



LEMBAGA PENELITIAN
SMERU
RESEARCH INSTITUTE

The political economy of policy-making in Indonesia

Opportunities for improving the demand and use of knowledge

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

July 2011

This diagnostic has been commissioned by AusAID's Tertiary Education and Knowledge Sector Unit. The views and opinions expressed in this paper are those of the author only. AusAID does not accept legal liability for material contained in this document.

Acknowledgements

This report would not have been possible without the significant contributions of several individuals. We would like to thank and convey our gratitude to the following:

- Key informants/respondents for allocating their time generously to being interviewed and sharing valuable information with us.
- Participants for the validation workshop which was held in Jakarta on 30 July 2011.
- Staff within the Australian Agency for International Development (AusAID)'s knowledge sector programme, including (but not limited to) Diastika Rahwidiati, Benjamin Davis, Idauli Tamarin, Jessica Mackenzie, Peter de Mej and Endang Dewayanti for their invaluable support and assistance (including peer review) throughout the project.
- Dyan Mardiani and Nuning Akhmedi of the SMERU Research Institute for facilitating discussions with key informants.
- AusAID for generous financial assistance

Overseas Development Institute
111 Westminster Bridge Road
London SE1 7JD, UK

Tel: +44 (0)20 7922 0300
Fax: +44 (0)20 7922 0399
www.odi.org.uk

Disclaimer: The views presented in this paper are those of the author(s) and do not necessarily represent the views of ODI or our partners.

Contents

	Contents	i
	Tables, figures & boxes	ii
	Abbreviations	iii
1	Introduction	1
1.1	Background	1
1.2	Objectives and definitions	1
1.3	Methodology	1
1.4	Structure	4
2	Formal policy processes	6
2.1	Regular planning and budgeting	6
2.2	Laws and implementation guidelines	10
2.3	The effectiveness of formal bureaucratic rules	13
3	A brief look at the past	14
3.1	The accommodative nature of reform	14
3.2	Policy-making under New Order	14
3.3	Summary	16
4	The executive branch of government	17
4.1	Cabinet level decision-making	17
4.2	National level policy-making	21
4.3	Ministry level policy-making	26
4.4	Summary	28
5	Political parties and the parliament	30
5.1	Political parties	30
5.2	Influence of the DPR	32
5.3	Parliamentary commissions	35
5.4	Political Parties and their DPR members	37
5.5	Summary	37
6	Policymakers' links to knowledge	39
6.1	Analytical capacity within the executive	39
6.2	Analytical capacity in the legislature	44
6.3	Civil service performance	46
6.4	Informal and personalised networks	49
6.5	Sources of knowledge external to government	50
6.6	Summary	52
7	Factors that shape policy-makers' use of knowledge	54
7.1	Factors that might motivate policy-makers to use knowledge	54
7.2	Factors that might discourage policy-makers from using knowledge	64
7.3	Summary	65
8	Conclusions, recommendations and further research	67
8.1	Formal policy processes	67
8.2	Rules of the game	67
8.3	Factors that shape knowledge use	69
8.4	Recommendations	71
9	References	75
	Appendix 1: Analytical Framework	78

Tables, figures & boxes

Tables

Table 1: Parliamentary budget approval timetable	9
Table 2: Policy-makers' incentives to use knowledge	66

Figures

Figure 1: key components of a political economy analysis	2
Figure 2: Indonesian Development Planning Hierarchy	6
Figure 3: Developing the Medium Term National Development Plan	8
Figure 4: Hierarchy of laws and guidelines that make up the Indonesian legal framework	11
Figure 5: UKP4 priorities	21
Figure 6: The challenges of coordination	23
Figure 7: Possible sources knowledge within Ministries	41
Figure 8: Making reforms happen: translating political analysis into action	72
Figure 9: Structural factors, institutions and actors as drivers of development outcomes	78

Boxes

Box 1: A brief definition of Musrenbang	7
Box 2: Parliamentary commissions	9
Box 3: The drafting of a moratorium on forestry licenses	18
Box 4: Ministry of Finance versus regional administrations	25
Box 5: The Enquiry into the Bank Century bail-out	32
Box 6: The formulation and implementation of a strategy on character education	33
Box 7: The Fiscal Policy Office (BKF)	43
Box 8: Rigidities in the budget	47
Box 9: Drawing on knowledge to help remove basic education user fees	55
Box 10: The production of knowledge on reforming the energy subsidy regime	60
Box 11: The controversy over national examinations	61

Abbreviations

ACDP	Analytical and Capacity Development Partnership
AFC	Asian Financial Crisis
AI	Avian Influenza
APBN	National Government Budget
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
Bappenas	Badan Perencanaan dan Pembangunan Nasional [National Development Planning Agency]
BKF	Badan Kebijakan Fiska [Fiscal Policy Office]
BNPM	Indonesian National Board for Disaster Management
BOK	Health Operational Assistance
BOS	School Operational Assistance Scheme
BPK	Supreme Audit Agency
BPS	Badan Pusat Statistik [National Statistical Office]
CGI	Consultative Group of Indonesia
CPIS	Centre for Policy and Implementation Studies
CSIS	Centre for Strategic and International Studies
CSO	Civil Society Organisation
DG	Director General
DIM	Dafta Inventarisasi Masalah
DPD	Dewan Perwakilan Daerah [Regional Representatives Council]
DPR	Dewan Perwakilan Rakyat [People's Representative Council]
DPRD	Dewan Perwakilan Rakyat Daerah [Regional Representative Assembly]
ESSP	Education Sector Support Program
EU	European Union
FSRU	Floating Storage Receiving Unit
G-20	Group of Twenty Finance Ministers and Central Bank Governors
GAM	Gerakan Aceh Merdeka [Free Aceh Movement]
GDP	Gross Domestic Product
Gerindra	Partai Gerakan Indonesia Raya
GIAT	Growth Through Investment and Trade
GIZ	German Development Cooperation
GoI	Government of Indonesia
Hanura	Partai Hati Nurani Rakyat
IEC	Information, Education and Communication

IFPRI	International Food Policy Research Institute
Inpres	Presidential Instructions
IRIS	the Institutional Reform and Informal Sector
ITB	Institut Teknologi Bandung
JICA	Japanese International Cooperation
Kepmen	Ministerial Decrees
Keppres	Presidential Decrees
LIPI	Lembaga Ilmu Pengetahuan Indonesia [the Indonesian Institute of Science]
LP3ES	Lembaga Penelitian, Pendidikan dan Penerangan Sosial dan Ekonomi
LPEM	Lembaga Penyelidikan Ekonomi dan Masyarakat [Institute for Economic and Social Research]
LSI	Lingkaran Survey Indonesia
MDG	Millennium Development Goals
MenPAN	Ministry for the State Apparatus and Bureaucratic Reform
MP	Member of Parliament
MPR	Majelis Permusyawaratan Rakyat [People's Consultative Assembly]
NDGI	Non-Ministerial Government Institute
NDI	National Democratic Institute
NGO	Non-Governmental Organisation
NLSP	National Legislative Support Programme
NNT	Newmont Nusa Tenggara
NU	Nahdlatul Ulama
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PAN	Partai Amanat Nasional
PD	Partai Demokrat
PDIP	Partai Demokrasi Indonesia Perjuangan
PerDa	District regulation
PerPres	Presidential regulation
PERPU	Government regulation government regulation as a substitute law
PIP	state investment agency
PKB	Partai Kebangkitan Bangsa
PKH	Household Conditional Cash Transfer Scheme
PKS	Partai Keadilan Sejahtera
PNPM	Program Nasional Pemberdayaan Masyarakat [National Program for Community Empowerment]
PP	Peraturan Pemerintah [Government regulation]
PPP	Partai Persatuan Pembangunan

PPPDI	Pusat Pengkajian Pelayanan Data dan Informasi [Center for Research, Data and Information]
PWC	Price Water House Coopers
Renja-KL	ministry specific work plans
RKA-KL	ministry specific budgets
RKP	Government Work Plan
RPJM	National Medium Term Development Plan
RPJP	National Long Term Development Plan
RUU	Draft Laws
SBY	Susilo Bambang Yudhoyono
SG	Secretariat-General
SKB	Joint Ministerial Decrees
TI	Transparency International
TNP2K	National Team for Accelerating Poverty Reduction
UGM	Universitas Gajah Mada
UI	University of Indonesia
UKP3R	Presidential Work Unit on Managing Policy and Reform Programs
UKP4	Presidential Work Unit
UN	Ujian Nasional [national exams]
UN	United Nations
UNDP	the United National Development
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
USAID	US Agency for International Development
UUD	The Constitution of Indonesia
VP	Vice President
Wantimpres	Presidential Advisory Council

1 Introduction

1.1 Background

Just over a decade ago, in 1998, Indonesia was the hardest-hit country during the 1997/1998 Asian financial crisis, 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 GDP, and near bankruptcy of the financial sector. Cracks in Suharto's long authoritarian regime were ruthlessly 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, Suharto resigned (Harris, 2010). Since the crisis, Indonesia's political system has undergone a profound transformation (through the reformasi) 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, 2009). 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 attempted to examine the nature of policy-making processes in Indonesia to date.

1.2 Objectives and definitions

This paper not only tries to enhance the debate about policy-making in Indonesia but goes further in assessing the role that knowledge has played. Specifically, we aim to inform the Australian International Agency for International Development (AusAID)'s current effort to develop a programme in support of Indonesia's knowledge sector. The objectives of our study are to: 1) describe formal policy processes in Indonesia; 2) uncover the realities or informal practices of policy processes and 3) assess the factors that motivate policy-makers to invest in, demand and/or use knowledge in policy-making. Despite the massive programme of decentralisation that took place at the turn of the century, we focus only on national level policy-making processes and do not assess policy-making at the district level, as this has been addressed by Sutmuller et al (2011). Additionally, we do not propose to assess impact or the level of influence of knowledge on policy and policy-making processes in Indonesia.

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. In defining policy, Jones (2011) suggests this should not be viewed as one single discrete decision, but be seen as a series of documents and decisions that are best described as a set of processes, activities or actions. Jones and Villar (2008) suggest policy can be interpreted as altitudinal, discursive (language and rhetoric), procedural (process), content focussed (frameworks, legislation and budgets), and behavioural. Nevertheless, due to time and resource limitations, we have focussed 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.

1.3 Methodology

In policy-making across all fields, the demand and use of knowledge is about organisational incentives, general and professional ideologies and power and vested interests (Jones et al.,

Young and Mendizabal, 2009). As such, in addressing objectives 2) and 3) above, we take a political economy approach to try and get beneath formal processes to help reveal the underlying incentives that promote the demand and use of knowledge by policy-makers (namely elected politicians and bureaucrats) in Indonesia. By taking a political economy approach our analysis first includes a brief assessment of structural features, namely historical legacies which have left their mark on policy-making in Indonesia and are often deeply embedded and slow to change, if at all. We then examine institutional features - that is, the rules and norms that govern behaviour of different actors. Finally, we explore how both structural characteristics together with institutional features have shaped the incentives of individuals and organisations to invest in, demand and/or use knowledge in policy-making processes. Figure 1 below provides a diagrammatic over of this, while appendix one contains the full outline of the analytical framework used, together with detailed interview questions.

Figure 1: key components of a political economy analysis



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

The study lasted ten weeks during May and July 2011 and had four key components: Firstly, document reviews were undertaken on: a) 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 b) structural and institutional features which shape politics and policy-making processes in Indonesia.

Secondly, 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 together with factors that 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 field work, and complimented 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, we do discuss the profile of the interviewees later in this section.

Third, analysis was undertaken on an ongoing basis. All interviews were recorded digitally and transcribed. During the field work (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 focussed on the effectiveness of the methodology, key actors within the policy process and factors and incentives which shaped the demand 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 field work concluded, a qualitative data analysis software package¹ was used to draw 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, were used as a basis for drafting a report. Feedback 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 the factors which encouraged policy-makers to demand and use knowledge. The workshop included 32 participants in total. We describe the profile of participants below. Topics for discussion included an overview of the preliminary AusAID Knowledge Sector Programme design and preliminary research findings. A note of the workshop proceedings is available on request. This report has been informed by insights from the workshop report, as well as additional material from the literature and a further reading of the interview transcripts.

Due to the hugely complex set of actors, interactions and processes which make up policy-making in Indonesia, and bearing in mind our very limited sample of respondents and short time frame, our study was far from comprehensive and 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. Efforts were made, however, to interpret transcripts in light of respondent profiles. With this in mind the interviewees were:

- one former minister; 14 respondents from the executive branch of the Government of Indonesia (GoI); three from the People's Representative Council (Dewan Perwakilan Rakyat, DPR); five from the Indonesian research community, four of whom were institute directors; two directors of Civil Society Organisations (CSOs); an editor of a magazine; 27 staff from two prominent donor agencies - the World Bank and the Australian Agency for International Development (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.
- Respondents from the GoI in particular, 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.
- GoI respondents came from National Development Planning Agency (Badan Perencanaan dan Pembangunan Nasional, Bappenas) and the Ministries of Finance, Health, Education, Agriculture and Home Affairs.
- The limited number of GoI respondents (in comparison with donor agency staff) can in part be explained by both the limited time the research team had to conduct interviews (resulting in little notice being given to interviewees) and the (relatively longer) time required to mobilise busy government officials. Staff from donor agencies, on the other hand, appeared quicker in making themselves available for interview.
- Participants for the workshop included 16 people from GoI; five from AusAID (including the Chief of Operations and staff from the Knowledge Sector Programme; eight from SMERU; and two from ODI. GoI 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'.

Given the nature of hierarchy and incentives for bureaucrats to remain loyal to their seniors, respondents from GoI seemed, on the whole, slightly more reluctant to go beyond describing formal policy processes and reveal more informal practices. There was also a chance that respondents from GoI were more likely to overstate the role that knowledge had 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 GoI in many cases were

1 The software package was MaxQDA

likely to have 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 had a tendency to overstate some of the challenges faced in policy-making and understate the role that knowledge played (for example not being aware of the strong informal links there seems to exist between policy-makers and knowledge producers, or at least viewing them with suspicion). The robustness and rigour of our research cannot subsequently be overstated - much of it being fairly speculative with the readers asked to treat our findings with a degree of caution.

1.4 Structure

The paper is structured as follows:

Section 2: describes formal rules that govern policy processes (including the role that knowledge plays) in Indonesia with a focus on 1) development planning and budgeting and 2) the drafting of laws requiring parliamentary approval and the drafting 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 make policies and use knowledge. We then outline our attempt to get underneath these formal rules to reveal the realities of more informal processes, which might govern policy-making and shape the incentives that policy-makers might have in requesting and using knowledge, by taking a political economy approach.

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, drawing on a sub-set of the wider literature, we 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 it assesses policy-making within the cabinet (including the role of the president, vice president), across the government (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).

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

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

Section 7: draws on the institutional features described in previous sections and explores the factors shaping policy-makers' behaviour in relation to knowledge. This includes an assessment of factors which both 1) motivate policy-makers to use knowledge and 2) factors which might discourage policy-makers to use knowledge

Section 8 concludes with a summary of our findings; some discussion around the factors which both motivate and discourage policy-makers to use knowledge; recommendations for AusAID in selecting policy issues to work on and designing demand side interventions; 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

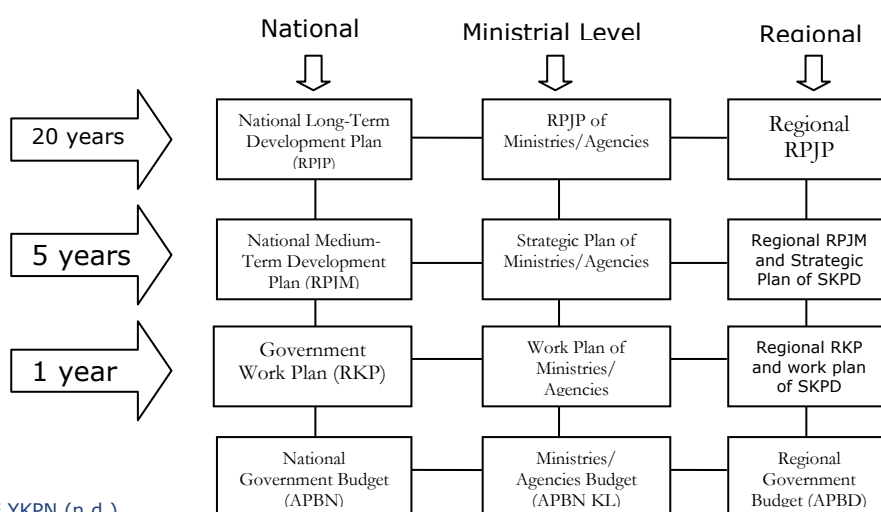
In this section, we describe some of the formal rules that determine how policies should be drafted. Our research suggests there are two main types of policy process: First, regular processes, namely long term, medium term and annual planning (where annual planning also includes the development of a budget), at the national and ministerial. Second is the development of laws, which require the approval of parliament and implementation guidelines, in the shape of regulations, decrees and instructions, which do not. Although political leaders may start the year with a list of laws they would like to pass, it 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 sets of policy processes outlined above including what, if any, the role of knowledge is. We then conclude this section by arguing that formal rules are not always followed and if they are, they are not necessarily implemented as a means to improve policy-making. This suggests that formal bureaucratic rules only provide weak incentives in producing effective outputs and in particular, the investment in, demand and use of knowledge. We finish by proposing to take a political economy approach in identifying the more informal 'rules of the game' that govern the behaviour of policy-makers and in particular the factors which motivate them to invest in, demand and use knowledge products in policy-making processes.

2.1 Regular planning and budgeting

The National Development Planning System (Sistem Perencanaan Pembangunan Nasional), as invoked by Law No. 25/2004 on National Development Planning and operationalised in Government Regulations No. 40/2006 and No. 8/2008, calls for the production of 20 year, long term development plans, five year, medium term development plans and annual development plans at the national, ministerial and regional levels of government. The five year plan is operationalised each year through annual work plans, which aim to inform the (annual) budgeting process. Figure two below illustrates how long, medium and annual plans at the national, ministerial and regional levels interact with one another. National planning in Indonesia is undertaken by Bappenas.

Figure 2: Indonesian Development Planning Hierarchy



Source: STIE YKPN (n.d.)

Formal rules governing the drafting of development plans suggest development planning should be: 1) political – drawing on the agenda proposed by the president (or other democratically elected leaders) 2) technocratic – based on data generated through scientific methods 3) participatory – incorporating the views of interest groups or stakeholders, including those from the executive, judiciary, legislature, society, private sector and NGOs 4) top down – centred on plans prepared by the president, ministries and agencies and 5) bottom up – founded on plans from the village, district and regional levels (Suzeta, 2007).

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 national level, long term plan (RPJP). A draft is then presented to a stakeholder forum or Musrenbang (see box one) no later than one year prior to the end of the ongoing RPJP. Based on feedback from the Musrenbang, the Head of Bappenas will finalise the RPJP and send it to the president for approval, who in turn will present it to the House of Representatives. The final RPJP guides the national RPJM, the provincial RPJP and priorities for future presidential candidates.

Box 1: A brief definition of Musrenbang

Musrenbang or stakeholder forums are held to gather input for national and regional development plans and are held at various levels of government from village, sub-district, district, provincial and national levels to help synchronise development plans. Musrenbang are held for long term, medium term and annual work plans. They intend on undertaking three of the five approaches, which development planning processes should take: participatory, bottom up and top-down.

Medium term planning

The preparation of the national level medium term development plan (RPJM) starts with a situational analyses of Indonesia's development context, which identifies 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 estimation 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 RPJM, unaccomplished targets from the last RPJM, as well as stakeholder input. The situational analysis and 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 programs, activities and the macroeconomic framework and broad resource allocation. Figure three illustrates diagrammatically the key components of the five year medium term development plan.

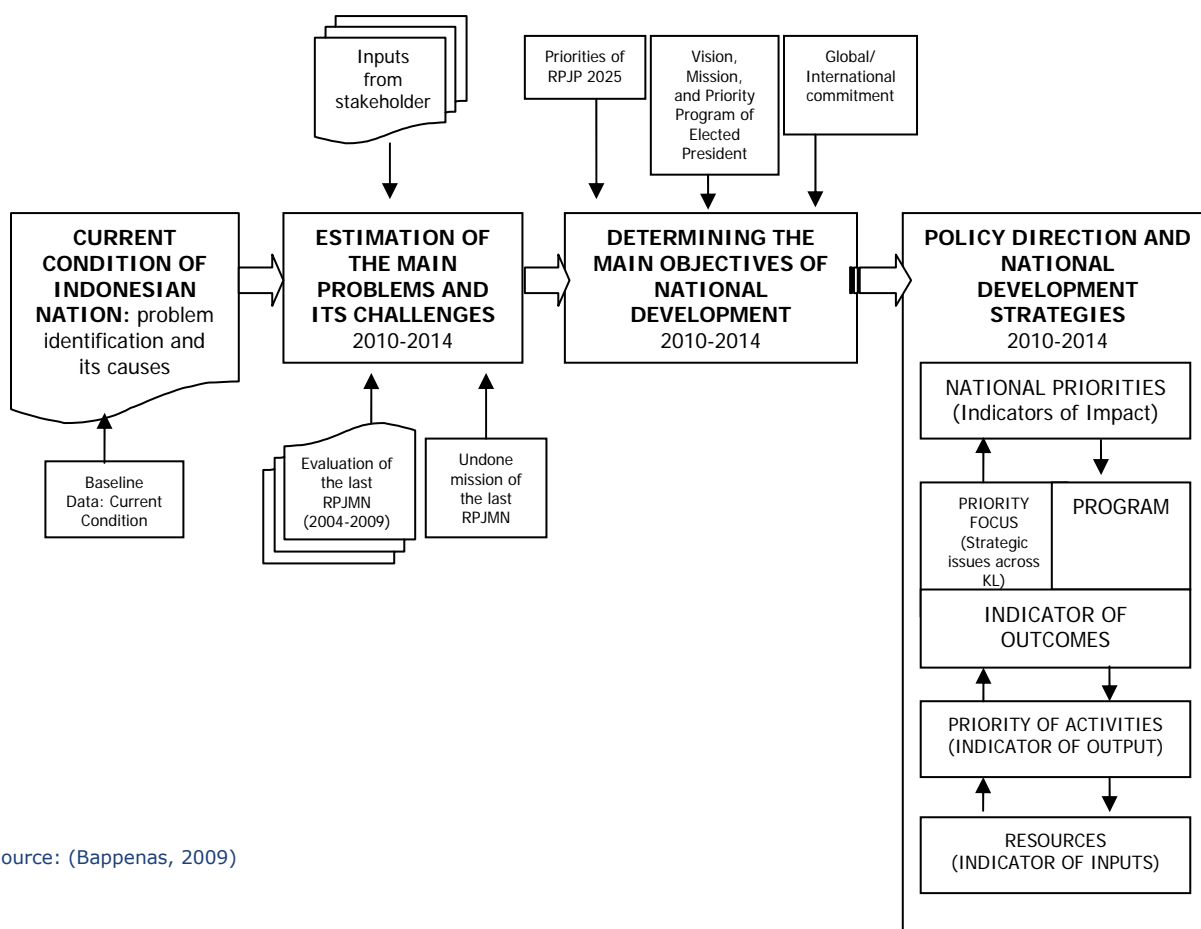
In consultation with line ministries, parliament, universities, local government and the cabinet, Bappenas prepares a draft one year prior to issuing the five year plan, which is submitted to the president who then approves this as a guideline for ministries to prepare their five year strategic plans.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

Annual planning and budgeting

Blondal et al (2009) describes 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 only require approval from the president, annual budgets on the other hand require approval from Parliament and

are thus enshrined in law. The process for budgeting starts in February of every year when the Fiscal Policy Office (Badan Kebijakan Fiska, 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 government and parliament.

Figure 3: Developing the Medium Term National Development Plan



Source: (Bappenas, 2009)

Once the macroeconomic framework has been established, the Directorate General (DG) for the 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 DG for the 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. Once the Ministry of Finance has established the ceiling for resources available for new and discretionary programmes, BAPPENAS takes the lead responsibility (in co-operation with the Ministry of Finance) in allocating these funds. An annual, government-wide work plan (RKP) elaborates on the national priorities specified in the five year plan (RPJM). The RKP provides the framework for the preparation of the ministry specific work plans (Renja-KL) and ministry specific budgets (RKA-KL).

In developing the annual government wide work plan, Bappenas starts the year with a series of internal workshops identifying the specific priorities and their funding needs. Once Bappenas receives the expenditure ceiling from the Ministry of Finance in early March, it fine tunes the annual work plan. This process culminates in a March cabinet meeting to discuss the draft annual government wide work plan and to approve its broad outlines. Bappenas also conducts a series of national forums (Musrenbang) with regional governments, deconcentrated units of government ministries and various civil society organisations before finalising the government

wide work plan. These forums usually take place in late April or early May and enable Bappenas to outline the draft government wide work plan and solicit feedback.

After the aforementioned cabinet meeting in March, Bappenas and the Ministry of Finance issue guidelines on drawing up ministry specific work plans and this includes indicative budget ceilings for each ministry, broken down by programmes and expenditure types. Each line ministry must then draw up its ministry specific work plan, which should be informed by an evaluation of the previous year's plan. During April, senior officials from line ministries meet with counterparts at Bappenas and the Ministry of Finance. While Bappenas focuses on substantive aspects of ministry specific work plans, the Ministry of Finance ensures robust costing of new initiatives. The final government-wide work plan 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 government work plan 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.

Table 1: Parliamentary budget approval timetable

Mid-May	The government submits the pre-budget report.
Mid-May to mid-June	Discussions are held by the Ministry of Finance with the Budget Committee on fiscal policy and overall ceilings. Discussions are held by spending ministries and agencies with their respective sectoral commissions on detailed allocations.
16 August	The government submits the budget proposal. The President delivers the budget speech.
16 August to late October	The Budget Committee and sectoral commissions review the budget proposal.
By 31 October	The House of Representatives approves the annual budget.
November-December ¹	Finalisation of detailed budget implementation guidance ("informal" process).
1 January	Start of fiscal year.

Source: Blondal et al, 2009

Government-wide and ministry work plans, and fiscal policy and budget priorities, (which includes 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 parliament. Table one provides the timetable for the DPR's role in reviewing the budget. Annual plans and budgets are discussed in two parallel spaces. Firstly, the Ministry of Finance and Bappenas have discussions with the Budget committee and with commission (*komisi*) XI, focussing 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. Secondly, individual line ministries will have discussions with their respective sectoral commissions on their ministry specific work plans and proposed expenditures.

Box 2: Parliamentary commissions

Parliament consists of 17 commissions and committees, of which 11 refer to legislative issue areas and six refer to internal administration. Parliamentary factions distribute commission leadership posts on a proportional basis in accordance with party size. Particularly influential are Commissions I (Defence, foreign affairs and information) II (Internal Affairs and regional autonomy), III (Law, human rights and internal security) and 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, commissions also serve as venues in which parliamentarians 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, parliament also sometimes forms special committees (panitia khusus or pansus) or teams to conduct probes of the government or research special topics.

Once agreement is reached with parliament in mid June, the Ministry of Finance issues a 'temporary' or indicative budget. Ministries and agencies then prepare their ministry specific budgets (RKA-KL) which have a different structure and format to the ministry specific work plan (Renja-KL). They have to be submitted to Bappenas by mid July. Bappenas reviews them to ensure conformity with government-wide work plans, and the DG for the Budget reviews them for compliance with the preliminary budget ceilings, unit costs and classification.

The Ministry of Finances finalises the budget documentation and prepares the budget proposal and accompanying financial notes. The president delivers a budget speech to Parliament on August 16th. Parliament proceeds to hold two plenary sessions dedicated to an exchange of views on the government's budget proposal to which the minister of finance responds on behalf of the president. The budget is then referred to the budget committee where parliament's scrutiny of this takes place. The committee meets frequently over the next two months to review macroeconomic assumptions and revenue forecasts. All ministers and all DGs 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 Parliament by October 31st is at a very detailed level and 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.

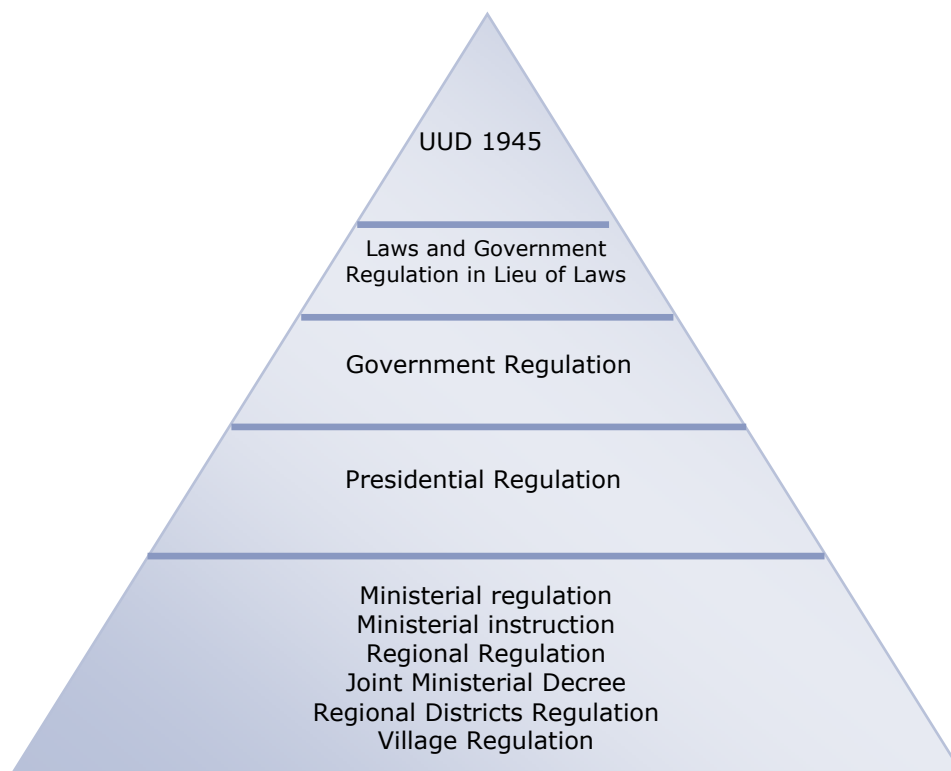
2.2 Laws and implementation guidelines

Here, we outline some of the formal rules for development of legislation and implementation guidelines. The hierarchy of the legal system in the Republic of Indonesia according to Act No. 10/2004, as can be seen in figure four below, is as follows (Mardha, 2009):

1. the 1945 Constitution of the Republic of Indonesia and its amendments thereto (UUD-45).
2. a law, which is formulated with the agreement between the House of Representatives and the government of the Republic of Indonesia, signed by the President (UU No.10/1997). These provide statements of general principle.
3. government regulation as a substitute law, which is made by the President in urgent situations such as times of crises (PERPU).
4. government regulations, 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 (Peraturan Pemerintah/PP).
5. presidential regulation issued by the President as the head of executive bodies (PerPres).
6. district regulation, which is formulated with the agreement between the province or district House of Representatives and head of province (governor) (PerDa).

In practice, there are also Presidential Instructions (*Instruksi President* or Inpres), Presidential Decrees (Keppres), Ministerial Decrees (*Keputusan Menteri* or Kepmen), Joint Ministerial Decrees (SKB) and Circulation Letters (*Surat Edaran*). Further there is some evidence to suggest that there are few official procedures to draw up Inpres indicating a substantial level of discretion left with the president (Hamid & Atamimi, 1992).

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



Source: Mahendra (2008)

In describing formal processes, given the availability of literature, we focus on only two of these components: first; the drafting and enactment of a law and two; 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.² Further Law No. 10/2004, Presidential Regulation No. 68/2005 on the General Mechanism of Establishing a National Legal Framework describes the processes necessary to draft a law, government regulations as a substitute law, presidential regulations and government regulations. Official procedures for drafting and passing laws differ according to whether the bill is introduced by government or is 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 civil society organisations.

A bill is supposed to be accompanied by an academic document (naskah akademis) containing a detailed explanation of the matters to be dealt with by the bill, including a breakdown of all clauses in the bill. The Ministry of Justice is responsible for coordinating the final drafting of all draft laws (RUU) that the administration proposes to Parliament. Draft bills are taken up to the relevant coordinating ministry, before being received by the House leadership (speaker and deputy speakers) and passed to a steering committee (badan musyawarah, or bamus) that decides which commission will be responsible for overseeing its passage through the DPR.

The first stage (tingkat I) 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 parliament) and is then represented by ministry officials in subsequent meetings. At the first meetings, the general

² 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.

views of each party caucus (fraksi) 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 as well as civil society organisations (ibid).

The main part of the discussion concerns the compilation of a list of issues (Dafta Inventarisasi Masalah, or DIM) identifying potentially controversial clauses of the bill. The list – which may contain hundreds of items – forms the basis for the negotiations between the government and the DPR members. The formulation and discussion of a DIM usually takes place in a working committee (panitia kerja, or panja), 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 (tingkat II) of the legislative process features the formal acceptance and passage of the bill through a plenary session. That session hears a report on the results of the deliberations in the first stage, presentations of the final views of the caucuses and the government's 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 coordination body and it must be signed by at least ten 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 from Sherlock, 2010b and Febrian, n.d.)

Drafting implementation guidelines

We outline briefly the steps required in drafting a government regulation, particularly where a number of ministries are involved:

1. A (relevant) ministry is assigned as sponsor, which then coordinates an inter-ministry consultation.
2. A Minister within the sponsoring ministry or equivalent post establishes a task force to draw up an academic concept and a draft the 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, who then proceed 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 this 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 administration, for cabinet level discussion, and then 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 some of the formal procedures for developing policy, 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 amongst 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 appeared not to be 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 with some suggesting they often 'muddled through' with the World Bank arguing that decision-making processes underlying formulation of policies were often unclear (2009:vi).

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

Together, this suggested that formal bureaucratic rules appeared not to 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 appeared to place emphasis on target setting, with little indication of how those targets would be achieved. The little detail outlined in the DPR's rules of procedure left parliamentary members with a great deal of discretion in the way they worked (Sherlock, 2010). 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 were 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 A brief look at the past

3.1 The accommodative nature of reform

We begin our study into some of the less formal practices that might shape policy-making by first trying to assess the nature of the current political system particularly in relation to President Suharto's New Order regime. However, analysts have struggled to agree on the 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 the 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, acknowledged Indonesia as a functioning democracy. And Indonesia's achievement was seen as even more remarkable at a time when general democracy across the world and Southeast Asia appeared to wane.

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 who controlled the New Order have survived the 1998 regime change and continue to use the state for rent seeking purposes (Robison and Hadiz). 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 a more democratic polity, removing all elements of the New Order was not and could not have been a priority. Instead, the accommodative nature of reform 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. Due to this and the relatively short time that has elapsed since the fall of Suharto, drawing primarily on a small sub-set 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 New Order

During the New Order regime, Suharto was said to have practiced a form of leadership practiced by Javanese Kings, which was hierarchical and concentric requiring unconditional respect, deference and obedience (Crouch, 2005). Parliament, dominated by the military, was effectively a 'rubber stamp' while the judiciary enforced the regime's rules. President Suharto 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 [which was Suharto'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 Suharto 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 Suharto's regime evolved (Booth, 2005).

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 government and no constituency outside it. The president entrusted 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 primarily responsible 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. Its influence however, 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, it could if necessary impose coordination between ministries, but after the departure of Professor 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, and 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 Suharto led a process of economic reform. These included the Lembaga Penyelidikan Ekonomi dan Masyarakat (Institute for Economic and Social Research, LPEM), at the University of Indonesia, the Lembaga Ilmu Pengetahuan Indonesia (the Indonesian Institute of Science, LIPI), the Centre for Policy and Implementation Studies (CPIS) and the Centre for Strategic and International Studies (CSIS). Moreover, the 1980s saw a strong role for planning bureaus

within most line ministries. In some ministries such as Agriculture, research and development units or Badlitbangs, 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 appeared to play a legitimating function (see Nachiappan, et al., 2010), while a number of respondents suggested 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.

3.3 Summary

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

1. The executive appeared incredibly dominant, with the president seemingly positioned at the top of a steep hierarchy.
2. Considerable emphasis seemed to be placed on economic policy making, which appeared top down with a strong role for technocratic officials.
3. The influence of Bappenas, once a major force in planning and coordinating policy, seemed to have declined with the Ministry of Finance appearing to have taken over in the realm of economic policy-making.
4. As ministries took the lead in sectoral planning, competition over resources from the development budget seemed to increase, especially since basic civil service salaries seemed to be limited (see point six).
5. The influence of Ministers was often dependent on the persona and character of its minister and their relationship with the president.
6. As civil servant salaries were considered relatively low there appeared to be a high level of bureaucratic corruption. Attempts at civil service reform had been made, but were seen to be unsuccessful.
7. Research and development units within Ministries and research centres, which rose in prominence, as Suharto 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 may still hold true despite the reformasi, and what if any, are the implications for policy-making.

4 The executive branch of government

This section and the following two attempt to identify and assess some of institutional features of the Indonesian policy-making system. In this section, we first explore the rules that might determine the behaviour of actors within the executive arm of government. This section is divided into three components: 1) policy-making within the cabinet, including the role of the president, vice president 2) policy-making across the government, with a focus on national development planning and coordination across ministries and; 3) policy-making within particular ministries, looking at the role of Ministers, Deputy Ministers, Director Generals and Directors.

4.1 Cabinet level decision-making

President and Vice President

The president, directly elected by the people since 2004, appears to hold considerable authority, though not to the same extent as Suharto under New Order. The five year plan and in particular the process behind it, as outlined in section two, 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, as we highlighted earlier, 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 coming under the broad framework of existing laws, did 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 re-taking office he outlined 15 priorities for his first 100 days, including both food security (a key public concern) and climate change (an issue where Indonesia was under pressure from external actors to act but 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 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.³

The role of the vice president, elected on the same ticket as the president is no longer ceremonial with in theory his/her instructions carrying some weight. However, given higher levels of political competition (see below and section five), the Vice President can come into conflict with the President. For instance, in 2006 SBY wanted to establish the 'Reformasi Work Unit' (or Presidential Work Unit on Managing Policy and Reform Programs, 'UKP3R'). 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 Golkar figures questioned its legality. Faced with such opposition, SBY allowed the unit to lapse.

³ The Jakarta Post, <http://www.thejakartapost.com/news/2011/02/23/sby-%E2%80%98violates%E2%80%99-social-security-law.html>

Cabinet

In appointing ministers, technical ability is only one of several factors which are considered, as Indonesia's diversity means that ethnic background, geography, gender and crucially political party affiliation are also considered.⁴ In fact, given the inability of any one party to secure a majority of seats in Parliament in any of Indonesia's three elections since the end of Suharto's New Order regime, politics (and policy-making) has been characterised by coalition.⁵ As coalitions were seen as alliances based mainly on the distribution of cabinet posts and rarely about the direction of policy (Pamungkas, 2009), the president makes ministerial appointments in close consultation with the leaders of various parties (Blondal et al, 2009). In the forming of the 2009 cabinet Sukma (2010) argues that 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, 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 re-using information were better. As such they received considerable funding from the national budgets and ministers were subsequently viewed as more powerful. Other ministries such as agriculture (which received considerable funding during 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.⁶

With ministerial posts distributed among several parties each with their own constituency (but not necessarily agenda), cabinet level decision-making was viewed by some as cumbersome, with the president needing to work hard at maintaining a broad consensus, making unpopular reform measures difficult to pass into law (see Booth, 2005). This meant that while the president on certain occasions had the ability to push through priority reforms relatively quickly, higher levels of political competition suggested a slight weakening of the president's own leadership. 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, UKP4 (see below for more on this) but was faced with a competing proposal from the Ministry of Forestry (see box three for more details).

Box 3: The drafting of a moratorium on forestry licenses

Indonesia was found to be the third largest producer of carbon emissions after the US and China, due mainly to the release of green house 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 they were granted donor support. It was unclear how these figures were derived. Nevertheless, the Norwegian government promised \$US 1 billion to the Indonesian government 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

⁴ In all, the president appoints 31 cabinet ministers (and 5 equivalent posts). These include three coordinating ministers, 21 departmental ministers and 10 state ministers who lack formal departments.

⁵ The coalition formed by Yudhoyono in late 2009 reflected his decision to opt for a wide but not all inclusive coalition. Parties included: Partai Demokrat (PD); Golkar; and four Islamic parties comprising: Partai Keadilan Sejahtera (PKS); Partai Amanat Nasional (PAN); Partai Persatuan Pembangunan (PPP); and Partai Kebangkitan Bangsa (PKB). Partai Demokrasi Indonesia Perjuangan (PDIP), Gerindra (Partai Gerakan Indonesia Raya) and Hanura (Partai Hati Nurani Rakyat) were not part of the coalition. Partai Demokrat (PD) became the largest party with the coalition having a total of 422 seats out of 560.

⁶ See Wilson (1989) for more on classifying the tasks of public agencies.

forests by January 2011. UKP4 the presidential work unit was charged with developing presidential regulation. They did so 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, which was said to be more aligned with certain business interests (author interview, May 2011), also developed a proposal. Two separate drafts were 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 thus the Ministry of Forestry felt it could not wait for the consultation process to reach its conclusion, as they felt it 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 UKP4's. Whose decision was it to take? It started off as the presidential task force being given authority, in practice the reality of coalition politics meant that 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 is no longer seen as final.

Moreover, (independent) technocrats faced more contestation now than they used to with one respondent suggesting that *"20 years ago decisions were taken quickly...it was mostly the technocrats from UI - 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 were more dependent than ever before on their ability to secure backing of the president, who in turn was likely to be influenced by non-technical and highly politicised factors, such as public perception and support, parliamentary, political party and local government approval as well as 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 of 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 probably would have been defended by their respective parties. As independent technocrats, however, they were "fair game" for all parties except the president's – Partai Demokrat (PD).

Ministers generally speaking seem to be under considerable pressure to 'perform'. Kuntoro Mangkusubroto, the head of the presidential work unit - UKP4, 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 was in turn rumoured to have considerable influence on cabinet reshuffles. Moreover parties who had nominated individuals for ministerial posts probably expected 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 Suharto and particularly new media in the shape of social networking sites, also played a crucial role in shaping the behaviour of policy-makers. Respondents suggested that top government officials often considered the media as an important input to decision-making, frequently feeling compelled to address an issue which the media had put under the spotlight. One Secretary General suggested the agenda for monthly executive meetings amongst DGs 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 felt compelled to roll out policies quickly often without adequate consultation and with little piloting (author interview, May 2011).⁷

International factors

International factors also played on the minds of policy-makers. With Indonesia seen as major global player, and now considered a middle income country, engagement with key fora 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 launched a number of initiatives including subsidised health care, free baby deliveries and free third class hospital beds for instance mainly in response to appeals from MPs but rarely had an analytical base.

Presidential Advisory Council

In addition to the cabinet and other senior officials from ministries and departments, the Presidential Advisory Council (Wantimpres) consisting of nine advisors who tend to be former ministers periodically instated by the president, provide him with a 'second opinion' on key policy issues. Each advisor appeared to have expertise in different issues and had varying levels of influence on the president and on other arms of government. For instance, one advisor who was one of the original Berkeley Mafia, was 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

Furthermore, an array of commissions and special taskforces had also been established which were led by the Office of the President or the Office of the Vice-President and managed by a prominent leader or 'champion'. These were often set up in response to the realisation that on some issues, particularly those that required cross-ministry coordination, normal government structures had failed to make progress. But such vehicles also served 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 UKP4, as we mentioned above, was one such commission, officially mandated to monitor priority development programmes and de-bottleneck where necessary. Figure five provides an overview of some of the UKP4's priorities.

Another commission - the Avian influenza (AI) commission under the president's control and managed by the current vice minister for agriculture - did much to coordinate the government's response to AI, while TNP2K, formed in 2010 to accelerate poverty reduction (formerly an initiative led by the Ministry of Social Welfare) was led by the Vice-President. Other commissions and special taskforces included the Corruption Eradication Commission (KPK), a Judicial Commission (KY) as well as a recently established taskforce to help troubled migrants abroad. On issues where the President or Vice President had not shown leadership, particularly those requiring cross ministry coordination, progress seemed to have stalled, illustrating perhaps how resilient top-down lines of control (within a steep bureaucratic hierarchy) inhibited horizontal coordination, but also reflecting a high level of competition between ministries, something which we return to below.

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 Suharto's rule seemed to be shared more widely

⁷ 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 IDR 204 million (US\$ 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.

not just by a wider pool of bureaucrats, but also several politicians (even those who were considered 'political' appointments). However, senior officials tended 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 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 as well as 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 UKP4, was on the other hand known as a strong and dynamic character. He had 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. Further, 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.

Figure 5: UKP4 priorities



Source: UKP4, 2011

4.2 National level policy-making

National planning⁸

After the fall of Suharto, 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 Asian financial crisis) and to local governments whose powers

⁸ The State Secretariat is no longer able to provide a 'horizontal silo' resulting in inadequate coordination, particularly across laws. Analysis was rarely undertaken to assess how new laws would interact with old ones. And once policies became law, they were likely to remain on the books for a considerable length of time. New laws were then seen to be passed on top of old laws rather than replacing them entirely, which may explain the sustainability (or persistence) of past practices despite 'reform' and the degree to which a variety of practices can be claimed to fall within the confines of the 'law'.

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 of 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 main message was that the Ministry of Finance controlled 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 competencies of staff at Bappenas who have expertise in various sectors such as economic development, social development, healthcare 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 Director General for the Budget in the Ministry of Finance has three directors that together parallel the rest of the government (Blondal et al, 2009). Bappenas also tries to play an inter-ministry coordination role. Attempting to coordinate line ministries seemed to be an incentive for Bappenas to deflect undue donor influence, ensure independence from central line ministries, help push through important policy initiatives, which in turn would help establish and improve their credibility with the president. For instance, in implementing a conditional cash transfer scheme Bappenas worked with the Ministries of Education and Health to ensure 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 Alleviation Strategy and the national strategy for Reduced Emissions from Deforestation and Degradation (REDD).

The re-emergence of Bappenas though 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 which was the responsibility of the Ministry of Finance. Moreover, the Ministry of Finance was responsible for drawing up a medium term expenditure framework which the annual budget should be consistent with. At the same time Bappenas was responsible for drawing up five year plans, which also had to include expenditure targets. It was thus crucial for both agencies to coordinate their work (Booth, 2005).

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

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

Bappenas continued to play key roles in coordinating donors and international agencies in Indonesia. Although the Consultative Group of Indonesia (CGI) had been disbanded in 2007,⁹ a number of working-level sub-groups focusing on particular issues such as health and education met regularly (probably monthly) to discuss key policy issues. According to OECD (2010), government officials felt that bilateral donors exercised excessive influence during negotiations. Some ministers were uneasy with this, with one respondent suggesting the

⁹ See <http://www.indonesiamatters.com/1065/consultative-group-on-indonesia-cgi/>

previous health minister (and now on the presidential advisory council) was particularly hostile. Strong leadership from within 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 had been written seemed to have been heavily influenced by donors. The 2003 white paper was inspired by the 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 or at least supported by the Australian government. And Booth (2005) argues that the National Poverty Alleviation Strategy, drafted in 2004 was in part at least a response to pressures from international donors for greater detail on the specifics of the government’s strategy for poverty alleviation.

Coordination amongst line ministries

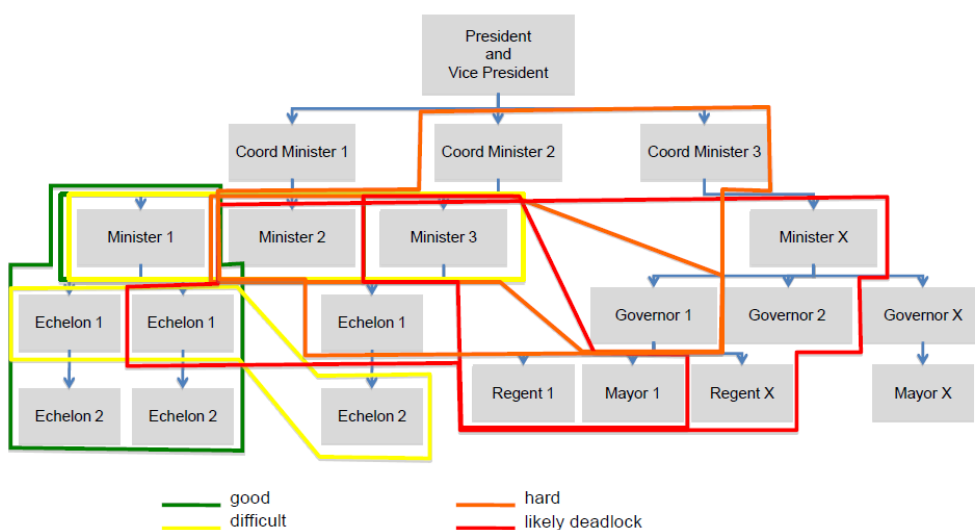
Several programmes required cross ministry coordination. Sponsoring ministries would often specify inputs required by others. For example, the Ministry of Agriculture – the sponsoring ministry in increasing rice production – mapped out the assistance it would require from, a number of ministries including 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 seemed challenging.

Coordinating ministries, whose responsibility it was to provide ministries with strong directives were now poorly funded, and therefore forced to rely on small staffs and limited resources. In practice, the authority of coordinating ministers depended largely on their relationships with the president and the support he gives them and without the personal authority of the president behind them, or clear lines of authority over the ministries that they are charged with coordinating, their influence was often seen to be limited (Blondal et al, 2009; CastleAsia, 2010)

Coordination problems meant inter-ministerial consultation processes (to for instance draw up government regulations) as well as implementation processes usually experienced significant delays. Examples of former include the aftermath of the 2009 Padang earthquake which was beset by poor management as multiple agencies with overlapping mandates and responsibilities competed for visibility and attention. An example of the latter included civil service pension reform, where the ministry of finance led three other ministries: Labour and Transport; Social Affairs and the Coordinating Ministry. However, respondents suggested there had been little progress on the issue. While there was a technical working group to undertake analytical work, getting key findings and results elevated to the political level in that environment proved challenging. Figure 6 below, taken from a slide from a presentation on UKP4’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

THE CHALLENGES: BUREAUCRACY coordination is the toughest



Source: UKP4, 2011

While low civil servant salaries meant there were still strong incentives to attract and thus compete for larger shares of the development budget, Downs (1965) suggests in a theory of bureaucracy that such behaviour was 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” (444-445)

According to respondents, the desire to defend and expand bureaucratic territory was a characteristic often seen within GoI both amongst line ministries. For example, the former Minister of 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 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 of which currently had 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, appeared to encourage ministries to create new, and reshape existing priorities, to attract resources. For instance, the Ministry of Education had made significant progress towards halving illiteracy from 14 to 7 million, with current levels at 8.3 million. The budget for the non-formal and informal directorate was subsequently decreasing as the target had almost been achieved. Thus, new priorities (which may or may not have been informed by knowledge) such as IT literacy had emerged to draw in resources and maintain the ministry’s share of the (development) budget.

Difficulties in securing cooperation amongst ministries were exacerbated with ministers often affiliated to rival political parties. For instance, the cooperation of the Ministry of Education and

the Ministry of Religious Affairs was vital given their overlapping mandates. However their ministries were affiliated to rival parties, had different governance arrangements (one was centralised, while the other was decentralised), differed in their ethos and approach and were often competition for the same funds.

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

Relations between central and district levels of government

Large scale decentralisation had given considerable power and resources to districts in many important areas of policy. Central government capacity weakened to varying extents, with 35% of the national budget and three million civil servants transferred from central to local authority (World Bank, 2009). Regional politicians were unlikely to cooperate with the centre in implementing reforms unless they saw a direct personal benefit (Booth, 2005). As such line ministries now had 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/regulation and evaluation and less on implementation. But many line ministries were said to be struggling to come to terms with their new role as a 'facilitator'. Some officials (particularly those in Bappenas and line ministries) had refused to accept their powers to plan and implement projects had been severely curtailed (Booth, 2005) as some ministers wanted to "preside over bigger empires, to have more spending decisions, and to have more procurement" (author interview, May 2011). Box four below describes, for instance, how the Ministry of Finance had been 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. 24% 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 partners PT Multicapital, a business unit of mining giant Bumi Resources. Bumi Resources was part of the Bakri business group lead by Aburizal Bakrie, who is also the chair of the Golkar Party. The Government decided to purchase the final 7% through the state investment agency (PIP) with the finance minister and the PIP concluding a sales and purchase agreement with NNT for the stake, worth US\$246.8 million in May 2011.

However, the DPR deemed this unlawful because the PIP funds were earmarked for infrastructure investment with the Finance Ministry not asking the DPR for approval of the acquisition. DPR members, notably those of the Golkar Party recommended that the stake be acquired by West Nusa Tenggara's local administration backed by a joint venture with Multicapital. With the Finance Ministry 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. Moreover, 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 Finance Ministry's purchase of Newmont shares saying they would: ask the Supreme Audit Agency (BPK) to conduct an investigative audit on the government's purchase; consult the president on the case; and oppose the Newmont shares purchase using the state budget. Finance minister 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 of mines and energy had not approved the deal, as required by mining and investment laws. Despite apparently considerable power asymmetry between the Minister of Finance and a regional administration, decision-making was far from straightforward.¹⁰

Nevertheless, according to several respondents, central government still played a significant role in sectors that had been decentralised. For instance, after a local parliament had 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 local government, independent candidates for local election and human rights court, before bringing it before 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 that the bill would provide GAM with further legitimacy. And as central governments were 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.

4.3 Ministry level policy-making

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 staff appeared considerable. For instance, the minister of finance at the time of writing upon taking office replaced his entire senior management team - re-appointing nine of his Director General (DG)s (taking 6 months). But in another case a minister, wanting to promote continuity (and highlighting the strategic nature of minister-DG relationships), relaxed the policy of rotation to maintain a good working relationship with a certain DG.

Ministers were expected to formulate policy and provide directives to echelon one level bureaucrats (Deputy Ministers, DGs and Executive Secretaries) to implement policy. However, despite the concentric and hierarchical nature of the bureaucracy, as policy-making had become more complicated and wide reaching (for instance, in light of economic, political and social processes of globalisation, regional integration, decentralisation and urbanisation) and particularly in cases where ministers had limited technical expertise, Ministers had increasingly come to provide more normative high level goals (perhaps reiterating presidential directives) and as such delegated responsibility for more practical policy formulation to DGs 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. These appointments were made based on the weight of the ministry's duties. All deputy ministers were 'professionals' or 'career officials' - reflecting SBY's intention to strengthen his cabinet, many of whom were politicians from his coalition parties.¹¹ Deputy Ministers were mandated to help the minister deliver on "their contract to the president" (author interview, May 2011).

10 See <http://www.thejakartapost.com/news/2011/06/12/the-week-review-the-bashing-contractors.html>, <http://www.reuters.com/article/2011/06/21/indonesia-newmont-idUSL3E7HL0UJ20110621> and <http://www.thejakartapost.com/news/2011/06/21/agus%E2%80%99-relations-with-legislators-stake-over-newmont-share.html>

11 The Jakarta Globe, accessed on 4th July 2011 at <http://www.thejakartaglobe.com/news/indonesias-new-deputy-ministers-told-to-avoid-rivalries/341133>

Deputy Ministers did not have authority over DGs (which a couple of respondents suggested might be frustrating for some), unless the minister asked him/her to lead on specific issues, in which case DG's would report to the Deputy Minister. Making the appointment of deputy minister a rule rather than an exception required changes to bureaucratic structures. According to one respondent, the cabinet secretary and the ministry of state apparatus were still yet to provide clarity on how this relatively new position fit within the existing structure. As such it seemed that the Deputy Ministers did not have his/her own staff to provide day-to-day as well as analytical support. Where they required analysis they would have to seek assistance from staff who reported 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.

Directorate-Generals

Despite the power vested in Ministers, the overwhelming consensus amongst respondents was that DGs were key decision shapers. Prior to the appointment of the Deputy Minister, they were amongst 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 shape ministerial priorities. The Health Operational Assistance fund (BOK), which was supplementary funding for health centres, for instance, was inspired by a DG, 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 of 2008/9. Another DG 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 Program Nasional Pemberdayaan Masyarakat (PNPM) or the National Program for Community Empowerment).

The importance of DGs 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 appeared to be in the Ministry of Finance where in addition to DGs, echelon two and even echelon three staff are often summoned. Further illustrating their strategic role, Sherlock (2010a) argues that if Ministers drafted proposals without consulting (or receiving support from) senior officials (such as DGs) the latter could go as far as obstructing (albeit covertly) the Minister's initiative.

Below DGs were directors who according to a couple of respondents were 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 seemed to be challenging. Echelon three bureaucrats seemed to be mainly concerned with how to carry out particular projects.

Communication within and across divisions

Although DG's played an important role in generating policy ideas, they still required approval from the Minister with one respondent saying "*she had never met an echelon one who had actually made a decision*". However, acquiring approval was 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 set up often restricted the flow of information within the bureaucracy to top-down lines of control and inhibited 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 (BNPM). Further, within the Ministry of Finance's Fiscal Policy Office (BKF), weak horizontal communication resulted in the fiscal policy unit not receiving much needed assumptions from macro-economic forecasting unit with which to formulate the national budget each year. As such it created its own, effectively making the

work of the forecasting unit redundant – see box seven on page 41 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 meant that participants tended to avoid criticism of previous or existing policy initiatives, which as one respondent suggested limited the extent of innovation and change. Time pressures also meant most officials tended to protect their area in the short time they had to input.

For instance, one respondent described budgeting processes in the Ministry of 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), it aimed to allocate funding amongst the Directorate Generals. Several reviews and meetings later, the ministerial team reached consensus. But “muddling through” was seen as “tiring” requiring seven or eight iterations 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 appeared to be taking steps to address some of these challenges. For instance BNPM had decided to embed 15 staff to build links between divisions while Bappenas had made efforts to strengthen horizontal learning mechanisms. Moreover, some ministries had made attempts to embrace plurality in decision-making. For example, a few respondents suggested that directors were often invited to meet with DGs and even the Ministers in the Ministry of Education. But even if processes may have appeared to be more consultative, Directors were not necessarily brought in at a point where their contribution was meaningful.

4.4 Summary

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

1. The president, directly elected by the people since 2004 is seen as the country’s most powerful policymaker with the capacity to block the progress of legislation and considerable discretion in the formulation of implementation guidelines. The role of the Vice President, elected on the same ticket as that of the President is no longer a ceremonial position whose instructions can carry considerable weight.
2. Coalition politics has meant the appointment of ministerial posts is often informed by discussions between the President and the leaders of a wide range 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, seemed to face higher levels of contestation than they did say under Suharto’s New Order.
3. Policy-makers especially those who were elected, were under considerable pressure from various quarters, but especially from the media and the public (through television stations, the written press, and social networking sites) to deliver developmental results.
4. Given the country’s status as middle income country, they were also under pressure to prepare and perform on the international stage in fora such as the G20, ASEAN and in meeting global targets such as the MDGs.

5. The Ministry of Finance stood out as the most powerful ministry in its role of managing the economy and controlling the budget. As such it was responsible for assessing competing claims from ministries and agencies for resources. Although Bappenas is responsible for long, medium and annual planning it lacks the power (and resources) to do so adequately. Moreover, overlapping planning functions have meant both institutions needed to work closely together.
6. With power diffuse across government (within the cabinet, between ministries and between the centre and sub-national) decision-making tended to be more protracted. As a result offices of the President and Vice President had established an array of commissions and taskforces to champion reform on pressing issues, particularly those which had experienced 'bottlenecks'.
7. Within ministries, Deputy Ministers and DGs were key actors in shaping the decisions of Ministers. Silo-isation had meant limited communication across divisions, although steps were being taken in some cases to address this.
8. Performance of senior ranked officials, to varying extents, was often determined by their own personal and professional ethics, but they seemed to lack training in leadership and management.

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

5 Political parties and the parliament

In the reform period, McCarthy and Ibrahim (2010) suggest that policy-making is more subject to political bargaining within a multi-party system which has arguably made policy-making more explicitly political rather than technocratic making it more difficult for knowledge to be used in policy-making. In this section we take a deeper look at these assumptions examining the institutional features on the legislative side of government, with a focus on 1) political parties, 2) the influence of the DPR 3) parliamentary commissions and 4) the link between political parties and DPR members.

5.1 Political parties

Since the fall of Suharto there has been a proliferation of new parties. However, Tomsa (2010) argues paradoxically that 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 was rare in most East Asian democracies with parties in South Korea, Thailand and the Philippines often disappearing after one or two elections. Despite criticism that coalition politics had promoted complicity amongst parties, many generally view Indonesian party politics as highly competitive, with election results often hotly contested by one party or another. And finally, in spite of continuous decline since 1999, voter participation in elections in Indonesia had remained fairly high by international standards, suggesting a generally strong support for the overall system among the broader populace and a normalisation of the democratic system after changes were made to the system after the fall of Suharto.

However, the share of the vote secured by the five largest parties in the 1999 parliament have declined in every election since, suggesting a weakening of individual parties as well as declining ability of parties to fulfil their key functions. Carothers (2006:9) suggests that formally, political parties can play a crucial role in 1) representing citizens' interests to the state (interest articulation and aggregation); 2) presenting policy choices and platforms; 3) engaging and involving citizens in democratic participation; 4) forming government and opposition and 5) managing conflicts among groups in society, and between society and the state. Although reasons for the weakening of political parties 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 had distinct histories and political values (derived from for instance long-existing social cleavages – PKB was effectively a political arm of Nahdlatul Ulama (NU) and PAN had close ties with Muhammadiyah) as well as favourable starting conditions (for instance PDIP, PKB and PAN inherited old party networks from the New Order and previous regimes), they were beset by internal problems such as factionalism and ineffective leadership with parties unable to sharpen their programmatic profiles. And their core values had also become diluted over the years due 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 their promises to voters.

Second, in line with this decline in parties as programmatic platforms, Indonesian politics had 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 illustrated that

it was possible to create a party from scratch without paying much attention to organisational structures or political ideas. From the beginning the party's identity was tied closely to the presidential ambitions of SBY. PD's gains in 2009 were more a reflection of the president's popularity than the performance of the party per se. Inspired by PD's success, two former generals founded their own parties- Hanura and Gerindra. Despite major financial investments, they could not emulate PD's achievements. But the fact that the two parties were able to pass the electoral threshold seemed to confirm this trend. This in turn seemed to be linked to the growing importance of political consultancies and the mass media, especially television. Polling companies and professional political consultants who honed the images of nominees had become ubiquitous in all national and local elections. They were seen as a crucial in helping to shape the opinions and perceptions of voters, who exposed to a continuous stream of broadcasts were said to base their political choices purely on the media image of candidates over any concern of policy issues (Mietzner, 2009; Qodari, 2010).

Political consultants, some of whom were recruited from abroad, communicated 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 these were for PD and Golkar, with Gerindra also spending a considerable sum. According to ACNielsen estimates, in that period, Golkar spent US\$18.5 million, PD spent US\$12.3 million while Gerindra spent US\$6.6 million for their advertisements in print and electronic media outlets (Tomsa, 2010).

Finally, unable to raise funds through regular means, parties often engaged 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 situations (Mietzner, 2008). Closely related to this was 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 diverted parties attention further away from policy solutions to attracting support from private entrepreneurs. For example, in the race for governorship in Jakarta one had to spend at least US\$20 million to secure nomination as an official candidate (Ufen, 2006). And this did not include campaign costs which could include paying polling companies who often charged their clients billions of rupiah. However, party membership fees were negligible, as was public funding for political parties. The need for such large investments had, in recent years, resulted in businessmen such as Yusuf Kalla (Golkar) and Sutrisno Bachir (PAN) taking up posts as party heads while financiers like billionaire Aburizal Bakrie had been rewarded with ministerial positions. Regulations on party financing existed, but violations were hardly ever punished (Hadiwinata 2006: 106). Politicians had to pay back 'loans' in some shape or form with some often feeling compelled to provide special favours to their supporters.

Transparency International (TI) Indonesia's Secretary General listed various manifestations of corruption that included the bribery of House members who planned to scrutinise entrepreneurs on their activities, the activities of MPs as brokers to help private companies get government contracts, and financial rewards from public officers in 'fit and proper tests' before parliament (Ufen, 2006). Respondents also suggested that corporate interests were influential in a number of policy areas including fuel subsidies and rice distribution. A number of respondents suggested that a substantial amount of subsidised fuel was consumed by high wealth individuals as well as illicitly by industrial sources who stood to lose out if subsidies were reduced (IISD, 2011). Despite fuel subsidies consuming a substantial share of the government budget, wealthy individuals and industrial interests were said to be exerting considerable pressure on officials from both the executive and legislature to limit reform. Furthermore, the rice for the poor programme, brought in after the Asian financial crisis was now deemed unnecessary and inappropriate and consuming considerable government funding. However, top officials were again said to be under pressure by predatory business interests such as rice importers and suppliers. In sum, the role of corporate interests seemed to compromise parties' ability to deliver on their functions.

Despite the pervasive nature of money politics, not all politicians were necessarily under the influence of corporate interests and thus not all pursued the same political strategies. Rosser et al (2011a) suggests that at the district level, Bupati's choices about what strategy to pursue were more dependent 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 Bupati's rely on the backing of predatory interests such as business groups, the military and criminal gangs, they had a strong incentive to pursue strategies of patronage distribution because such groups expected something in return for their support and typically had the capacity to retaliate effectively if they did not get what they expected.

Conversely where Bupati's were relatively autonomous of predatory interests they had an incentive to incorporate 'political entrepreneurship' into their strategies. This could help them generate popular support needed to get re-elected, gain promotion, or promote their political careers, or it could help them to bolster their positions with regard to 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, 2011:12). This dynamic may well apply to politicians at the national level.

Nevertheless, despite the apparent weakening of political parties they had 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, political leaders today mostly resorted to negotiations, power sharing and peaceful dispute resolution in democratic institutions such as the DPR which we now turn our attention to (Aspinall and Mietzner, 2010).

5.2 Influence of the DPR

As a result of constitutional reforms carried out between 1999 and 2002, the DPR went from having limited powers and mainly giving consent to laws drafted by the executive, to being named explicitly as Indonesia's lawmaking institution, shifting power away from the executive branch of government 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 incentives¹²) and the media (both serious and entertainment) increasingly shining the spotlight on DPR members, they were 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 their participation in a newly consultative budget process (outlined in section two). Under Suharto, Parliament was called only to formally approve the budget presented by the executive. However, now parliamentary engagement formally takes place at all stages of the budget process, with MPs able to hold the executive to account. One Member of Parliament (MP) interviewed suggested that on occasion the budget committee had questioned allocations (or non-allocations) to certain programmes, or asked why certain programmes that had not been discussed during committee meetings had been included in the budget statement. In 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 constituency. Moreover, an MP stated that he would often address concerns from regional governments who were unhappy with their share of budget resources by lobbying the budget committee.

Box 5: The Enquiry into the Bank Century bail-out

12 Up until recently, party leaders selected individuals who would fill the party's seats in parliament, thus rendering parliamentarians more accountable to their party chairs rather than to the constituents whom they are supposed to represent

In 2008 the government took over Bank Century at the height of the international 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 committee XI on finance and banking subsequently endorsed a government decision to inject Rp 1.3 trillion into the bank, but by mid 2009, the amount had escalated to Rp 6.8 trillion. In August 2009, at a meeting attended by finance minister Sri Mulyani Indrawati, Committee 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 DP.

The DPR stepped up its efforts to investigate the case in September 2009 when Committee XI asked the BPK to carry out an audit of the funds used to prop up Bank Century. During the course of the audit, 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 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, Committee XI's activities succeeded in focussing 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 were drafted by executive agencies, MPs, in response to local concerns, were drafting increasing amounts of legislation, particularly on social issues such as education and health. Public hearings convened by DPR commissions were sometimes broadcast live on television and help to put the 'spotlight' on the activities of 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 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.¹³ Parliamentary oversight of the government was epitomised in the parliamentary investigation into the government bail out of the insolvent Bank Century in November 2008 (see box five) (Sherlock, 2010b).

Although the extent to which government had been forced to make substantive changes in response to DPR pressure was unclear, there were 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, Parliament (together with the media and NGOs) were influential in inspiring a national programme on 'character education', to improve the morals and values of the general public (see text box six below). During the budget process, individual commissions whose concerns had not been addressed, had been known to hold back budgetary disbursements even when the budget had been formally approved, until they had. As a result – even with a two month period to finalise the details – budget disbursements on occasion had 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).

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

In response to corruption, fighting amongst students and protests due to land disputes, amongst other things, 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 who were assigned as coordinating

13 See <http://www.telegraph.co.uk/technology/facebook/8630662/Indonesia-court-overturns-Facebook-womans-acquittal.html>

ministry. The strategy was informed by a special team of experts from universities and civil society organisations. 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 Education and the Ministry of Religious Education to take the lead on character education. The minister of Education issued a call to draw up a 'grand design for character education'.

Within the Ministry of Education, the Badlitbang 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 break out session. Similar seminars were held in large cities and regions. The revised strategy was approved by the minister. Different Directorate Generals supported by the Badlitbang produced IEC (information, education and communication) materials such as manuals, training modules and video tapes. Guidelines have been drawn up for school based character education. There is also a block grant for local government to enable 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 the hosting of 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 they have started by piloting the programme in 125 schools in 16 districts and by May 2011, MoNE had trained 1200 teachers in Jakarta who would in turn be responsible for training provincial 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 local level to spearhead activities. After a year of implementation, it was unclear how successful the programme had been.

On MP's representative function, some members were hampered in addressing local concerns, given Indonesia's geography as the world's largest archipelago. Lay (2010) suggests that most MPs interviewed in his study admitted that travelling to local areas to meet constituents and local activities was challenging. Many MPs had vast areas to cover. For instance, three MPs were mandated to serve Papua province but were not provided with the adequate resources (such as transport allowances) to address this. Moreover MPs were faced with discussing an excessive number of laws, which few had the capacity to undertake. As one MP said "our tasks in Parliament are so many, making it impossible for MPs to engage adequately with specific issues."

The growing assertiveness of the legislature had given way to discourse suggesting the parliament had become too powerful in relation to the executive branch of government. For instance, MPs were 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 were 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" (suggesting that 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 DAK – a special allocation fund, and in particular the formula which would determine allocative decisions, which was initially prepared by the DG for Fiscal Balance within the Ministry of Finance but facing opposition from DPR members was altered (author interview, May 2011).

However, as mentioned briefly in the previous section, the executive branch of government had effective veto power over all legislation, as the provision for joint agreement to legislation meant the president could 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 occurred mainly out of public sight, greatly reducing the political risk for a president who refused to pass or delayed legislation (Sherlock, 2010b). Moreover, the accommodative nature of reform

discussed in section three meant that members of the executive who were fairly prominent under New Order such as the military and the police had appeared to retain the power to keep 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 rise of the parliament from a rubber stamp body to a more influential institution, the executive retained considerable powers.

Nevertheless, it appeared the executive were 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 government's approach in engaging with 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. Looking to bolster its constituency in the UN, the Iranian ambassador had for instance facilitated exchanges and tours amongst 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 were a number of spaces where issues were discussed within the DPR, power seemed to centre in its legislative commissions, rather than in the party controlled caucuses (Sherlock, 2010b; Meitzner and Aspinall, 2010; Sukma, 2010). Top officials from ministries and agencies from the executive were said to exercise great care in trying to satisfy the wishes of their respective commission (Blondal et al, 2009). Even on budgetary issues, which were formally discussed by the budget committee (which one top official suggested had good relations with representatives of the BKF), key decisions tended to be made in commissions with the budget committee usually accepting all advisory opinions from commissions as they would have been agreed informally before being submitted. One respondent suggested commissions had considerable say in planning and budgeting which had appeared to 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 was finalised.

Commissions' record on consultation, both number and quality, was mixed and varied from one commission to another. There were examples of inclusive deliberations. For instance, in the drafting law No. 27/2009 on the MPR, DPR, DPD and DPRD 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 too seemed to be open to the public (Lay, 2010).

There were also examples where commissions had been reluctant to undertake open consultations, perhaps due to 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 though 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 on the human right court, the truth and reconciliation commission, local political parties, independent candidates for local leaders, Islamic law, authority of national and local government and sharing of revenue, all of which were highly contested, were mostly discussed behind closed doors (Lay, 2010).

The patchy record of the DPR in relation to public accountability was also illustrated by the issue of public access to documentation of 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 to 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, decisions within commissions were 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 would usually present its views on the matter under discussion. If all took the same position, the chair would declare there was consensus. If not, the caucus leaders would withdraw to closed door 'lobbying' meetings until a deal was reached – where parties would be expected to make concessions so that the final product was presented as a result of a genuine agreement (*mufakat*). Decisions were not considered final until there was unanimous agreement. In practice though, it was assumed that agreement had been reached if no further dissent was expressed. These deliberations often took place away from the DPR building in more discreet venues such as hotels, resorts and golf courses, channels which often excluded women who were less likely to participate in informal spaces. The leaders would usually emerge from these meetings to declare that all caucuses were in agreement so that the chair could rule that consensus had been reached (ibid; Lay, 2010).

There were both merits and drawbacks to this approach. On the upside, this approach prevented the adoption of partisan and exclusivist policies and laws - an important prerequisite for social stability in an ethnically and religiously diverse nation - and provided a means to prevent deadlock in decision-making processes in peaceful way. On the downside, this led to considerable delays in lawmaking. If there was a difference of opinion, minority caucuses "could hold the consensus hostage" (as one respondent stated) until their issue had been addressed. As a result, non-substantive issues could consume huge amounts of time, while discussion of critical policy issues would be rushed through in order to meet deadlines. Furthermore, the nature of decision-making meant that, on occasion, parliament struggled to pass coherent legislation, with laws often featuring contradictory or deliberately vague stipulations in order to please all those involved in the negotiations (ibid).

Picking up on a point made above, the consensus based system had effectively made every party caucus a veto player, which had in turn created rent-seeking behaviour (see Sherlock, 2010). 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*". It is critical to note though that the consensus based system was not a direct cause of rent seeking behaviour, but it did seem to help facilitate it. 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, closed the door to the formal participation of CSOs and other non state actors giving the media further material to depict Indonesia's parliament, whether fairly or not, as unaccountable and corrupt (Lay, 2010; Ufen, 2006).¹⁴

The dominance of the commissions in decision-making in the DPR had left plenary sessions with a relatively minor role. They were largely ceremonial and substantive debates during these sessions were very rare. The plenary session, for instance, that began the second stage of the legislative process was entirely so: in most cases the bill would not go to the plenary until it was agreed to by all caucuses in the committees and by the government. This also applied to the two plenary sessions that followed the president's announcement of the national budget in August each year. Despite the ceremonial/procedural value that plenary sessions had, they were the public face of the DPR, with media outlets (unfairly) focussing on for instance non-attendance of plenary sessions by DPR members. As such, when substantive debates did occur, they almost never related to bills. Instead plenary sessions were a forum

14 However, this did not stop non-state actors from influencing MPs through informal linkages (Lay, 2010)

for parties or individual members to publicly put pressure on the government on issues of current significance. Prominent examples included debates on fuel subsidies, on the importation of foreign rice and on the mudflow disaster in Sidoarjo in East Java.

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

5.4 Political Parties and their DPR members

A major effect of the concentration of decision-making power in the commissions had been the fragmentation of the DPR. DPR members knew what their commission was doing, but often had little interest in or knowledge about the issues being considered by other commissions, unless they were particularly controversial issues. As such members of the DPR often identified more strongly with their commission members than with their party members, with commission based solidarity prevailing over loyalty over the party or caucus. For instance, when commissions were in dispute with each other, say, over the right to take carriage of a particular bill, members of one commission could 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 argued that dominance of commissions over party caucuses meant that coalitions in the DPR were far from solid alliances that voted strictly either for government or for the opposition nor had parties been able to substantially differentiate themselves from each other (a feature we discussed earlier). While party leaders controlled resources and appointments they tended to exercise little day-to-day control over ordinary members of their caucuses in the DPR (though this varied across the spectrum of political parties). Since policy development was relatively weak within most parties, leaders rarely had predetermined views on issues related to individual bills, particularly if they entailed complex technical detail. One respondent suggested that commission members did however 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 had to refer to party leadership when expressing opinions with regards to the drafting of legislation. The position adopted by members of one committee had even been known to conflict with the position adopted by members of the same party in another committee.

Although the lack of consistency and discipline tended to go unnoticed by the public, if the issue under discussion was controversial, the pluralism of personal opinions became 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 had largely been indifferent to the chaotic pluralism of views within their parliamentary caucuses (Sherlock, 2010).¹⁵ So, in an interesting twist, the lack of party discipline and coordination had ensured that legislators were more likely to scrutinise government legislation, programmes and budgets critically even when their parties were represented in cabinet, as most of the major parties were.

5.5 Summary

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

¹⁵ Although some MPs have been recalled by the parties- this has been for embarrassing personal behaviour, after an internal party split or for switching parties, but never because they have failed to toe the party line (Sherlock 2010)

1. Although the five largest parties in the 1999 parliament were still represented in 2009 and could rely on core constituencies that provided them with some support especially during elections, they tended to have low and falling memberships, lacked independent funding sources and served as weak platforms for presenting policy choices.
2. The DPR's powers had expanded considerably since the fall of Suharto, with it being named explicitly as the country's law making institution. However claims that it was too powerful seemed unfounded as the president had a pre-emptive veto while considerable policy work including detailed implementation guidelines for legislation resided with the executive. Nevertheless the DPR could still influence the latter as almost all major parties were represented in the cabinet, and all party commissions were extremely important, see below.
3. The personalisation of politics (facilitated by direct elections) coupled with the professionalization of politics (encouraged by the rise of the media and the need to create a favourable media image) had 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 had brought them closer to corporate interests who, looking for a quid pro quo, often had considerable influence in decision-making in the DPR.
4. DPR members had often sought to expose or exert pressure on individuals, especially top officials within the government, particularly during plenary discussions which tended to be the DPR's 'public face'.
5. DPR members were often hampered in their ability to represent their constituents due to vast distances and limited resources to travel
6. Power in the DPR was centred in its legislative commissions, rather than in the party-controlled caucuses that dominated conventional parliaments, with DPR members often identifying more strongly with their committees 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 had also led to a lack of transparency and accountability, with decisions often made in closed door meetings
8. Decision-making in the DPR was generally through deliberation and consensus building. All parties are expected before agreement can be made. This usually prevented the adoption of partisan and exclusivist laws, but made 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) had made the task of policy formulation, or reaching consensus on critical policies and reforms much more challenging (World Bank, 2009). As one respondent said "you have the legislature sending mixed signals, you have the executive part of 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 policymakers to generate and interpret knowledge as well as their links to sources outside formal government institutions.

6 Policymakers' links to knowledge

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

6.1 Analytical capacity within the executive

Although the executive had a number of units generating and acquiring knowledge including research and advice, here we limit our analysis to those within ministries, the National Statistical Office (BPS) and the Indonesian Institute for Sciences (LIPI) - a Non-Ministerial Government Institute (NDGI).

Capacity within ministries

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

Some Badlitbangs produced regularised data, such as Cohort data in the Ministry of Education, which officials found particularly useful during budget processes. Others were said to conduct mainly evaluative work (which some may have seen as potentially threatening acting as a disincentive to approach them). For instance, the Centre for Agricultural Policy Assessment in the Ministry of Agriculture was set up to assess the effectiveness of the Ministries policies. A number of respondents suggested that some Badlitbangs had good connections to universities as well as international agencies. For instance the Badlitbang in the Ministry of Agriculture had links with the International Food Policy Research Institute (IFPRI) with whom they had done collaborative research.

However, the capacity of Badlitbangs varied widely. Most ministers tended to focus on operations at the expense of research and analysis, making few demands of the Badlitbang. As a result, although a few Badlitbangs had sourced funding from international and donor agencies, budget allocations for Badlitbangs usually amounted 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, DGs together with their staff, who were often responsible for developing policy solutions and often required analysis tended to have very weak links with staff from the Badlitbang who could provide them with specialist expertise. As elsewhere in the bureaucracy, silo-isation seemed to be a strong feature (see Sherlock, 2010a) and working through the hierarchy seemed to appear a disincentive.

Suryadarma et al (2011) also suggest that, reflecting the little value management placed in the Badlitbang, it tended to be a unit where often low performing civil servants would be located, who tended to receive less benefits than their counterparts elsewhere in the ministry. Frequent rotation of staff also led to high quality individuals moving on quickly and, given weak mechanisms to store knowledge, they often took considerable knowledge and contacts with them. Badlitbangs were subsequently trapped in a self-perpetuating cycle of declining

capacity deteriorating standards and falling utilisation. One respondent stated that one particular centre was “at the same level it was 15 years ago” while another relied on Directorates for data.

However, there were exceptions, namely the Badlitbang in the Ministry of Finance or BKF. Box seven below provides a detailed description of the functions and roles of the BKF, while the next section explores possible reasons why considerable investments had been made in the BKF. Respondents also suggested that the Badlitbang for the Ministry of Trade was seen as particularly good, as well as that for the Ministry of Agriculture (perhaps due to being historically favoured by Suharto), while those for the Ministry of Health and Education were improving.

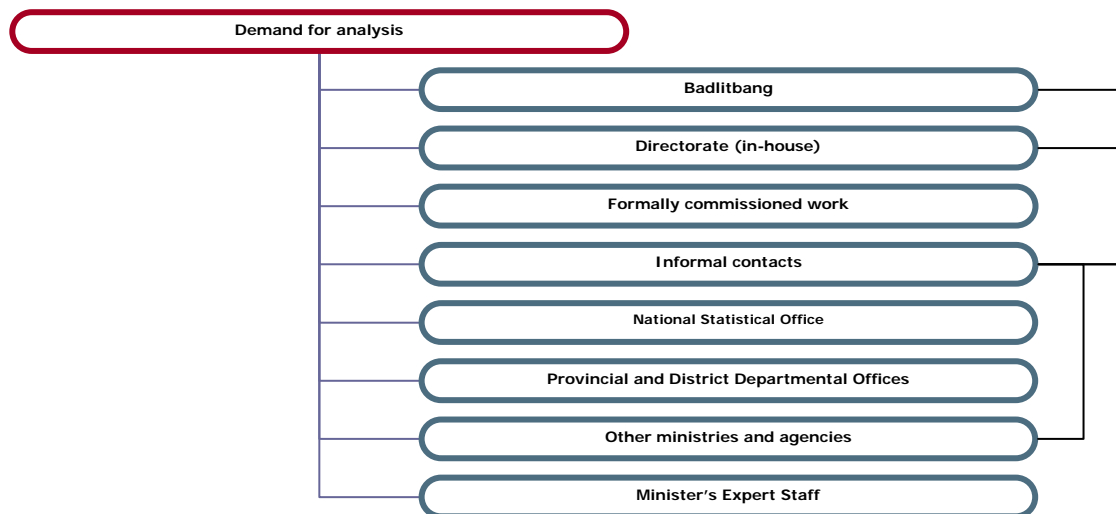
In cases where the minister or other senior official required analysis (to for instance accompany a draft regulation or law) as Badlitbangs were seen to produce work of variable quality, (or alternatively if there was considered to be a dearth of expertise or information externally) bureaucrats could 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 very short notice. The quality of answers inevitably depended on the time available but also on whether the respondent used their latent expertise or contracted out questions for further investigation.

Although Ministers were said to have Expert staff to rely on, according to some respondents, more substantive work would likely be undertaken by staff within the directorates, probably at echelon three. 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, they could also invite experts to seminars to assess whether there was pre-existing work they could then draw on, before undertaking the work themselves.

However, some respondents suggested that civil servants often had limited technical capacity to, amongst other things, generate and interpret information and data. For instance, on 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 partly put down to inadequate technical abilities of civil servants (from the Ministry of Energy and Natural Resources).

If officials could not or did not want to undertake work in-house, they could alternatively 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 needed in-house, particularly for the five year medium term plan, consulted with a range of academics, individual experts and national and international consultants.

Figure 7: Possible sources knowledge within Ministries



However, rigidities in ministry budgets (we discuss this below) meant officials could not easily mobilize resources if demands to undertake research arose during the fiscal year. Some ministries addressed this by assigning a number of projects in annual budget plans whose objectives would be defined as they emerged, but the amounts were usually too small and in any case were not released until the second half of the fiscal year. Budget rigidities also inhibited ministries from commissioning multi-year research projects (Suryadarma et al, 2011).

Limited funding meant that ministries, particularly those outside the Ministry of Finance, were unlikely to spend considerable sums on hiring consultants, especially international consultants. One respondent suggested that the Ministry of Transport would not consider using the local office for Price Water House Coopers (PWC). Moreover, the late Hadi Soesastro once director of the Centre for Strategic and International Studies (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, government regulations prohibited government funds beyond Rp. 50 million from being used to pay non-profit organisations (see Sherlock, 2011). Some officials worked around this by either 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 approaching donors to pay for experts to provide analysis (Suryadarma et al., 2011). However, for many, procurement rules closed formal channels, forcing officials to either rely on (potentially poor quality information from) the Badlitbang, undertake the work in-house (with officials who did not always have sufficient capacities) or to pursue informal channels.

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

Badan Pusat Statistik, BPS

An important source of knowledge within the government was the national statistical office (Badan Pusat Statistik or BPS). The BPS was a Non-Ministerial Government Institution (NMFI) under the direction of and responsible directly to the President and headed up by a DG. It was responsible for collecting and analysing statistical data. Several respondents saw the BPS as the primary source of data of this kind, which they saw particularly useful during planning and

budgeting processes. The importance of such data indicated an increasing preference for quantifiable measurable indicators. But this had proved challenging in areas such as the environment. Further, some respondents often felt dissatisfied with BPS data, as it was not always current and insufficiently disaggregated with data from regions further away from Jakarta particularly Eastern Indonesia seen as questionable/less robust reflecting in part the geography of Indonesia as the world's largest archipelago state. Although most of the poor lived in Java where power had traditionally been centred, the depth of poverty tended to increase the further east one went, with poverty rates amongst the highest in places such as Papua.

Lembaga Ilmu Pengetahuan Indonesia, LIPI

The Indonesian Institute of Sciences (Lembaga Ilmu Pengetahuan Indonesia, LIPI), another Non-Ministerial Government Institute (NMGII), 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 they have provided a number of government agencies with knowledge inputs mainly through discussions/seminars around research design and outcomes hosted by LIPI stating that:

"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. the BOS, Biaya Operasi Sekolah) by the Population Division, or inputs were contributed on the creation of the election commission(s) and activities and law(s) 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 decentralization and regional autonomy laws and modifications thereof. Then the UKP4 [...] 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 UKP4 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 DPR commission IX had requested information from LIPI on issues related to social and health insurance schemes. TNP2K and the Ministry of Forestry had also made requests. And the Office of the Vice President invited researchers from LIPI to help monitor a programme of work implemented by various ministries. They also claimed LIPI tended to provide research that was more theoretically grounded and due to its distance from central ministries (compared to say Badlitbangs) tended to offer advice which was more politically neutral. However, since the respondents were from LIPI itself, this claim required further verification.

Donor support

Our research suggested that donors were funding a number of capacity building initiatives targeting various ministries, departments and agencies on the executive side of 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 included a UNIFEM funded expert working with the secretary to the minister, GIZ funding for a policy analysis unit and a UNFPA funded project management unit on reproductive health issues. The World Bank was lending support to the BPS. AusAID had a presence in the form of technical advisors in DG Tax in the Ministry of Finance. Moreover, some Global Fund money was going into data production and surveillance work (some of which was to be channelled through the

Balitbang). Finally the Analytical and Capacity Development Partnership (ACDP), worth US\$50 over five years, had been established by the EU, AusAID and the Asian Development Bank to provide the Government with technical expertise and access to international knowledge and best practices in support of its education reforms, complementing their US\$1 billion five year commitment to the Education Sector Support Program (ESSP).

Box 7: The Fiscal Policy Office (BKF)

The Fiscal Policy Office (BKF) was established in 2006 and had between 350-400 staff. Key functions included 1) macroeconomic forecasting and analysis; 2) fiscal policy; 3) fiscal risk and 4) managing international work. Staffs prepared all speeches for the minister as well as draft ministerial decrees. Based on the comments of two respondents we describe each of these functions in turn.

1. Macro economic forecasting and analysis: this unit prepared the economic assumptions such as economic growth, foreign exchange, interest, inflation and crude oil production and revenue forecasts. For this, the BKF relied on a committee of technical experts whose members represented the Ministry of Finance, Bappenas, the National Statistical Agency, the Central Bank, the Ministry of Energy and Mineral Resources and the co-ordinating Ministry for Economy, Finance and Industry. The committee was chaired by the Minister of Finance and met on numerous occasions.

It was suggested by one respondent that the analysis produced tended to be a factual narrative of what the economy was doing and lacked the overlay of political context, which they thought was needed for the head of the BKF or the Minister to mount an influential argument in public. This may be because the BKF wanted to remain pure, but it might also indicate a preference for tools and systems which provided 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: this unit established maximum expenditures and assessed how it affected the economy. The environment they work in was highly politicised with members (usually echelon two and three and even lower ranking staff) regularly asked to appear before parliament during the negotiation of the budget (and 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 macro economic forecasting unit above. However, with flows of information restricted to top-down lines of control possibly combining with weak leadership from the head of the BKF, communication between the two directorates was limited. As such this unit prepared their own economic assumptions which then fed into the official budget.

3. Fiscal risk: this unit assessed possible risks to the budget. These included, for instance the risks that implementation of larger social safety nets might pose as well as the impact of disasters. These were core areas which the BKF needed to provide leadership on. However, perhaps as the current head of the BKF was new to the job, there seemed to be little demand on the unit and as a result they had little influence on higher levels of authority. As a consequence, the quality of work had seemed to suffer 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 undertook much of the logistical elements of the country's participation in international fora, such as the hosting of the recent ASEAN conference. Because of the extensive amount of international engagement they were stretched and subsequently had little spare capacity to focus on developing robust analyses to inform the government's policy position. However, MenPAN had approved the establishment of a new centre to take over multi-lateral and climate change engagement. The head of the BKF was also the chair of the taskforce leading thinking

on climate change financing. The aforementioned centre was likely to have around 15 people who would be more research focussed.

The BKF had three types of study: 1) short studies in response to requests from the minister, which usually took five days and tended to be a synthesis of materials found on the internet 2) research that could take a few months to undertake to feed into key decisions and 3) fundamental research which could take several years and may include statistical modelling. The BKF usually delivered findings in a range of formats (determined by audience and objective), which included three-page policy memos.

Personnel for the BKF were 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 were technically sound and were said to have a position on almost every sector, from agricultural seed varieties to the vehicle industry. Critically, MenPAN agreed to free the Ministry of Finance from constraints of central regulations around salary to set separate rates of remuneration for its staff. This allowed BKF to introduce an internal system of performance appraisal for staff which was linked to remuneration and to the immediate needs of the unit. This 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 was also significant interest from foreign donors in providing technical support. However, communication between the BKF and other DGs tended to be weak as the BKF rarely received requests from other DGs. If other DGs were not satisfied with, for instance, the forecasts issued by the BKF, complaints tended not to be heard through formal channels (which would be through the hierarchy – up, across and down), and were thus unlikely to translate into a request about how the information was produced.

6.2 Analytical capacity in the legislature

Although the DPR was seen to have acquired considerable powers, several respondents suggested 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 at 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 ten 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 due to inadequate capacity within the DPR to support its members.¹⁶

Blondal et al (2009) suggests that there were a number of constraints faced by MPs in the DPR. First, the turnover of MPs was high. In the 2009 elections to the House of Representatives, nearly 75% of MPs were entering Parliament for the first time. While this reflected the transition to democracy, it also highlighted the lack of legislative experience of most MPs. Reviewing the budget, for instance, could be an overwhelming experience, as new MPs were 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).

¹⁶ 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 the Parliamentary Research Services) was criticised for its members often asking open-ended or irrelevant questions – see <http://www.economist.com/blogs/bagehot/2011/07/british-press-and-phone-hacking-scandal-8>

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

Third, Parliament lacked sufficient analytical support. Blondal et al (2009) suggested there were 35 'experts' working for the research services or PPPDI in Secretariat-General (SG) of the House of representatives, who were responsible for serving 550 MPs (and their staff). PPPDI staff were said to include researchers, librarians, archivists, computer specialists and legislative drafters and tasked with supporting DPR members across all activities (Sherlock, 2010a). Blondal et al. (2009) state that of the 35 experts, only seven were responsible for providing support on budgeting. SG staff also appeared to focus on preparing lengthy research studies rather than on timely policy syntheses for MPs. Staff were said to lack adequate qualifications and specialised knowledge. Training by SMERU, a top research centre, for parliamentary staff on research methods is said to have impacted little on the quality of their work. As a result, MPs and their own staff (see below) saw little point in turning to the SG for assistance.

More recently, the government had provided MPs with more resources to hire up to three staff. These tend to be assistants who essentially helped MPs manage their day-to-day workload rather than experts to help with making decisions. Specialist staff exist for factions who tend to be political staff appointed by the DPR member or party but funded by the state budget (Sherlock, 2010a). Further, commissions had been allowed to hire part time advisors to assist them. The advisors were not civil servants with specialised expertise and were often associated with a specific political party or faction. Each party or faction could also recruit a limited number of experts according to its proportion of seats in the House of Representatives (ibid). Some respondents stated that several political parties had Badlitbangs, but knew little of their capacity.

Regardless of these developments, Blondal et al. (2009) reported that commissions relied on cost calculations submitted by the Ministry of Finance or respective line ministries when discussing the budget impact of various amendments under consideration. So that the DPR was not totally dependent on government, the DPR had set up an independent budget office (separate to the research office mentioned above), modelled on the US's Congressional Budget Office (CBO), which aimed to provide non-partisan advice on the budget.¹⁷ With most of the budget not changing due to rigidities highlighted earlier, of interest was whether the budget office was able to assess the actual changes from year to year and present it in an appropriate format. Interviewees however, knew little of its capacity and usage by MPs apart from one respondent suggesting that it did not appear 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 had, the legislature's capacity to generate, interpret and use knowledge products, although increasing, remained fairly limited. As a result, some respondents suggested that parliament was not able to perform effectively. For instance, the DPR, some respondents noted, was not able to effectively process the current volume of legislation that went through it. Other respondents suggested that members of the budget committee were only able to provide a limited critique of the macroeconomic framework, fiscal policies and priorities, deficit targets, revenue projects and expenditure ceilings instead focussing 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 Education budget be shifted from school and classroom building to computers, laboratory and libraries.

Donors providing support to the DPR and in particular its analytical function appeared to be far fewer than those working with executive agencies due perhaps in part to a reluctance amongst donors to appear overtly political. The World Bank were unclear for instance as to how to

¹⁷ It is not clear as to when the budget office was established.

engage with the DPR and had brought in a consultant to help. Nevertheless our research did uncover a few examples of donor support. These included programmes undertaken by the National Democratic Institute (NDI), the United National 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 US Agency for International Development (USAID) funded National Legislative Support Programme (NLSP) amongst others. The NLSP in particular was a programme that had been running since 2001 which targeted 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). We now proceed to discuss how and where policy-makers seek knowledge outside the government.

6.3 Civil service performance

As discussed above analytical capacity in the executive and especially the legislative arms of government appeared relatively weak. However, a number of respondents suggested that the problem was not necessarily inadequately trained technical and managerial staff, but more with the civil service as a whole, in particular the way in which it was organised. For instance, Sherlock (2010a) suggests that the Secretary General's poor performance is in part due to the way staff are categorised, supervised, remunerated and advanced in their careers which discouraged staff from producing adequate knowledge products and weakened 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 entered government at a young age and were guaranteed tenure, salary, promotion and other benefits (CastleAsia, 2010). However, the selection process was not always competitive with the recruitment system said to be characterized by informal payments for entry into the system and for promotions (World Bank, 2009). A number of respondents suggested that as a result of these dynamics, top university graduates were unlikely to join. Moreover, the civil service did not allow the lateral recruitment of mid-career professionals for limited terms, and any such candidates recruited started from the bottom alongside those who had only recently left school or college (author interview, May 2011).

Once civil servants were recruited, training seemed to be general in nature, rather than technically or managerially based (Castle Asia, 2010). Most civil servants were likely to remain in the same ministry in which they started, although they were rotated often at very short notice, arguably the continuation of a feature practiced under New order. The Ministry of Finance, for instance, had three DGs in charge of tax in the last three years and within DG Tax, five directors in charge of the Human Resources bureau. At 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 providing exposure to new work and training in order to move up to higher levels), the practice also had some drawbacks. One of the World Bank's reviews on public sector reforms suggested that continuity amongst leaders was a prerequisite for effective reform (author interview, May 2011). Rotation then, particularly amongst key civil servants was viewed as disruptive as new staff often required long periods of time before they were adequately 'socialised'. And given the institutional set up, there were few mechanisms to ensure the continuation of good work that may have started, once they leave.

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

Performance criteria for promotion were weak, and there were few credible sanctions for low performance and corruption (World Bank, 2009). 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" as one respondent suggested. Another 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 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 who the President then has to approve. In some ministries, particularly those that are not considered 'economic', promotion of bureaucrats as low as directors are often determined by loyalty to the minister's respective party. This was particularly important if there were several candidates going for the same position. However, this seemed to change for promotions to echelon one level which according to some respondents appeared somewhat more meritocratic, though this varied across ministries.

Risk aversion seemed to be quite common amongst decision-makers, especially at echelon two and three levels. Given the constraints bureaucrats were under, taking risks was unlikely to help one climb through the ranks, and in some cases was likely to hold one 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 – advising a newly appointed minister that they prioritise bureaucratic reform.

Sherlock (2010) suggests that bureaucrats were influenced by a culture where rules and regulations were 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 Supreme Audit Agency (BKP), which oversees the management of state funds, and being seen as potentially corrupt. All line ministries and local governments required an unqualified result or risked being brought to task. This was confirmed by one respondent who suggested that: *"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 9 months to do a detailed budget, and they spend it in 2 months and comply with audits – that's the obsession."*

The way in which the annual national budget was drawn together created little space for policy change and hence few incentives for bureaucrats to move beyond routine work. Although all budgets are in one sense rigid, with change only occurring at the margins, in Indonesia there were additional factors which limited flexibility further. Box eight 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 grants
- 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 left the latter on 'auto pilot' 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 mattered relatively little in lower and mid-level civil service postings. However, according to some respondents, there appeared to be two exceptions to this. Both the Ministry of Finance, in particular the BKF (or its Badlitbang) and the Central Bank had secured permission from the State Ministry for the State Apparatus and Bureaucratic Reform (MenPAN)¹⁸, to establish different rates of pay for staff. As a result they had 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 attract 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 had initiated a process of bureaucratic reform led mainly by MenPAN and elevated to the level of the president through UKP4. However World Bank (2009) argue that a large number of agencies with overlapping authority shared responsibility for management of various aspects of the civil service. As a result, no single agency was proactively managing the structure and shape of the civil service and no agency had the recognised authority to undertake comprehensive civil service reform. Moreover, one respondent suggested that the reform programme was seen as too generic and high level and was unlikely to reach lower levels, unless greater efforts were made to operationalise it.

As a result, World Bank (2009) suggests that reforms had so far been undertaken at the ministry level, such as the Ministry of Finance and in a few others and that it was not MenPAN but the Ministry of Finance that was the driving force behind reforms, due in part to the powers it had to determine budget allocations for reform processes. For instance, the Ministry of Finance had already set up a task force to examine salaries and benefits for high ranking state officials, which was 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 was far from straightforward. For instance, it took DG Tax within the Ministry of Finance two years to create a transformation directorate to merely handle reforms that were required. Moreover, the civil service, especially its senior ranks, was still largely a product of the New Order era, and was likely to resist measures that were perceived to threaten its traditional role (Booth, 2005). This seemed 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 (2011) illustrates 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 had managed to draw off resources intended for education initiatives to boost their own sectoral budgets. Second, they had 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 use 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 had not been willing to enforce children's rights to free basic education (as stated in the constitution) reflecting that relevant agencies were likely dominated by elements of the New Order. Further evidence is provided by Sherlock (2010a) who suggests that senior officials such as ministers and DGs had considerable power vested in informal networks within ministries and across government and often behaved 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 subject of the next component.

18MenPAN is officially responsible for the organisational structure of national institutions

6.4 Informal and personalised networks

Both the literature and respondents suggest overwhelmingly that informal relationships were hugely dominant in terms of how people went about looking for information. But the strength of informal networks seemed to be facilitated by regulatory obstacles within the 'knowledge market' and inadequate analytical capacity both within the executive and DPR (as we have seen above). For instance Sherlock (2010) suggests that the most common way for government agencies and office holders to circumvent these obstacles was to call on individual academics in a personal capacity to provide advice without payment or by directly engaging 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), who said:

"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 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 government; they are pleased to give me information. They provide some pointers..."

However, there appeared 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, were inferior to more formal forms of engagement with, for instance, published and disseminated research. For instance, Sherlock (2010a) suggests that not only was informality unsystematic and ad hoc, it did not recompense the universities for their work and relied on salaried staff to devote their time unpaid and mostly unrecognised. He goes on to argue that personal networks in the knowledge sector reinforced a culture of patronage, nepotism and corruption.

While there may be an element of truth in that, we are more optimistic. For instance, Lay (2010) states that such linkages (between MPs and members of CSOs for instance) tended to be based on long established relationships, shared social histories, friendship, ideology and/or political affiliation. Many policy-makers seemed to prefer this, as they were characterised by high levels of trust and credibility and as a result preferred links with individuals over those with organisations. Informal networks provided effective conduits for information flows from experts such as university professors to decision-makers and helped decision-makers identify pieces of evidence they needed. Thus knowledge products were often seen as intangible and dependent on face to face contact. Heryanto (2010) suggests that this may be due 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" (183)

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

6.5 Sources of knowledge external to government¹⁹

University non-governmental research centres

Policy-makers tended to have strong links with academics from university research centres. Both formal and informal knowledge inputs from academics were often drawn on to inform legislation, plans and budgets. For instance, Bappenas had formally partnered with six of the country's largest national universities to provide academic content to its planning processes. On the reduction of fuel subsidies and labour law reform, universities had been formally approached individually or working in consortia to undertake analysis and formulate policy options. Some MPs appreciated 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 tended to come from the University of Indonesia (UI) and Gaja Mada. However, a few respondents suggested that MPs did not have complete trust in the objectivity of work by universities which had close links to government, while others suggested the executive was reluctant to turn to particular universities which historically were seen as sites of challenge and potential opposition.

Despite not having undertaken a detailed mapping, the fact that respondents mentioned very few NGO research centres may indicate the limited links that policy-makers had with such organisations or indeed the absence of a great many institutes, with one respondent suggesting this problem was due in large part to a weak higher education system. The major exception was SMERU, which several GoI respondents said they were familiar with. Although GoI respondents may have been influenced by the presence of SMERU during interviews, many said they had at least considered their findings in policy work. For instance TNP2K invited SMERU to discuss issues related to PKH, or the Household Conditional Cash Transfer scheme. Moreover the PNPM steering committee made up mainly of government ministries were said to have drawn on SMERU's recommendations, particularly in reaching marginalised groups. Moreover, DGs and Directors at Bappenas were said to have good relations with senior researchers from SMERU.

Given the increase in demand from politicians seeking advice on voter behaviour and campaign strategies, the number of survey institutes had increased considerably since 1998. The Jakarta-based Institute for Social and Economic Research, Education, and Information (LP3ES, Lembaga Penelitian, Pendidikan dan Penerangan Sosial dan Ekonomi) quickly emerged as a major actor in this field soon after Suharto's fall. And since 2005 when direct elections for local leaders began to be held, they flourished and 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.

Non-governmental Organisations

Mietzner and Aspinall (2010) suggest that Civil Society Organisations (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, which was strongly supported by the media, many of the key post New Order political reforms may not have materialised or may have been much weaker. Although representatives of NGOs tended to have links with policy-makers from both the executive and DPR, they seemed to be stronger with the latter as some MPs were former student 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 executive, had more readily turned to CSOs for knowledge inputs.

For instance, MPs had approached CSOs such as Fitra to help gain insights into the annual budgeting process. On an 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

¹⁹ Although the media can be seen as a key input in policy-making processes, due to limited data, we omit them from our analysis.

her position. On gender issues, the Ministry of Women's Empowerment had worked with the Women's Coalition to for instance draft the domestic violence law. Some policy-makers turned to CSOs to play a mediation role when the members from the executive and/or the legislature had reached deadlock in negotiations. For example, Propratria had provided a space for the military and the police and had helped DPR commission I and key government institutions sit together to find a resolution to disputes. Individuals from some political parties were also said to have links with CSOs. Members of PDI-P were for instance said to have links individuals from Democratic Youth and the Poor People's Union of Indonesia (Lay, 2010).

Some respondents suggested that there were a number of disincentives in 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 rather than foster constructive engagement with MPs. Moreover, some MPs viewed CSOs with suspicion particularly as many, if not all of them, tended to be funded by foreign agencies (Lay, 2010).

External actors

Policy-makers had often turned to international actors based both in and out of country for analysis and advice. Bappenas and other ministries have for instance, 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 though relationships between counterparts in respective institutions. Nevertheless, links with international actors, by and large, tended to be more formal.

In-country bilateral (such as JICA and AusAID) and multilateral agencies (such as the UN and 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 was relatively small (in comparison with aid disbursements of other donors), it had significant staff numbers - approaching 800 (providing mainly technical assistance) many of whom were funded by a range of donors though trust funds. Several high ranking officials were known to approach the Bank for advice. One Deputy Minister for instance had approached the Bank on a regular basis for analysis on a number of policy issues including a recent law on teaching reform.

There were several incentives for government officials to turn to the donor and multilateral agencies for knowledge inputs. Government officials working within short time frames tended to demand information at short notice in succinct delivery formats. With Badlitbangs generally lacking the capacity to undertake such analysis and regulatory constraints inhibiting the formal contracting of top research institutes such as SMERU, officials turned to donors and multilateral agencies including the Bank. The trade unit within the Bank for instance, could typically respond to requests from the Ministry of Trade within a week. There were financial incentives too, as the World Bank could pay for its own research. The Ministry of Education, for instance were reluctant to fund research themselves (given the limited funding they had for research) and were 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 around informal networks and the importance of trust, the Bank had an established historical relationship with top levels of government and were seen as credible. For instance, despite the incentives for World Bank consultants to publish work, some had agreed not to, where government deemed reports politically sensitive. Further, some suggested that Government lacked confidence in their own bureaucracy or in domestic think tanks to deliver high quality analysis (highlighted by the analysis above). One respondent also suggested that government would also rather pay significantly for top quality advice that was provided with a promise of political neutrality.

Nevertheless, working with the external actors particularly the Bank could be politically sensitive due to some anti-donor sentiment within GoI. One respondent suggested that by demanding and using information from donors there was a risk that government could be pulled away from its own policy agenda. The UKP4 had been criticised for being too reliant on international sources of knowledge. Due to some of these sensitivities, the Bank for instance, had on occasion taken more of a backseat role, working closely with universities such as Gaja Mada 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 capacity for the government to produce research and analysis itself, as well how and from where it accesses knowledge from outsiders. In sum:

1. Within ministries, policy-makers, particularly senior officials, could draw information from a range of sources. These included the Badlitbang, BPS, provincial and district offices and other ministries. They could also do the work in-house, formally commission 'outsiders' or draw on knowledge inputs through personal and informal networks.
2. However, our analysis suggests that although the capacity of Badlitbangs varied widely, they had generally declined relative to their role during New Order. They tended 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, though the extent to which they suffered these problems varied across Badlitbangs. However, there were exceptions, including the BKF which had up to 400 staff and essentially helped the Ministry of Finance to manage the economy and prepare the budget.
3. Ministries faced a number of obstacles in commissioning outsiders to undertake research including limited funding and inhibitive regulations
4. An important source of data was the BPS, reflecting an increasing preference amongst policy-makers for quantifiable indicators. However, some respondents suggested data could be better disaggregated and produced more regularly, especially for regions in Eastern Indonesia. LIPI, a government research institute, tended to produce research based not directly in response to government requests but theoretical research based priorities outlined in the government's medium term development plan
5. Analytical capacity in the legislature seemed to be weak but improving. Overall resourcing of parliament had not seemed to increase in line with the considerable increase in its responsibilities. The Secretary General seemed to be under staffed and were not provided with the necessary incentives to produce appropriate material. Specialist staff for MPs, commissions, factions and parties seemed to be increasing, but still appeared inadequate with staff not necessarily equipped with the right expertise. A budget office had also been set up for DPR members to help them review the annual budget. However, little was known of its quality.
6. Limitations in the analytical capacity in government stemmed mainly due to 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 meant civil servants were unlikely to go beyond routine work. Although the government had initiated bureaucratic reform, senior officials from the New Order period retain considerable influence, were said to view reform with suspicion and were likely to resist and maintain their patronage networks.

7. Partly due to weak analytical capacity within government (including poor formal links) but also because of a cultural feature, informal or personal networks were hugely dominant in the way policy-makers went looking for information
8. Sources of knowledge external to government included university research centres, non-governmental research centres, non-governmental organisations, foreign universities and bi- and multi-lateral agencies.

Drawing on the institutional characteristics of Indonesian policy-making in sections four, five and six, in section seven, we explore what this means for the factors that shape policy-makers' demands 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 outlined in previous sections, we now explore what implications these have on the incentives policy-makers have in investing in, requesting and using knowledge of different sorts in policy-making processes. Although investing in, requesting and using knowledge are three very different actions, for the purpose of this study we nevertheless 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 and statistical data is seen as valuable or not. Once we have explored factors that might encourage policy-makers to invest in, request and use knowledge, we then explore factors that might discourage policy-makers to do 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 had weakened the leadership of the president somewhat, he was still considered the most powerful political actor in Indonesia whose instructions carried considerable weight. As such, policy actors were often compelled to respond to directives whether they came 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 from 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 ground work. He also used research undertaken by SMERU to improve phase two of the scheme, whose ability to produce results quickly was much needed in response to rapidly rising oil prices.

Some respondents also mentioned another priority for the president - the removal of user fees in basic education and the role that knowledge has played recently in relation to its implementation. 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) suggests that senior officials outside the education sector had appropriated education resources to enhance their own sectoral budgets. SBY had subsequently mandated the Minister of 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 New Order bureaucrats and corporate interests, how such an initiative could be successfully financed.

ACDP had subsequently agreed to support the Ministry in the production of appropriate knowledge inputs and the development of a financing strategy and policy instrument (box nine below 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, had seen the (US\$50 million) ACDP attracting 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. Moreover, a number of respondents also suggested that this had also encouraged the Badlitbang in the Ministry of Education to make some progress with regard to the production of knowledge.

Poverty reduction was an example of another key priority for the president, which had achieved limited progress under the leadership of the relatively weak Ministry of Social Affairs,

and had subsequently been elevated to the Office of the Vice President through the establishment of a task force - the National Team for Accelerating Poverty Reduction (TNP2K). Chaired by the Vice President and including several cabinet level posts, the team was advised by working groups, which were 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 had also responded to key presidential priorities by generating knowledge outputs. Part of the UKP4's role was to monitor and verify action plans implemented by certain ministries. This involved field work and the compilation of reports, which could arguably be interpreted as knowledge production. For instance, in monitoring the preparation of a Floating Storage Receiving Unit (FSRU), in North Sumatra, West Java and East Java, site visits revealed key problems with pricing, gas supply and land reclamation. In addition, UKP4'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 seemed more likely to demand and use knowledge in responding to presidential directives (although there was less evidence to suggest that presidential priorities themselves were evidence-based).

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 GOI, and in particular SBY. The constitution was amended in 2002 requiring central and regional governments to spend 20 per cent of their respective budgets on education (Article 31 (4)). Moreover, in Law 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 this 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, 2011).

The first measure his government introduced was to dramatically increase government spending on the education sector. This included the introduction of the School Operational Assistance (BOS) programme in 2005. Funded through cuts to central government fuel subsidies, the programme 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 of Education Regulation No. 11/2005 on Textbooks, and Government Regulations 47/2009 and 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 (ibid).

Together these initiatives had a significant short-term positive impact on enrolment levels in primary and junior secondary education. But despite all these measures, both formal and informal school fees have persisted reflecting, as Rosser et al (2011) 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 amongst the public), the minister and vice minister of Education had 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 had asked questions about allocative decisions and standard setting. The ACDP had subsequently agreed to work with the Ministry of Education to undertake a mapping of the Indonesian education system (including early childhood education, Madrassah Education, General Senior Secondary and Gender Mainstreaming), develop a strategy and define a policy instrument informed by a political economy analysis of funding arrangements.

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 amongst ministries, departments and agencies not only within the centre, but also between the centre and sub-national, as well as perverse incentives for top officials to extract rents where they could (due in part to poor civil servant salaries), there was strong evidence to suggest that policy-makers seemed more likely to demand and/or draw on research if there were (significant) economic benefits at stake and/or if potential policy outcomes were quantifiable in economic terms. Respondents suggested a number of examples:

The Ministry of Finance's vision to, among other things, manage the country's finances effectively and be an instrument for improving economic prosperity²⁰ had probably been a key contributing factor to the considerable investments that had been made in the production of knowledge within the Ministry and its demand for analysis outside. For example, the BKF an equivalent to Badlitbangs in other ministries was installed in 2006 and was said to have 400 staff and produced considerable analysis on macro economic forecasting, fiscal policy and fiscal risk.

Moreover, the Ministry of Finance could also draw on its expert staff, who produced analysis on a range of issues including state income, state expenditure, macro-economic and international finance.²¹ And the Ministry of Finance was 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 was responsible for achieving and maintaining the stability of the value of the Rupiah, as well as monetary policy, regulating the payment system and regulating the banking system and instrumental in accumulating economic resources, also had considerable analytical capacity. This in turn attracted a considerable amount of technical support from international sources including scholarships for their staff to study abroad.

The Ministry of Trade established a coordinating board with offices abroad, which produced information on possible investment opportunities. Moreover, the signing of regional and international trade agreements as well as government budget processes were said to spur on DG's in the Ministry of Trade to facilitate a flow of relevant information as both had implications on revenue generation for the ministry, as well as the government as a whole.

The President's response to the Norwegian government's US\$1 billion commitment to the Indonesian government in exchange for action around climate change was also illustrative of such incentives (but also reflected the president's desire to seek favourable perceptions on the international stage – as Indonesia had been identified as the world's third largest producer of green house gases).

As part of the package of measures to reduce green house gases, the president committed to developing a moratorium on the issuing of forestry licenses. Mandated by the president, the

²⁰ See <http://www.depkeu.go.id/Eng/Organization/?prof=visi>

²¹ See <http://www.depkeu.go.id/eng/Organization/?prof=tupoksi>

UKP4 in turn set up a task force which generated knowledge through consultation of various stakeholders including academia and civil society organisations specialising on the issue (and facilitated by a leading civil society foundation, Kamitraan). Such incentives were said to have also 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.

Policy-makers were said to have sought knowledge in securing donor investments. For instance, the Country Coordinating Mechanism (CCM) - 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 applied to individuals within the government. Suryadarma et al (2011) suggest that given low civil servant salaries, some officials saw commissioning research as an opportunity to collect rents. The practice reportedly took place in most government departments 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.

Seeking favourable perceptions amongst 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) argues for example that the extensive cash transfer programme was instrumental in SBY's 2009 election triumph. Suffering in the opinion polls in 2008, Mietzner 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 micro-credit programs. As a result, SBY's popularity skyrocketed from 25 per cent in June 2008 to 50.3 per cent in February 2009, and PD's support surged to 24.3 per cent in the same time-frame" (Mietzner, 2009a: 4)

As we described above, the implementation of the cash transfer programme involved considerable analytical work in Bappenas. Some respondents also suggested 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 were 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 did not seem to be limited to assessing the prospects of election candidates. According to some workshop participants, government agencies also had started to undertake polling amongst 'service-users' to assess the quality of service delivery (perhaps inspired by Ministers incentives to retain posts in the cabinet). One respondent suggested that the 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 had tempted many party leaders to pick candidates and policies based on survey results, and not on their political platform. This had 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.²² And considering the impact of their political moves on their standing in the polls, Indonesia's contemporary politicians had become reluctant to launching groundbreaking (and potentially controversial and unpopular) policy initiatives.

But after decades under Suharto's New Order regime, the new populist attention to voters' wishes had 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'. (Mietzner, 2009: 122)

Seeking favourable perceptions amongst international actors

With the president's (and other politicians') credibility at stake on the world stage, particularly with the country's relatively new status as a middle income country, policy actors had often drawn on knowledge inputs in response to meeting international targets and benchmarks or in preparing for negotiations in international fora (which could also bring about economic benefits). For example, in meeting the MDGs, Bappenas had, in preparing the next medium term development plan, approached the World Bank on what they could do to contribute to the MDGs and MDGs+ particularly those that were health oriented. Calls to meet MDGs may also explain to a certain extent why the Minister of Health had considerably increased staffing in the Badlitbang to around 40 and why the minister was according to some respondents, placing more demands on staff to produce high quality analyses. But this could also be due to a variety of other reasons, which we outline later in this section, including the need to maintain high levels of economic growth (if one assumes that 'health is wealth') and given inter-ministry 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 to inform political arguments, similar dynamics had spurred several actors within the government to seek knowledge inputs. For instance, the UKP4 had commissioned research on how the economy could be more competitive in relation to its neighbours. There had also been demand for information on the effect of Japan's slow down 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 green house gases, the former Minister of 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 G20 and ASEAN forums and signing trade agreements also seemed to drive knowledge production. The Deputy Minister for Trade, for instance, himself produced background notes ahead of a recent G20 summit (as he could not be sure of the quality of the papers if 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 seemed to be the case on issues of gender and women's rights where the Women's Coalition were called on to provide considerable assistance.

²² 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.

Seeking to exercise authority over others

Demand for research was 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 were the line responsibility of other people within the ministry (such as DG Budget) and government (including Bappenas). This included the important role of managing fierce competition between ministries (and lobbying from Ministers) over resources. Although a strong personality and relationships with others were important (the Minister of Finance was seen as involving the current head of the BKF in a several areas of the ministry's work suggesting a high level of trust in the head to perform) the strength of argument was also bolstered by the considerable knowledge produced by many of the BKF's 400 staff.

This dynamic could also be seen between the centre and sub-national level. In allocating funds to community health centres (Puskesmas), the Badlitbang 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 Ministry of Health and local governments, faced little contestation.

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

The combination of having been traumatised by the effects of the Asian Financial Crisis (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, had put considerable emphasis on policy-makers to take measures which prevented or at least mitigated the effects of crises. For instance, in light of 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 seemed to be demand for information and analysis from the Indonesian National Board for Disaster Management (BNPM) on for instance, international good practices in disaster risk reduction.

Moreover, UKP4 and one presidential advisor had 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 had been carried out to understand how and where people could be radicalised, which revealed that children attending Madrassas were particularly vulnerable. As a result, the Ministry of Religious Affairs with the support of ACDP had 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 2007/08.

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

Given the relatively higher levels of political competition within government and 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 to 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 percent increase in the cost of electricity, the government helped to insulate themselves from subsequent criticism, with much of it unfairly directed towards LPEM who were deemed (incorrectly) by the media to have 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 were hotly contested and in the presence of powerful interest groups. On the issue of fuel subsidies for instance, it appeared the government had 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 reflected the need to reassess options given the volatility of international fuel prices and other aspects of the international economy, it may also have suggested a desire to appear to be doing something

and in the process help to insulate itself from excessive criticism while at the same time avoid taking potentially difficult decisions (see box ten).

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 steadily declined over the past 10 years – by 40% in total, and, last year Indonesia withdrew from Organisation of 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 (US\$15 billion) in 2011.

Fuel subsidies in particular correspond to the 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 hence created significant challenges in managing the Indonesian budget. High international oil prices resulted in expenditures far exceeding revenue from fuel. The government had 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 reiterated on many occasions their intention to eliminate these subsidies, as they were seen to benefit the well off more than vulnerable individuals (who consume less fuel) and because subsidies crowded out higher quality expenditure on infrastructure investment, human capital accumulation and social protection programmes.

In 2010, the Ministry of Energy and Natural Resources set up a commission to assess policy options. However respondents suggested that findings were 1) not sufficiently ambitious with bureaucrats, aware of the sensitivities, perhaps self-censoring and 2) technically deficient in some aspects with estimates of cost savings being seen as much too optimistic. But the government subsequently announced a plan in 2010 to raise electricity prices and limit fuel subsidies. The measure would have restricted private cars from buying subsidised fuel from April 2011 for the Greater Jakarta area. Only public transportation would be entitled to subsidised fuel. And in 2012, subsidies were to be further reduced. However, the plan was postponed indefinitely with the government citing the increasing global oil price as a key impediment.

More recently, in March 2011, the government commissioned a study on the "restriction of subsidized fuel consumption". The government entrusted university research centres at Universitas Gajah Mada (UGM), Institut Teknologi Bandung (ITB) and Universitas Indonesia (UI) to participate in the study. UGM had been assigned to study the subsidized fuel restriction policy from an economic perspective, ITB had been assigned to study the issue from a technical perspective, while UI assessed it from a supervisory aspect.²³ 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 subsidized and non-subsidized products, strong incentives existed for illegal practices such as fuel smuggling and diversion to unintended recipients in industry and business. Successive proposals subsequently faced strong political opposition from many MPs, many of whom themselves benefited from subsidised fuel and had links to key economic actors who gained from the status quo (IISD, 2011).

Another respondent suggested that developing a knowledge base would help to insulate policy-makers from the influence and opinions of non-state actors. Although government had

23 See http://www.majalah tambang.com/detail_berita.php?category=15&newsnr=3645

appeared to become more responsive, one respondent suggested “demand from the surrounding by no means reflected the objective situation”. In other words, demands made by civil society and the media did not necessarily reflect a neutral perspective. For example, on education policy, one respondent suggested that without an evidence base, the minister was seen to be swayed by public opinion (often mediated by the press and television) from one day to the next, which in itself was considered by some respondents as unlikely to be informed by objective or politically neutral analysis. Specifically, in response to the controversy over national examinations, the Ministry of Education with support from ACDP were to undertake a study into examination practice (see Box 11 for more on the controversy). Similarly, on 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 bail out.

Box 11: The controversy over national examinations

In 2003 the government initiated *Ujian Nasional* (UN) or nation-wide standardised exams. The exams tested student in four subjects at junior level and six subjects at high 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. The UN became the only means to determine a student’s pass mark.

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 impact negatively on teachers and the education environment in general. The government, on the other hand, argued that the UN was necessary for the government to measure education performance across the country and to help the government improve the quality of education. Faced with intense pressures for 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 had been uncovered in several schools across Indonesia.

In 2007 a lawsuit was filed by a group of students and parents at the Central Jakarta District Court, seeking the elimination of the UN. When the court reached its conclusion a long time later in September 2009, the Supreme Court 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 government, stating that its verdict did not mean the UN should be delayed.

Despite the controversy, the Ministry of 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 while the remaining 40% would be informed from the school’s own examination score. The change resulted in the percentage of students passing approaching 100%. The controversy had finally led the Ministry to approach ACDP for assistance in establishing a body of knowledge on what the UN was trying to measure and the best way to do that.

Seeking to bolster arguments or legitimise policy

According to some respondents, research had often been used to bolster or defend policy positions, and approaches to addressing policy problems, that had already been taken (although such policy 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 Parliament (and perhaps justify continued government funding). On a particular labour law, the Ministry of Labour Force had reportedly commissioned research from a number of sources in a bid to identify options which were politically viable. In addition, on fuel subsidies some MPs, who were said to be preventing the government from removing fuel subsidies, suggested they had seen studies showing that the current fuel subsidy regime

did not benefit only the wealthy. And several respondents suggested that research from Badlitbangs although considered weak, was often drawn on as it was 'politically viable'.

A few respondents implied that knowledge could help bolster political arguments. On 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" (Author interview, May 2011).

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

On the issue of fuel subsidies, the Vice President in 2008, wanting to present a strong case for reducing subsidies to 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 government had seemed to accept the need to reduce subsidies further given the high oil price, the government had commissioned a number of further studies arguably to bolster their argument given the presence of strong opposition (see box ten). Finally, Lay (2010) suggests that MP's found working with CSOs helped to provide them with evidence to improve their arguments during legislative processes (ibid).

Seeking to exert pressure on others

As Bank Century case showed as well as some of the debates during the plenary sessions, MPs were 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 was an effective tool 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 seemed to be among central government officials about fiscal decentralisation, some officials arguably sought analysis to discipline local authorities or at least highlight deficiencies in local government performance. One such example was research commissioned by the Ministry of Health and undertaken by UI and University of Gajah Mada, highlighting the failure of local governments to meet a government mandate to allocate at least 15% of funding to healthcare. Comparative research and performance indices (for instance on budget transparency processes) were increasingly being undertaken at district level in a bid to highlight (with the help of the media) performance of local governments. Some respondents believed this could in turn influence Bupati's incentives to undertake more (knowledge informed) developmental strategies.

Seeking to prove and increase one's legitimacy

Given the challenges that some MPs faced in properly representing their constituents (vast distances, inadequate resources, weak analytical capacity and an excessive number of tasks) MPs had drawn on knowledge inputs in the form of alliances with civil society groups. Lay (2010) suggests that MPs were more likely to work with organisations if they had a clear cut constituency and a network helping them to better execute their representation function by, for instance, facilitating consultation processes and helping to channel up voices from their own constituencies, providing them with greater levels of legitimacy in the eyes of senior government officials. For instance, in promoting better healthcare for the poor, PDI-P allied with the Poor People's Union of Indonesia who in turn were 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 3000 people and secure the government health insurance scheme for 1500 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 suited many top officials as this enabled them to use project money to strengthen their patronage networks through the direct appointment of specific individual researchers and specialists (Sherlock, 2010). 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 were 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 government given the overlapping nature of planning functions between it and the Ministry of Finance. Such incentives may have led Bappenas, who seem 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 in helping them to use computer modelling data in the drawing up of the medium term development plan and 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 would view drawing on information and analysis in decision-making as 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 MenPAN to establish performance based remuneration systems. Nevertheless it is unclear how performance is defined and whether this has had an effect on the officials' demand and use of knowledge inputs. Amongst senior officials, it was more likely that promotion to Director General and especially new Deputy Minister posts were based at least in part on a track record of designing good policies and strong leadership. But given high levels of rotation and turnover amongst senior civil servants it was unclear whether promotion criteria could 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, build relationships, all of which in turn may advance their own political career.

Seeking to act in accordance with one's ethics

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

And the extent to which the political economy conditioned particular actors (or not) differed according to a range of reasons including one's position within it. For example, senior technocrats such as Deputy Ministers, heads of commissions were perhaps in a better position to act in accordance with their ethics due to less direct exposure to political competition. As discussed in section four, personalities such as Kuntoro Mangkusubroto, the head of UKP4, and the former Minister of Finance, Sri Mulyani Indrawati were seen as progressive reformers who valued research and consultation processes. For instance, one vice minister, who was 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 four, not all those who seemed to be more free from some of the political economy constraints we outlined earlier, had ethics in line with some of the normative prescriptions of the (neo-liberal) good governance agenda.

Other possible factors

Here we discuss two factors for which there was limited evidence. First, as we discussed earlier, some ministries and agencies such as Finance, Trade, Central Bank and Public Works were said by some respondents as producing both outputs and outcomes, which were more quantifiable in economic terms, where indicators of progress were clear, decision-making was more rational and systems for storing and re-using information were better. This may suggest that policy-makers could have incentives to **adhere to established technical standards** in a limited number of ministries and thus were 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 were viewed as **technically more complicated** created an incentive to bring in people with academic backgrounds and technical skills to work on the issue. This would suggest that issues that appeared less complicated, such as health and education, were 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 seemed 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 suggest why legislators had 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 were. This would suggest that almost all policy issues could be characterised as technically complicated and that levels of stakeholder engagement were driven mainly by perceptions rather than actual levels of complexity. Having identified a number of factors which might encourage policy-makers to invest in, demand and/or use knowledge, we now consider factors which might discourage policy-makers from doing so.

7.2 Factors that might discourage policy-makers from using knowledge

Although there are often countless reasons why policy-makers might not draw on knowledge, our research suggests four key factors.²⁴

Lack of convening power

Unless policy-makers were responding to a higher placed supervisor, if one lacked power and hence the capacity to convene others and take a decision, they were unlikely to request analysis on any one issue. One respondent suggested several policy problems often had relatively straightforward solutions, but required the convening and cooperation of multiple

²⁴ Vincent Cable, now a minister for the UK government outlined 5 '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: http://www.odi.org.uk/Rapid/Meetings/Evidence/Presentation_3/Cable.html. Last accessed 4/8/2009

actors (including central and local actors as well as public and private) which, given the competition over territory and resources, tended to result in deadlock. Moreover, the analysis in section four highlighted that subordinates were 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 were 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 invested in and demanded knowledge of various sorts, they were not always in a position to use such knowledge to inform their decision-making. Our repeated mentions of the fuel subsidy issue was illustrative of how corporate interests were able to exert considerable influence on policy-makers and prevent them 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 lot to lose from any divergence from the status quo.

Short time horizons

As we highlighted in section four and five, the desire by elected leaders to seek re-election, the glare of the media spotlight and increasing public pressure, meant that policy-makers often felt compelled to draft laws and guidelines quickly. Short time horizons coupled perhaps with limited capacity amongst domestic research centres in delivering research products in appropriate formats often meant plans were brought forward often with little analysis and/or launched without adequate piloting or 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. However as the schools required considerable parental contributions the poor had been effectively excluded – something which one respondent suggested could have been recognised ex-ante through analytical work.

Inadequate analytical capacity

Respondents seemed to suggest that a lack of analytical capacity may discourage some policy-makers from demanding and using knowledge. This seemed to be particularly so for MPs within the legislature, where, we have suggested, the capacity of the Secretary General and the Budget Office probably did not match the powers they had been given to draft laws, provide oversight of the executive and represent the country's citizens. We have suggested that politicians in many cases sought to put pressure on others or establish their credibility but many respondents suggested that poor perceptions of the capacity of the Secretary General and its staff could mean they were less likely to ensure their positions were evidence-based/informed, with MPs likely to draw on informal contacts (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 appeared to shape policy-makers demands and use of knowledge. Not only do such factors influence the behaviour of policy-makers generally, we argue that they may influence policy-makers to draw on knowledge in particular. We list these factors in table two below, and attempt to indicate, (although this would most likely vary according to the nature of the issue), which of four actors – the President, Ministers, MPs and senior bureaucrats, were likely to be susceptible to such incentives considering their location in government and the constraints they were 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 affect almost all types of policy-makers – directives from the President (except the president him/herself) economic rewards, public/media pressure and external factors.

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 individuals	Yes	Yes	Yes	Yes	Strong
3. Seeking favourable perceptions amongst the media and public	Possibly	Yes	Yes	Yes	Strong
4. Seeking favourable perceptions amongst key international actors :(within key fora 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: these could include 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: for example			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, 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 research

This concluding section summarises our findings; discusses factors which 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: 1) regular development planning and budgeting and 2) the development of more ad hoc laws and regulations. While laws, providing high level principles required parliamentary approval, regulations, which provided detailed guidance to implement particular laws, did not. Importantly, the annual budget also required parliamentary approval. Guidance for development planning seemed fairly detailed, but less so for laws and regulations.

Nevertheless, formal knowledge in the shape of academic drafts and consultations with state and non state actors were, generally speaking, supposed to play a prominent role in policy formulation processes. However, our research suggested that although varying considerably across sectors, formal rules were not always followed and when they were, they did not necessarily result in well informed plans. Together, this suggested that formal bureaucratic rules appeared to provide weak incentives for policy-makers to invest in, demand and use knowledge in order to produce good outputs and outcomes. The study aimed to uncover other (perhaps stronger) factors, which encouraged policy-makers to use knowledge by identifying key institutional features of the policy-making process, or in other word the 'rules of the game' which shaped policy-makers behaviour.

8.2 Rules of the game

One of the main features of the policy-making system was the influence of the President. The President, directly elected in 2004, was seen as the country's most powerful policy-maker. SBY was under considerable pressure to quicken the pace of economic and social development especially from a vibrant media and civil society. And although he was to step down when his second and final term ended, he was said to want to leave a legacy. Moreover, as his credibility was at stake on the world stage, particularly with the country's relatively new status as a middle income country, he (and his cabinet) was often under pressure to prepare and perform in fora such as the G20, ASEAN and at the UN, and meet global targets such as the MDGs. Further, the role of the Vice President, elected on the same ticket as that of the President is no longer a ceremonial position whose instructions can carry considerable weight.

Coalition politics had meant the appointment of ministerial posts was 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, typically continued to benefit from meritocratic appointments reflecting a continued focus on economic policy. But higher levels of political competition meant that cabinet level decision-making could be drawn out with unpopular reforms less likely to be realised and technocrats, especially those without political backing, seemed to face higher levels of contestation than they did say under Suharto's New Order era. While political competition is a crucial factor, this was also in part due to intense inter-ministry bureaucratic competition over territory and resources, which in turn created major coordination problems.

The Minister of Finance, as the country's chief financial officer, was responsible for managing the macroeconomic framework as well as controlling the budget. As such it had the authority to assess and resolve competing claims for resources from ministries and agencies. Although Bappenas was responsible for long, medium and annual planning, some of its functions overlapped with those of the Ministry of Finance, and it appeared to lack the authority and resources to undertake its planning functions adequately. With regard to cross-ministry programmes, difficult reforms were often elevated to the level of the President and the Vice President to 'debottleneck' through the establishment of commissions and taskforces, such as UKP4 and TNP2K.

Performance of senior ranked officials, to varying extents, was often determined by the nature of their personality and in particular their own personal and professional ethics, but many seemed to lack training in leadership and management, instead learning from past experiences and 'on the job'. Within ministries, Deputy Ministers and Director Generals were key actors in shaping the decisions of Ministers. While 'silo-isation' limited communication across divisions, often affecting the quality of policy work, steps were being taken in some cases to address this.

Political parties had moved away from the violent conflict that characterised the early part of the country's transition toward a system where they exercised power through negotiation, power sharing and peaceful dispute resolution. The party system seemed 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 was considerable variation, political parties tended to have low and falling memberships, lacked independent funding sources and served as weak platforms for presenting policy choices.

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

Power in the DPR was 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 was generally through deliberation and consensus building and all parties were expected to make concessions before agreement could be made. While this prevented the adoption of partisan and exclusivist laws, it made it more difficult to pass coherent legislation. And while the excessive powers vested in commissions had led to a lack of transparency and accountability, importantly it encouraged DPR members to scrutinise government activities even when their parties were represented in the cabinet.

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

Our analysis suggests that although the capacity of Badlitbangs varied widely, they had generally declined relative to their role during New Order. They tended 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 suffered these problems

varied across Badlitbangs, with the BKF being a major exception, which had up to 400 staff and essentially helped the Ministry of Finance to manage the economy and prepare the budget.

Ministries faced a number of obstacles in commissioning outsiders to undertake research including limited funding and inhibitive regulations. An important source of data was the BPS, particularly as policy-makers were showing an 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 seemed to be weak but improving. Overall, resourcing of parliament had not seemed to increase in line with the considerable increase in its responsibilities. For example, DPR members were often hampered in their ability to represent their constituents. The Secretary General seemed to be under staffed and were not provided with the necessary incentives to produce appropriate material. Specialist staff for MPs, commissions, factions and parties seemed to be increasing, but still appeared ill-equipped to help MPs in making decisions. A budget office had also been set up for DPR members to help them review the annual budget. However, little was known of its quality.

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

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

But this is not necessarily surprising. Our research confirms that policy-making at the highest level of government is often complex, multi-factoral and non-linear (see Court and Young, 2005). One respondent reasoned that in many cases policy-making was defined by a certain degree of arbitrariness even in the most developed of countries and things were not necessarily so different in Indonesia (see Stiglitz, 1998). Of concern though was whether the bureaucracy had the capacity to undertake systematic analysis or whether there were sources outside government, in the shape of NGOs, think tanks and a vibrant research community to undertake research; and whether there were mechanisms through which it could be brought up for consideration by top level policy-makers. Our analysis suggested that there was significant room for improvement.

8.3 Factors that shape knowledge use

Based in part on the analysis above, we found 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 amongst the media and the public** by designing and launching populist policies; conducting opinion surveys to assess public preferences;
4. **seek favourable perceptions amongst key international actors:** by performing well economically especially in comparison with neighbouring countries, preparing for negotiations in key international fora, 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 disorder:** this could be in relation to food price rises, fuel prices rises, terrorist attacks and 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 had 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 their constituents;
11. **strengthen relationships with others** by consulting those with those who are valued and trusted or 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, but this could also be as a politician, which would entail establishing credibility with colleagues in the party for example;
14. **act in accordance with one's ethics:** these could be personal and/or professional, where individuals may receive satisfaction from drawing on analysis or consulting with civil society as a means to developing 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 seemed to be a culture of more rational decision-making, where outputs and outcomes were more quantifiable;
16. **address higher levels of technical complexity** in areas which appeared 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 UKP4, but were also spurred on by economic incentives (aid up to US\$1 billion), as well as a desire to be perceived favourably by international actors (and reduce green house gases, in light of statistics revealing the country was the world's third largest emitter of such gases).

Another example featured the analytical work undertaken by Bappenas and other line ministries on the large scale cash transfer scheme in 2008. Not only was this a directive from the president, it seemed to coincide with the aftermath of the global financial crisis. And probably most crucial of all, the directive seemed to be influenced by his desire to seek re-election as the country's president, which he would achieve by seeking favourable perceptions amongst the media and the public.

Nevertheless, overall, with the exception of three factors, motivational factors were largely based on economic or monetary metrics, an assessment of power gained or lost, bolstering one's status and safe guarding relationships amongst others amongst others. The political economy of the demand and use of knowledge was clearly bound up with the political economy of policy itself (see Booth, 2011).

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 silo-sation and the challenges of coordinating equals across government or within a ministry, acting on any knowledge would be challenging and may discourage policy-makers to demand analysis in the first instance.
3. **They may not have the time:** given the pressure from the media and public to perform, many policy-makers felt compelled to roll out policies quickly often without adequate research and analysis.
4. **They lack sufficient analytical capacity:** even if policy-makers wanted to draw on knowledge, given the weaknesses in government's analytical capacity coupled with systemic weaknesses in the civil service, they may lack sources to pursue.

8.4 Recommendations

Designing demand side interventions

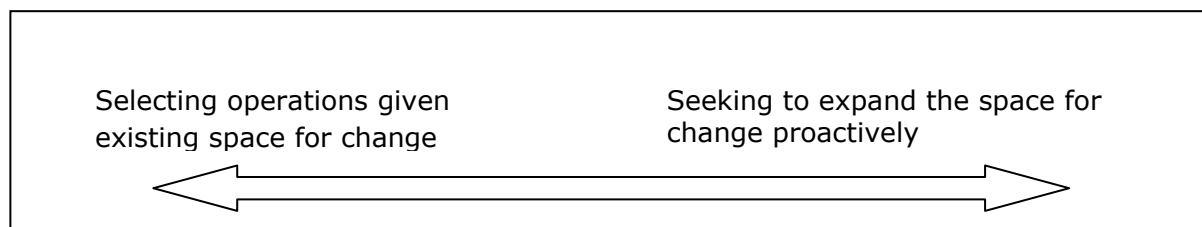
Selecting policy issues

We suggest that AusAID could use the motivational factors listed above as a 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 their demand side pilot interventions where there is likely to be greater levels of knowledge demand and use. This would, for instance, involve a mapping of the key actors working on policy issues and an assessment of the extent to which actors were compelled to implement presidential directives, the extent to which they wanted to accumulate economic benefits and the extent to which they sought favourable perceptions from the media, etc. However, as we have suggested before, 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, seem not to 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 hence need to consider the extent to which they desire or are able to 'work with the grain' and with the 'incentives' of policy-makers in Indonesia.

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

The lack of convening power, cited as a possible factor that may inhibit the use of knowledge, could be addressed by working with a highly placed supervisor or those with a presidential mandate. We suggest ways in which other inhibiting factors (weak analytical capacity and short time horizon) could be addressed in our recommendations below for 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 may affect the way in which 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 were likely to be higher than where one is more concerned with associating one's self with a particular organisation and/or to increase the credibility of one's position, whether for conscious or sub-conscious 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 researchers had the incentives to produce analysis with a high degree of rigour and political neutrality. This is in part addressed 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 provide some suggestions as to the shape of possible interventions. The precise nature will depend on the issue above, the role of the actors in the policy process and their pre-existing level of capacity. So, given the analysis, we indicate first 1) who AusAID could work with and where possible, 2) 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: This could take the form of advice, mentoring and the establishment of fora 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:** this could be on 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. **Director Generals:** on improving the flow of information between and within divisions and given high turnover, mechanisms to capture and store information of a strategic nature.
4. **Relevant Badlitbangs:** although problems for Badlitbangs appear related to problems with the wider civil service (see below), it may be worth working with relevant Badlitbang staff on producing high quality research in appropriate delivery formats.
5. **Sub-directorate staff within ministries:** on research management, methods and communication.
6. **National statistical office (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 civil society organisations through for instance events, forums and information or contact directories.
8. **Expert staff for MPs:** they tend to be a key knowledge broker, but many were said to lack the technical expertise to help MPs filter information. Support then 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 Office of the Secretary 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 MP requests in a timely and appropriate manner and pro-active engagement, through for instance publishing briefings in time for particular discussions (most probably those undertaken by commissions).
11. **Political Parties:** arrangements to facilitate linkages between political parties and civil society organisations and the generation of knowledge to help improve their function as a policy platform.
12. **Ministry of Finance and MenPAN:** on bureaucratic reform (including civil service reform, and relieving regulatory obstacles in knowledge procurement) and resourcing for 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 staff. However, given the sensitivity regarding the excessive use of foreign consultants, AusAID could explore whether they could second Indonesian experts from domestic research centres or indeed donor agencies to government units for a fixed length of time. Alternatively support could take the form of training, advice or networking on a range of issues including research methods, communication, knowledge management and project management.

Further work

Given the general nature of this study and the potential presence of significant variations across sectors, once specific issues have been selected (taking into account the findings from this study as an entry point), we propose that AusAID assesses in more depth the opportunities and constraints for knowledge demand and use with a focus on particular reform processes and/or specific pieces of research or knowledge. In particular we suggest that AusAID:

- **undertakes further issue specific, political economy analyses and in doing so, maps 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, Director Generals, political parties, parliamentary commissions, researchers from Badlitbangs, universities and research institutes, the media, civil society groups, the judiciary, business and corporate interests amongst others.
- **Undertakes a more technical analysis of decision making dynamics:** including identifying different tasks policy-makers have (and how this varies according to rank), the types of decisions that are made, the level of risk that decision makers attach to different decisions, how different decisions are framed, the time spent taking decisions and how decisions are made (taking in the variety of sources of knowledge policy-makers may turn to).
- **scopes out possible partners:** these could include government and non-government agencies, and in particular, but not limited to, Badlitbangs, Expert staff in ministries,

parliamentary commissions and for MPs and others listed above. These could be selected using RAPID's Alignment, Interest and Influence Matrix (AIIM) where AusAID could partner with those who were both interested in the policy issues and aligned with AusAID/GOI's approach (see Mendizabal, 2010).

- **identifies strategies to improve the demand and use of knowledge:** these could include interventions related to research literacy amongst policy-makers, networking, research production, research communication and knowledge management, amongst others.
- **develops frameworks for planning, monitoring and evaluation as well as mechanisms to use learning to improve programme design and management:** These could include periodic fora 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 slow implementation of policy. For instance, the National Committee for Action on the National Social Security Program (KASJSN) had recently won a class action lawsuit against the government over the suspension of the mandatory national social security program. Given the highly codified nature of the Indonesian legal system, it was not necessarily surprising that the judiciary seemed fairly active. As such we feel strongly that **analysis of the judiciary and its use of knowledge** should be a central element (along with the other branches of government, the executive and legislature) within the issue specific political economy studies we mention above.

9 References

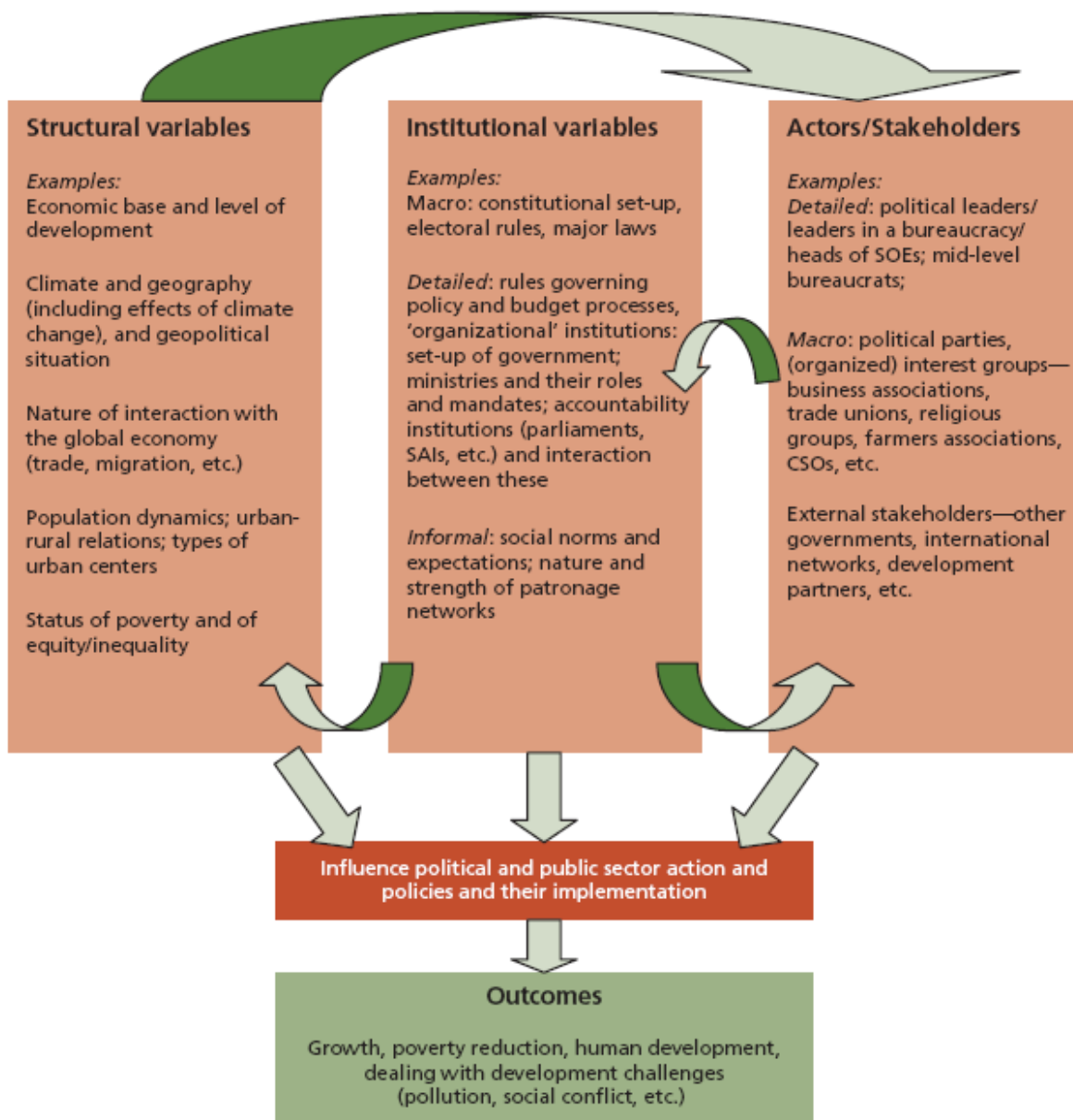
- Abonyi George** Policy reform in Indonesia and the Asian Development Bank's Financial Sector Governance Reform's Program Loan [Report] : ERD Working Paper No. 76, . - Manilla : Asian Development Bank, 2005.
- Arinanto Satya and Fatmawati** An evaluation of the national legislative strengthening program (NLSP [Report]. - [s.l.] : A Report to the Asia Foundation, 2008.
- Aspinall Edward and Mietzner Marcus** Problems of Democratisation in In Indonesia: An Overview [Book Section] // Problems of Democratisation in In Indonesia / book auth. Mietzner Marcus and Aspinall Edward. - Singapore : Institute of Southeast Asian Studies, 2010.
- Aspinall Edward** The irony of success [Journal] // Journal of Democracy. - 2010. - 2 : Vol. 21. - pp. 20-34.
- Bappenas** Pedoman Penyusunan Rencana Pembangunan Jangka Menengah Nasional (RPJMN) 2010–2014 [Guideline for Preparing the Medium-term Development Plan (RPJMN) 2010–2014] [Online]. - 2009. - 24 May 2011. - <http://bappeda.madiunkota.info/wp-content/uploads/2010/01/pedoman-rpjm-2010-2014.pdf>.
- Beaton Christopher and Lontoh Lucky** Lessons Learned from Indonesia's Attempts to Reform Fossil-Fuel Subsidies [Report]. - [s.l.] : International Institute for Sustainable Development (IISD), 2010.
- Blondal Jon R, Hawkesworth Ian and Choi Hyon-Deok** Budgeting in Indonesia [Report]. - [s.l.] : OECD Journal on Budgeting, Volume 2009/2, 2009.
- Booth Anne** The evolving role of central government in economic planning and policymaking in Indonesia [Journal] // Bulletin of Indonesia economic studies. - 2005. - 2 : Vol. 41. - pp. 197-219.
- Booth David** Working with the grain and swimming against the tide: barriers to uptake of research findings on governance and public services in low income Africa [Report]. - London : Africa power and politics, 2011.
- Carothers T** Confronting the Weakest Link: Aiding Political Parties in New Democracies [Report]. - New York : Carnegie Endowment for International Peace, 2006.
- CastleAsia** Who's Who in Yudhoyon's Indonesia [Book]. - Jakarta : CastleAsia, 2010.
- Crouch Harold** Patrimonialism and Military Rule in Indonesia [Journal] // World Politics. - 1979. - 4 : Vol. 31. - pp. 571-587.
- DFID** DFID Drivers of Change Public Information Note [Report]. - London : DFID, 2004.
- DFID** Political Economy Analysis How To Note [Report]. - [s.l.] : DFID, 2009.
- Downs Anthony** A Theory of Bureaucracy [Journal] // The American Economic Review. - 1/2 : Vol. 55. - pp. 439-446.
- Edelman Marc** Synergies and Tensions between Rural Social Movements and Professional Researchers [Journal] // Journal of Peasant Studies . - 2009. - 1 : Vol. 36. - pp. 247-67.
- Febrian S.H.** Handbook on the legislative process [Book]. - Jakarta : UNDP, 2010.
- Freedom House** Freedom in the World 2009 [Report]. - Washington DC : Freedom House, 2009.
- Fritz Verena, Kaiser Kai and Levy Brian** Problem-driven Governance and Political Economy Analysis: Good Practice Framework [Report]. - Washington DC : World Bank , 2009.
- Hadiwinata B.S.** The 2004 Parliamentary and Presidential Elections in Indonesia [Book Section] // Between Consolidation and Crisis. Elections and Democracy in Five Nations in Southeast Asia / book auth. Croissant A and Martin B (eds). - Berlin : [s.n.].
- Hadiz Vedi R** Indonesia a decade after reformasi: continuity or change [Report] / Department of Sociology, ; National University of Singapore. - n.d..
- Hamid A and Atamimi S** Perbedaan Antara Peraturan Perundang-Undangan dan Peran Kebijakan [the difference between legislation and the role of policy]. [Report] : Speech in 46th Dies Natalis PTIK, Jakarta, 17 June 1992, . - 1992. - pp. 4-5.
- Harris Dan with Foresti, Marta** Indonesia's progress on governance: state cohesion and strategic institutional reform [Report]. - London : ODI, 2010.
- Heryanto Ariel** Entertainment, Domestication and Dispersal [Book Section] // Problems of Democratisation in Indonesia: Elections, Institutions and Society / book auth. Aspinall Edward and Mietzner Marcus. - Singapore : Institute of Southeast Asian Studies, 2010.

- International Institute for Sustainable Development (IISD)** A citizen's guide to energy subsidies in Indonesia [Report]. - 2011.
- Jones Harry** A guide to monitoring and evaluating policy influence [Report] : Background Note. - London : ODI, 2011.
- Jones Nicola and Villar E** Situating children in international development policy: challenges involved in successful evidence-informed policy influencing [Journal] // Evidence and Policy . - 1 : Vol. 4. - pp. 53-73.
- Jones Nicola, Datta Ajoy and Jones Harry** Knowledge, Policy and Power: Six Dimensions of the Knowledge-Development Policy Interface [Report]. - London : ODI, 2009.
- Kurnato** Sistem Informasi Perencanaan Pembangunan Daerah Online [Online Regional Development Planning Information System]' [Online]. - 2010.
- Lay Cornelius** Civil society-parliament linkages in Indonesia [Report]. - [s.l.] : Report for ODI, 2010.
- Mahendra Anak Agung Oka** Implikasi Hukum Terhadap Peraturan Daerah yang Bertentangan dengan Peraturan Perundang-Undangan yang Lebih Tinggi. - 2008.
- Mardha Amil** The process of legally drafting regulations in the development of the first Nuclear Power Plant (NPP) in Indonesia [Journal] // International Journal of Nuclear law. - 2009. - 3 : Vol. 2. - pp. 243-249.
- Martinez-Diaz Leonardo** Pathways Through Financial Crisis: Indonesia [Journal] // Global Governance. - 2006. - 2006 : Vol. 12. - pp. 395-412.
- McCarthy John and Ibrahim Rustam** Review of Social Science Capacity Building Support to Indonesia's Knowledge Sector [Report]. - 2010.
- Mendizabal Enrique** The Alignment, Interest and Influence Matrix (AIIM) [Report]. - London : ODI, 2010.
- Mietzner Marcus** Indonesia's 2009 elections: populism, dynasties and the consolidation of the party system [Report]. - [s.l.] : Lowy Institute for International Policy, 2009.
- Mietzner Marcus** Political opinion polling in post authoritarian Indonesia: catalyst or obstacle to democratic consolidation [Journal] // Bijdragen tot de Taal-, Land- en Volkenkunde. - 2009. - 1 : Vol. 165. - pp. 95-126.
- Mujani Saiful and Liddle R William** Leadership, party and religion: explaining voting behavior in Indonesia [Journal] // Comparative Political Studies. - 2007. - 7 : Vol. 40. - pp. 832-57.
- Nachiappan , Karthik, Mendizabal Enrique and Datta Ajoy** Think tanks in East and Southeast Asia [Report]. - London : ODI, 2010.
- OECD** Joint Evaluation of the Paris Declaration, Phase 2 [Report]. - [s.l.] : OECD, 2010.
- Oey-Gardiner Mayling** Study of the role of the Indonesian Institute of Science (LIPI) in bridging between research and development policy [Report]. - 2011.
- Pamungkas Sigit** Koalisi minus loyalitas [Coalition minuns loyalty] [Report]. - [s.l.] : Kompas, 26 October, 2009.
- Perkin Emily and Court Julius** 'Networks and Policy Processes in International Development: A Literature Review [Report] : ODI Working Paper 252. - London : ODI, 2005.
- Qodari Muhammad** Professionalisation of Politics: The Growing Role of Polling Organisations and Political Consultants [Book Section] // Problems of Democratisation in Indonesia: Elections, Institutions and Society / book auth. Aspinall Edward and Mietzner Marcus. - Singapore : Institute of Southeast Asian Studies, 2020.
- Robison Richard and Hadiz Vedi R** Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets [Book]. - London and New York : Routledge, 2004.
- Rosser Andrew, Joshi Anuradha and Edwin Donni** Power, Politics and Political Entrepreneurs: Realising Universal Free Basic Education in Indonesia [Report]. - [s.l.] : IDS Working Paper, 2011a.
- Rosser Andrew, Wilson Ian and Sulistiyanto Priyambudi** Leaders, elites and coalitions: the politics of free public services in decentralised Indonesia [Report]. - [s.l.] : Developmental Leadership Programme, 2011b.
- Sherlock Stephen** Knowledge for policy: Regulatory obstacles to the growth of a knowledge market in Indonesia [Report]. - [s.l.] : A report for AusAID, 2010a.
- Sherlock Stephen** The Parliament in Indonesia's Decade of Democracy: People's Forum or Chamber of Cronies [Book Section] // Problems of Democratisation in Indonesia: Elections, Institutions and Society / book auth. Aspinall Edward and Mietzner Marcus. - Singapore : Institute of Southeast Asian Studies, 2010b.

- Shiraishi Takashi** Technocracy in Indonesia: A preliminary Analysis [Report]. - [s.l.] : National Graduate Institute for Policy Studies, 2006.
- Stiglitz Joseph** The private uses of public interests: incentives and institutions [Journal] // The Journal of Economic Perspectives. - 1998. - 2 : Vol. 12. - pp. 3-22.
- Sukma Rizal** Indonesia's 2009 Elections: Defective System, Resilient Democracy [Book Section] // Problems of Democratisation in Indonesia: Elections, Institutions and Society / book auth. Aspinall Edward and Mietzner Marcus. - Singapore : Institute of Southeast Asian Studies, 2010.
- Sumarto Sudarno** The SMERU Research Institute: History and Lessons Learned [Report]. - [s.l.] : A report for AusAID, 2011. - Diagnostic for A.
- Suryadarma Daniel, Pomeroy Jacqueline and Tanwidjaja Sunny** Economic factors underpinning constraints in Indonesia's Knowledge Sector [Report]. - [s.l.] : Report for AusAID, 2011.
- Sutmuller Paul M and Setiono Ivo** Diagnostic on evidence based public policy formulation under decentralisation [Report]. - [s.l.] : Report for AusAID, 2011.
- Suzett Paskah** Perencanaan Pembangunan Indonesia [Indonesian Development Planning] [Online]. - 2007. - 27 May 2011. - <http://ditpolkom.bappenas.go.id/basedir/Artikel/094.%20Perencanaan%20Pembangunan%20Nasional%20-%20Paskah%20Suzetta%20%2822%20Maret%202007%29.pdf>.
- Tomsa Dirk** The Indonesian Party System after the 2009 Elections: Towards Stability? [Book Section] // Problems of Democratisation in Indonesia: Elections, Institutions and Society / book auth. Aspinall Edward and Mietzner Marcus. - Singapore : Institute of Southeast Asian Studies, 2010.
- Ufen Andreas** Political Parties in Post-Suharto Indonesia: Between politic aliran and Philippinisation [Report] : GIGA Working Papers / German Institute of Global and Area Studies. - 2006.
- UKP4** Debottlenecking priority development program: achievements and challenges: Joint European Business Luncheon // Powerpoint presentation. - 2011.
- Wilson James Q** Bureaucracy: What Government Agencies Do and Why They Do It [Book]. - New York : Basic Books, 1989.
- World Bank** Indonesia development policy review: Enhancing government effectiveness in a decentralised Indonesia [Report]. - 2009.
- YKPN STIE** Perencanaan dan Penyusunan Anggaran [Planning and Budgeting] . - (n.d.) .
- Young John and Mendizabal Enrique** Helping Researchers Become Policy Entrepreneurs: How to Develop Engagement Strategies for Evidence-Based Policy Making [Report] : Briefing Paper 53. - London : ODI, 2009.

Appendix 1: Analytical Framework

Figure 9: Structural factors, institutions and actors as drivers of development outcomes



Source: Fritz et al., 2009:42

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 below gives a rough outline.

- Please give an example of a particular policy process which you were involved in; 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 of 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 is 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?
 - a) 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:
 - i) 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;
 - ii) What has been the impact of electoral reforms on the incentives for use of knowledge/information in making key policy decisions
 - iii) What is the current state of What has been the impact of parliamentary reforms, including introduction of the DPD (*Dewan Perwakilan Daerah*, Regional Representative Council), 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?
 - a) Specifics may include:
 - i) Questions of 'money politics', particularly at the local level,
 - ii) KKN (*Korusi, Kolusi dan Nepotisme*) Corruption, Collusion and Nepotism (including to what extent changes in formal rules like the advent of democratic decentralisation have changed the scope for/form of corruption/rent-seeking and the effectiveness of organisations like the Corruption Eradication Commission)
- 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?
 - a) Specific questions may include:
 - i) The impact of political and economic crises of the late 1990s
 - ii) 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 of localised natural resource wealth are key issues in Indonesia)? Natural and human geography (e.g. population dynamics)?
- a) Specific questions may include:
 - i) 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?