on a range of issues, including research methods, communication, knowledge management and project management.

8.5 Further work

Given the general nature of this study and the potential presence of significant variations (such as in configurations of stakeholders and interests) across sectors, once specific issues have been selected (based on the findings from this study), we propose that AusAID assess in more depth the opportunities and constraints for knowledge demand and use with a focus on particular sectors and/or specific projects and policies (or reform processes). In particular, we suggest that AusAID,

- **Undertake further sector- and/or issue-specific political economy analyses and, in doing so, map interests and incentives of actors who are considered to have some influence over policy outcomes:** This could include analysis of the role of the president, ministers and other cabinet-level posts, deputy-ministers, directors-general, political parties, parliamentary commissions, researchers from Balitbang, universities and research institutes, the media, CSOs, the judiciary and business and corporate interests, among others. As well as policy development, this could focus on budgeting (allocation and disbursements) and policy enforcement. Given that AusAID will likely pursue a multi-year programme, we suggest that this analysis be updated in order to be able to provide an input into how the programme may be adapted to the evolving context.
- **Capture in more depth the nature of historical legacies:** This should look at 'how things have become the way they are today' (World Bank, 2009b:36), especially how colonial histories and decolonisation have shaped institutions, as well as external relations.
- **Investigate further the role of discourse, knowledge and ideas in shaping knowledge-seeking behaviour:** This could also include analysis of the types of information and the formats in which it is demanded by policy-makers at different levels, as well as the way in which policy arguments are framed and presented. This does not necessarily require historical research but more a summary of key trends, events, processes and policies which give shape to the current situation.
- **Undertake a more technical analysis of decision-making dynamics:** This could include identifying different tasks policy-makers have (and how this varies according to rank), the types of decisions made, the level of risk decision-makers attach to different decisions, how different decisions are framed, the time spent making decisions and how decisions are made (taking in the variety of sources of knowledge policy-makers turn to).
- **Scope out possible partners:** These could include government and non-government agencies, in particular, but not limited to, Balitbang, expert staff in ministries, parliamentary commissions and MPs, as well as others listed above. These could be selected using the Alignment, Interest

and Influence Matrix of the Research and Policy in Development programme, where AusAID could partner with those who are both interested in the policy issues and aligned with AusAID/Gol's approach (see Mendizabal, 2010).

- **Identify strategies to improve the demand for and use of knowledge:** These could include interventions related to research literacy among policy-makers, networking, research production, research communication and knowledge management, among others.
- **Develop frameworks for planning, monitoring and evaluation, as well as mechanisms to use learning to improve programme design and management:** These could include periodic forums to convene AusAID's Knowledge Sector Programme stakeholders to share experiences and good practices.

Finally, several respondents, as well as the literature, highlighted the role of the courts in settling (or not) a range of disputes, including those related to election results and the slow implementation of policy. For instance, the Committee for Action on the National Social Security System (Komite Aksi Sistem Jaringan Sosial Nasional, or KASJSN) recently won a class action lawsuit against the government over the suspension of the mandatory national social security programme. Given the highly codified nature of the Indonesian legal system, it is not necessarily surprising that the judiciary seems fairly active. As such, we feel strongly that **analysis of the judiciary and its use of knowledge** should be a central element (along with that of the other branches of the government, the executive and the legislature) within the issue-specific political economy studies we mention above.

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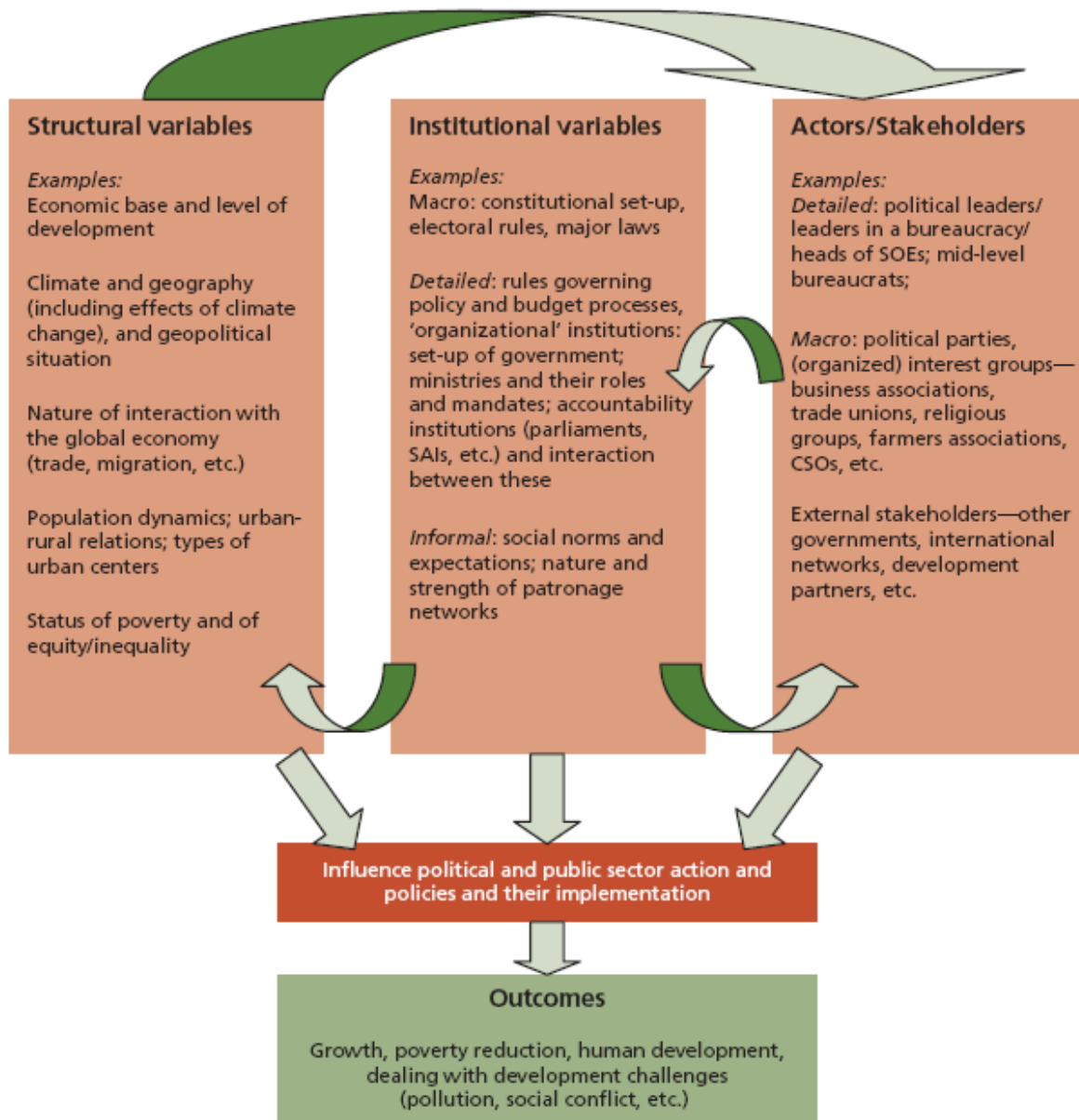
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Appendix 1: Analytical framework

Structural factors, institutions and actors as drivers of development outcomes



Source: Fritz et al. (2009).

Examples

We will open the interviews trying to discuss the policy process by looking at specific issues. Questions will largely have to react to the particular example and story which the interviewee comes up with, but the questions below gives a rough outline.

- Please give an example of a particular policy process in which you were involved; where there was a big decision made, or policy formulated, and you have first-hand experience of some of the process. If there are many, choose one which you feel is typical.
 - What began the process? Where and how was the agenda set? What was the perceived problem?
 - Who was involved in discussing and debating the issue? What was their approach to the process?
 - How was a decision reached? By whom? Where?
 - How was the decision implemented and communicated?

- What role did research and analysis play? Where were academics or ‘experts’ involved?
- Can you give an example of a piece or body of research which has been particularly influential in policy?
 - Why was this the case?
 - Who was involved?
 - What institutional/organisational processes were involved?
 - How was the research packaged and framed?
- Can you give an example of a key moment where a piece of research which had important lessons for policy was not used?
 - Why was this the case?
 - Who was involved?
 - What institutional/organisational processes were involved?
 - How was the research packaged and framed?
 - How typical were these examples? What makes them similar to many other instances of policy-making, and what makes them different?

Understanding different aspects of the policy process

Here, we can talk about policy-making in general, but also we could explore this by going through a particular sector with the interviewee, making sure that parallels are drawn to other sectors at each stage.

Actors

- What role do different actors (inside and outside the state) play in policy processes?
- Who are the most influential in different processes, or at different stages? What are these key actors’ material interests in the process?
- What are the formal and informal relationships between different actors? What are their strength, source and influence?
- How do actors’ beliefs, values and attitudes affect behaviours in policy-making processes?
- Which actors are perceived to have ‘expertise’ on issues (e.g. technical or long experience)? How is this legitimacy built?
- What are the incentives key actors have to support or not support the use of certain forms/sources of knowledge in the policy process?

Institutions

- What are the formal rules that shape the policy-making process and actors’ engagement in that process? As above, questions that relate to specific and identified institutional arrangements may be more helpful than a general question on formal rules. Specifics may include:
 - What has been the impact of the various iterations of the massive programme of decentralisation reforms undertaken since 1998? As a result, how has the market for policy-relevant knowledge changed in accordance with changes in the extent to which decisions (and the budget allocations necessary to implement those decisions) are made at the central/local level?
 - What has been the impact of electoral reforms on the incentives for the use of knowledge/information in making key policy decisions?
 - What has been the impact of parliamentary reforms, including the introduction of the Regional Representatives Council (Dewan Perwakilan Daerah, DPD), and potentially greater separation of powers and a more independent and active role for the legislative branch relative to the executive?
- What are the underlying realities? What are the informal rules and the ways in which decisions are really made? Specifics may include:
 - Questions of ‘money politics’, particularly at the local level;
 - Corruption, collusion, and nepotism (korupsi, kolusi, dan nepotisme, or KKN) (including to what extent changes in formal rules like the advent of democratic decentralisation have changed the scope for or form of corruption/rent-seeking and the effectiveness of organisations like the KPK).

- How do these factors shape the windows and opportunities for the engagement and influence of different stakeholders?

Knowledge

- How (if anywhere) has a basis of (research-based) knowledge been linked to an issue? Where is there such knowledge which is ignored?
- What types of information, and in what formats, are demanded by policy-makers at different levels?
- How are policy arguments framed? How should information or analysis be presented in order to resonate with key stakeholders?

Structural features

- How do the recent political and economic history and the wider governance context affect policy processes? Specific questions may include:
 - The impact of political and economic crises of the late 1990s;
 - The stability and cohesiveness of the nation (including, but not limited to, separatist movements).
- Rates and distribution of poverty and inequality (spatial distributions of poverty and localised natural resource wealth are key issues in Indonesia)? Natural and human geography (e.g., population dynamics)? Specific questions may include:
 - Variations across districts in the capacity to fulfil roles and responsibilities (including fiscal capacity and, therefore, natural resource revenues).

A few more direct questions

- What factors do you think shape the uptake of research on a policy issue?
- How do actors tend to use evidence, analysis and research in the policy process?
- When are policy processes (whether design or implementation) likely to be more 'evidence-based'?
- What is likely to negate the influence of research-based arguments? What hinders the influence of research?



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