

SECTOR ANALYSIS:

**IMPROVING SERVICES TO CITIZENS THROUGH REFORM OF THE BUREAUCRACY IN
INDONESIA**

REPORT

22 November 2012



Sub-district Office, Peulimbang, Aceh

The banner promises integrated administrative services and service management innovation for the sub-district

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Background on the Sector Analysis

Purpose

As set out in the terms of reference for the sector analysis:

The purpose of examining bureaucratic reform in Indonesia in greater detail is to improve AusAID's understanding of the relationships between bureaucratic reform and the Indonesian Government's efforts to improve the quality of public services and to meet the needs of citizens. The assumptions behind this study are that there are a number of generic bureaucratic reform issues that impact on service delivery across Indonesia, and that addressing these issues may be expected to have a large impact on the scope and quality of services delivered to citizens. This analysis would be expected to test those assumptions and assist in guiding the direction and scale of possible future Australian Government support in this sector.

Process

The analysis was undertaken between early September and 1 November 2012 in Canberra and Indonesia by a team comprising: Peter Hamburger, a consultant with expertise in public service reform able to read and communicate in bahasa Indonesia; Dr Wahyu Sutyono, Assistant Professor in Human Resource Management, Convenor of the Indonesia Program, University of Canberra and a native speaker of bahasa Indonesia; and Dan Thomas, Analyst, Economic Governance and Bureaucratic reform, AusAID, Canberra. The team conducted more than 70 interviews and meetings (see Appendix) in Canberra, Jakarta, Central Sulawesi and Aceh. The team also visited points of service delivery in the health and education sectors in Central Sulawesi and Aceh and attended a conference on delivery innovation in the 12 eastern provinces of Indonesia, in Palu, Central Sumatra.

The consultations provided good coverage of Indonesian points of view. The team met persons involved in national and sub-national levels of government, civil society organisations, and service provision and had some formal and informal contact also with service recipients. In addition, the team met a member of parliament with key responsibilities in relation to bureaucratic reform and informed commentators outside government. As well as gaining these Indonesian perspectives, the team also met:

- representatives of other international donor partners and programs;
- staff of AusAID programs at post and in Canberra; and
- non-Indonesian civil servants, academics and consultants.

Media reporting monitored during the team's visit to Indonesia between 16 September and 10 October 2012 indicated a significant public and political interest in bureaucratic reform.

Executive Summary

It is widely accepted and has long been recognised and that there are serious weaknesses in the Indonesian civil service. The Government of Indonesia (GoI) has initiated substantial and tangible actions over the past two years to give effect to a thoroughgoing program of administrative and civil service reform, *reformasi birokrasi*.

Administrative and civil service reform will usually be a niche activity for international donor partners, not least because a civil service is the instrument of its nation's government, closely linked to politics and central to the system of government. However, the main multilateral and bilateral international donors active in Indonesia all have some interest in aspects of *reformasi birokrasi*. Australia has strengths in regard to civil service reform and has established a presence in *reformasi birokrasi* on which it could usefully build.

Reformasi birokrasi is now moving from a design and testing phase to one of implementation of important foundation measures. It faces large challenges as well as resistance from within the civil service and some parts of the political system. However, the GoI has demonstrated a strong commitment to reform. Structures and leadership are in place for *reformasi birokrasi* that give the program good prospects of embedding foundation reforms by the time of the next Indonesian presidential and parliamentary elections in 2014.

AusAID has supported the design and establishment of this program by the Vice-President's Office and the central civil service agencies. Other AusAID programs provide the agency relevant access to and knowledge of the Indonesian civil service, including at the sub-national level where most government services to people are delivered. The issue now arises of future support for *reformasi birokrasi*.

Reformasi birokrasi aims to improve the enabling systems for government activity rather than to directly improve in specific ways the delivery of government programs. It is directed at making the civil service, reliable, non-corrupt and professional in its support of government. It has elements that aim to:

- reduce the scope for inappropriate political pressure on civil servants and opportunities for corruption, collusion and nepotism;
- introduce legal clarity to the management of the civil service;
- align incentives in pay and promotion to performance and remove various informal payments that create perverse incentives;

- clarify the overall management arrangements of the civil service;
- clarify internal management arrangements of ministries and institutions;
- improve training and development, both internal to ministries/institutions and centrally; and
- improve the channels through which citizen 'voice' is heard by the civil service.

Each element of *reformasi birokrasi* has specific, technical objectives but an important overall objective of the program is to achieve a cultural change in the civil service towards an ethos of service to the people. *Reformasi birokrasi* is thus one step removed from the activities around delivery of services to the people which are the focus of most of AusAID's Indonesia program. However, it aims to contribute to service delivery indirectly as an enabler of improved government services. This indirect support would not only reinforce AusAID's main program activities but also the delivery activities of the GoI which are of vastly greater extent. In addition, *reformasi birokrasi* has the potential to reduce the obstacles and risks that the present weakness of the Indonesian bureaucracy poses to national development and national unity. These obstacles and risks tend to be voiced ahead of poor service delivery in the Indonesian discourse on *reformasi birokrasi*.

The risks for AusAID of involvement with *reformasi birokrasi* all appear to be controllable. However, the management requirements for AusAID support of the program might require an approach different in some respects to those in its main programs in Indonesia.

The structure now established for *reformasi birokrasi* suggests three possible entry points for AusAID. The first is to engage with a cluster of activities around civil service organisation and staffing under the control of the Vice-Minister for Administrative and Bureaucratic Reform. The second is a cluster to do with citizens' 'voice', for which the Ombudsman of the Republic of Indonesia provides an organisational entry point although potential activities go beyond that agency. The third is a structure within AusAID to actively use the knowledge relevant to civil service reform that is available in AusAID's other programs.

There is a wide range of potential activities for support within the three clusters. These could be ranked according to the criteria of the systemic impact of the activity in selected areas, its 'readiness to start', and any particular value offered in the activity by the flexibility, speed, or endorsement/ encouragement effect of donor support.

The scale of AusAID involvement would not need to be large. The GoI is committing significant amounts of its own resourcing to *reformasi birokrasi* and donor partners other than Australia also have activities in this area. Early indications of the GoI's aspirations for donor partner assistance would be consistent with some gearing up of the Australian contribution but with scope to target high-value activities.

Reform of the Bureaucracy in Indonesia

Development of impetus and structures

Key Finding 1. The Government of Indonesia has reached a point at which it is committed to a practical reform exercise called reformasi birokrasi, has established a structure to this end and has begun to provide significant resourcing for it. International assistance is now being actively sought for reformasi birokrasi activities and this provides opportunities for donors to leverage Gol resources.

Recognition of the problem

The end of the 'new order' period was heralded by calls for *reformasi* and this has proved to be no empty catchcry. More than 10 years later Indonesia's society and institutions are still undergoing energetic reform. Public sector institutions cannot be isolated from this and, within the broad public sector, particular attention is now being given to reforming the core civil service under the slogan *reformasi birokrasi* or reform of the bureaucracy.

The need for reform of the bureaucracy was in fact recognised near the beginning of Indonesia's reformation era. As early as 1999, Law 43 of that year amended the existing law on civil service, which dated from 1974, with the intention of:

... foster[ing] a deconcentrated, not a devolved, civil service system, [a] merit based personnel management system, and propagat[ing] a public service system that is free from political intervention. To oversee implementation of the decentralized and merit based civil service that is politically neutral, Law 43/1999 gives a mandate to the Government of Indonesia for the establishment of Civil Service Commission as an independent statutory body to serve as custodian of a professional and merit based personnel system and the application of Public Service values and codes of conduct by all government agencies (Sofian Effendi 2012: 3).

No Indonesian government since 1999 has taken up the mandate for an independent civil service commission and there was little initial progress with most of the measures to professionalise public service management that it was to oversee. Nevertheless, the need for reform of the bureaucracy was acknowledged at the beginning of the first term of the current President. Reforms to pay and structure in the Ministry of Finance, begun at that time under former Minister Sri Mulyani Indrawati are well-known. There were also successes in pilot reform projects in two other institutions important to the national governance, the Supreme Court and the national external audit office, BPK (Matheson et al 2011: 38). At the same time, there were also notable reforms in some districts initiated by

particular district heads (see, for example, Hiariej and for Maluku; Gorontalo, East Java and Solo are often also cited as examples of good regional initiatives).

The huge changes associated with Indonesia's 'big bang' approach to decentralisation in the early 2000s blurred lines of authority and responsibility in the bureaucracy and probably crowded out early attempts to reform the bureaucracy, even as it provided opportunities for some regional experimentation in administration. It also, as Kristiansen et al (2008: 65) point out, gave 'increased chances for opportunistic and rent-seeking behaviour among bureaucrats and politicians at the local level'. (A co-author of that article was recently appointed to head a central civil service agency, the National Institute of Public Administration (LAN), as part of the latest wave of reforms.)

'... national systems and traditions of politics and bureaucracy have a strong negative impact on local administrative procedures, leaving only marginal space for regional variance and improvements.'
Kristiansen et al (2008: 64)

Experiments aside, successive Indonesian governments for some time gave more attention to reform activity in areas other than the core civil service, the target now for *reformasi birokrasi*.¹ This can be understood within the political logic of sequencing of reform so as to maintain elite support as outlined by Aspinall (2010). Throughout the early 2000s resistance from vested interests within the bureaucracy, including within the central civil service agencies, succeeded in stalling effective action. However, recent years have brought a new emphasis by the GoI on the need to reform the civil service as an enabler of government delivery.

A new impetus

Beginning in 2010, a committee and task force structure chaired at its highest level by the Vice-President was established and a 'Grand Design' and a 'Road Map' were developed for *reformasi birokrasi* over the period from 2010 to 2025 in 'all ministries, institutions and district governments' (PerPres 81 of 2010: 'Considerations', para (a)). In 2010 the Grand Design was authorised through a Presidential Regulation (81 of 2010). *Reformasi birokrasi* was also declared to be the top national development priority.

The creation of seventeen offices of vice-minister in major ministries since 2008, a top level non-political office in each of the selected ministries, has represented a move towards tighter managerial control of the civil service. A national photographic identity card system for civil servants and fingerprint scanners in central government offices have also been introduced to counter some flagrant personnel malpractices that were known to exist.²

¹ Taufiq Effendi 2010, p. vii, identifies a 'first stage' of *reformasi birokrasi* from 1998 to 2009 which he describes as 'not yet producing maximal results'

² The fingerprint scanners are part of a performance management system being introduced with remuneration reforms. It is not suggested that by themselves they constitute such a system.

Central government institutions have begun specific activities under this program, mostly related to standard operating procedures and internal structures.³ Regional government agencies are scheduled to begin these activities in 2013. A summary of the process to this point is in Matheson et al (2011: 38-39). A moratorium on appointments to the civil service, with exceptions where a case can be justified, has also been applied while the structural changes are under way.

By the time of this sector analysis in September-October 2012, a draft civil service law had also reached the late stages of parliamentary consideration. The draft law, initiated within the parliament but with strong support from elements of the executive, including the current Minister for Administrative and Bureaucratic Reform⁴ (Minister for PAN and RB), would renew the mandate for a civil service commission, create a senior executive service to replace the top two echelons of the present structural system, establish an enforceable

‘One means of attack by Eko and his ministry is the revival of the draft Civil Service Law before the term of the Susilo Bambang Yudhoyono government ends. If passed, this law will drastically change the national bureaucracy. For example, the elimination of invisible “payments”, establishment of an open promotion system, and pay that depends on employee performance ...’

Tempo, 28 October 2012

code of conduct for public servants, and facilitate extensive reform of structures and human resource management systems in the civil service.

In a cabinet reshuffle in October 2011 Azwar Abubakar was appointed as Minister for PAN and RB and Professor Eko Prasajo, a specialist in public management with long involvement in bureaucratic reform issues, as Vice Minister. In June 2012, following a merit selection process supported by AusAID, new heads were appointed to the two other central civil service management agencies that sit alongside the Ministry for Administrative and Bureaucratic Reform in the Indonesian system.⁵ Collectively their functions correspond to those of the public service boards that formerly existed in Australia. In an official media release, the Minister for PAN & RB, Azwar Abubakar is quoted as saying at the ceremony in

which he formalised the latter two appointments that he thought of the appointees as two wings, and as adding ‘Now I can fly’ (KemenPAN & RB 2012).

³ The Ministry of Education and Culture, a leader among central government line ministries in the *reformasi birokrasi* process provided the sector analysis team with a copy of its *reformasi birokrasi* program, (*Usulan Reformasi Birokrasi, Kementerian Pendidikan dan Kebudayaan 2011-2014, Revisi III*) which lists 16 reform activities with numerous sub-activities to be carried out by 2014 (pp. 21-27).

⁴ Not a literal translation of the Minister’s title (Pendayagunaan Aparatur Sipil dan Reformasi Birokrasi) but an English language interpretation which is sometimes used internally to the ministry as well as externally to convey the current sense of the title.

⁵ Alongside the Ministry for Administrative and Bureaucratic Reform (KemenPAN & RB) are the Civil Service Agency (BKN) and National Public Service Institute (LAN). Public service management functions are divided between the three.

Following those appointments, reviews of the structure of the three civil service agencies led to decisions to reorganise them, with a significant reduction in the number of Echelon 1 positions in each. The reorganisations were justified in part by the need for the central civil service agencies to give an example to the other ministries and institutions (Interviews: 19.9.2012; 28.9.2012; 4.10.2012). In a notable departure from previous practice of internal filling of vacancies, KemenPAN & RB advertised in national as well as regional newspapers in the week beginning 22 October 2012, under a headline ‘Notification of open selections’, seeking applications from interested central or regional civil servants for three of the remaining Echelon 1 positions in the ministry. Similar advertisements for Echelon 2 positions appeared in the week beginning 12 November 2012.

By the time of this sector analysis arrangements had been made to transfer the lead responsibility for implementing bureaucratic reform from the Vice-President’s Office to Vice-Minister Eko. It was clear to the review team that working arrangements between the three civil service agencies had been established that would allow *reformasi birokrasi* to be managed as a single exercise (interviews: 19.9.2012; 21.9.2012; 28.9.2012; 4.10.2012). While the field work for the analysis was under way, Vice-President Boediono also took steps intended to bring consideration of the draft civil service law to a point of decision during November 2012 (Kompas 2012). In addition, as discussed in a later section, the Gol has begun to make significant budgetary provision of its own for *reformasi birokrasi*.

Criticism and resistance

Some critics have attacked *reformasi birokrasi* as confined to the issues of remuneration and organisational structure that fall under the three central civil service agencies and thus too narrow (for recent published examples see Wahyudi Kumorotomo 2012, Reza Syawawi 2012, the same criticism arose also in field interviews during the sector analysis). The criticism of narrowness sometimes comes with a proposal that *reformasi birokrasi* should include particular reforms in government programs seen as urgent by their proponents as well as systemic reform of the bureaucracy. At the same time, almost the opposite criticism came in some interviews during the sector analysis: that *reformasi birokrasi* was too wide a term, with the Grand Design and the Road Map covering areas too broad and poorly defined to produce measurable results in priority areas.

The sector analysis concludes, contrary to these criticisms, that a structure for *reformasi birokrasi* has now been established with a significant and sufficiently specific scope. While it is possible to envisage different components for the program, those that have been selected cover a wide range and will be challenging. The reform leaders appear to have the capability and authority to finalise the design and manage the implementation of a thoroughgoing program of reform of the bureaucracy in Indonesia.

The strongest resistance to *reformasi birokrasi*, and the greatest risk it faces, comes from interests which benefit from the present weak state of the Indonesian civil service. Corruption, collusion and nepotism thrive in a weak administrative environment (see Blunt et al 2011, for a discussion of patronage networks in post-reformasi Indonesia). While some civil servants show extraordinary dedication and diligence, many are comfortable in secure but unproductive employment. For the majority of civil servants *reformasi birokrasi* threatens a period of disruption with uncertain benefits.

‘Our enemies are threefold: those who are very comfortable; politicians who receive favours from bureaucrats who are not accountable; and mafia groups who work within the bureaucracy.’

Vice-Minister Eko Prasajo, in *Tempo*, 28 October 2012

The scope of the program, and a flavour of the challenges it faces within the civil service and the political system is clear in a very frank interview with Vice-Minister Eko (2012) published in *Tempo* magazine as the draft report of the sector analysis was being finalised. The article, headlined with a quote from the interview, ‘Only 20 per cent of civil servants work’, drew a strong response in the same magazine from the Secretary-General of the Ministry of Home Affairs, Ibu Diah Anggraeni (2012), speaking as head of the Corps of Indonesian Civil Servants Korpri). The Secretary-General disputed the implication of widespread idleness in the civil service. However, she acknowledged past issues and pointed to much that needed to be done in relation to competency standards, career paths, job standards, and civil service pay.

‘Now is not an era in which civil servants are lazy. They are not just in the office waiting for finishing time, carrying on their own business, minding their children. We acknowledge that there are some who are still that way. But sometimes that is because of the situation.’

Head of the Corps of Indonesian Civil Servants, Diah Anggraeni, *Tempo*, 18 November 2012

The question now is whether there is sufficient high level government support to overcome the resistance to *reformasi birokrasi* and give the program good prospects of success. In this regard it is clear that *reformasi birokrasi* is moving beyond rhetoric. Tangible steps already taken, particularly in relation to key appointments and reorganisation of the central personnel agencies are strong public indicators of commitment on the part of the Gol. In addition, the Gol has demonstrated an interest in supplementing its own significant resourcing of *reformasi birokrasi* with targeted assistance from international donor partners. The level of resourcing bodes well for further action.

AusAID’s situation

AusAID is approaching the end of two small support programs for *reformasi birokrasi* activities in the Vice-President’s Office and KemenPAN & RB. Since 2005 it has supported peer-to-peer

linkages between Australian and Indonesian central government agencies through the Government Partnership Fund (GPF) Program. Other aspects of its Indonesia program, including the large component concerned with delivery of services to the poor, bring AusAID into contact with the civil service in a variety of ways and place it well to observe particular

needs for reform in and through the bureaucracy and to observe innovations and experiments directed at those needs.

Its support for bureaucratic reform in particular has provided AusAID with high level exposure to key reformers within the Indonesian government for a relatively small financial investment. The high strategic value of working at this level, the knowledge developed, and the element of trust established now present an opportunity for AusAID to increase its involvement in reform of the bureaucracy while being selective regarding the scope of support and focusing on targeted reform areas. Other Australian agencies involved in the GPF program also have developed relationships with key central agencies in Indonesia and there is potential for AusAID to gain leverage from this engagement.

Scope of *reformasi birokrasi*

Key Finding 2. In the Indonesian discourse the term reformasi birokrasi is used for a set of reforms falling within the part of the public sector reform field that the World Bank categorises as “administrative and civil service reforms”, covering initiatives that:

- *are directed at changes to organisational or institutional structures, to ways of operating, or to HRM systems in the civil service;*
- *have among their objectives the promotion of cultural change in the civil service and an increased capacity to innovate; and*
- *do not include the full range of possible public sector reforms (noting that many other public sector reforms are under way in Indonesia outside the scope of reformasi birokrasi).*

A significant example of the last point is that reducing opportunities for corruption and abuse of authority is often cited prominently among the desired outcomes of reformasi birokrasi but many of the specific activities in this area are separate from the reformasi birokrasi initiatives.

This sector analysis takes the programs which the Government of Indonesia (GoI) sees as comprising *reformasi birokrasi* to be the bureaucratic reform sector. *Reformasi birokrasi* is thus about administrative and civil service reform rather than reform of the whole public sector. In summary, the *reformasi birokrasi* programs involve reform of:

- the legislative framework for civil service employment;
- the structure of central government agencies;
- the systems for selection, appointment, transfer, promotion and pay of civil servants and the holders of senior offices with a particular emphasis on linkage to performance;
- the training and development available to civil servants, especially of those in senior executive positions (Echelon 1 and 2) and the groups from which those positions are filled (Echelon 3 and 4);

- the channels through which management innovations emerge and can be widely disseminated; and
- the mechanisms by which citizens and the wider civil society can exercise rights, have issues with government resolved, and contribute to the development and implementation of government policy.

These activities are sometimes regarded in the Indonesian discourse as too narrow a program in relation to the scale of problems in Indonesian government administration. In this regard it is necessary to emphasise that *reformasi birokrasi* is only part of the reform activity under way across the Indonesian public sector.

The World Bank (2008) categorises its areas of assistance for public sector reform as:

- public expenditure analysis and management;
- administrative and civil service reform;
- revenue policy and administration;
- anticorruption;
- decentralization;
- legal and judicial reform;
- sectoral institution building; and
- public enterprise reform.

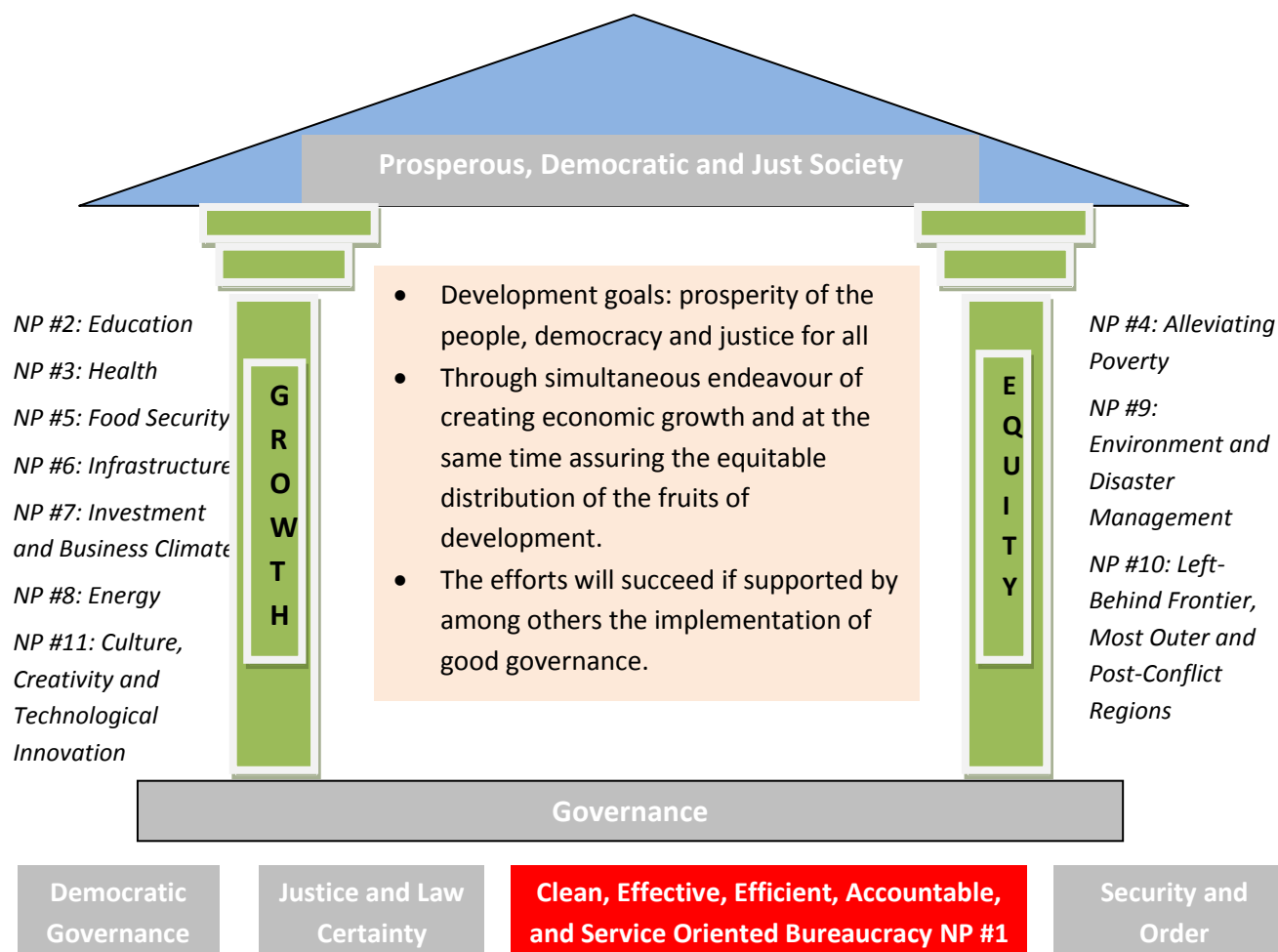
In this categorisation, *reformasi birokrasi* is administrative and civil service reform. But the seven other World Bank categories are also seeing reform, much of it assisted by AusAID through a range of sectoral programs. This other public sector reform activity can confuse the issue of the boundaries of *reformasi birokrasi*. A way of clarifying the boundaries is to distinguish between reform *of* the bureaucracy and reform *through* the bureaucracy.

Reform *of* the bureaucracy is distinct from reform *through* the bureaucracy

Reformasi birokrasi is an exercise in improving the enablers for government activity. Reform within government has been possible in Indonesia within the present administrative environment despite its many deficiencies. But the case for *reformasi birokrasi* is that the extent, the spread and the sustainability of such reforms all depends on the quality of the system within which they are made. This is illustrated in a diagram provided by the National Development Planning Agency (BAPPENAS) which depicts *reformasi birokrasi* as a

foundation for the other reforms that have a high priority in the national development plans.

Governance and Development (Refer to Medium Development Plan 2010-2014 for National Priorities - NP)



But some reform can happen even without reform of the bureaucracy. Two cases from the field work for the sector analysis, both involving reforms facilitated by AusAID, provide specific illustrations of reform without change to the enabling framework of the bureaucracy – that is, reform *through* the bureaucracy rather than reform *of* the bureaucracy. The wider literature points to cases of successful reform in particular areas of government delivery in some provinces and districts and within some central programs without wider systemic reform (for example, Hiariej et al nd; Siti Zuhro 2012).

Case 1: Simplifying the licensing arrangements in selected areas, a change that improves prospects for national development as well as improving services

The Ministry of Trade, with support from AusAID's AIPEG Program, is simplifying processes and introducing an element of 'one-stop shop' for business licensing. Multiple steps for customers and ministry employees have been removed or simplified. The service standard for the areas so far reformed has been reduced from five days to two as result of the efficiencies gained. Employees have been given customer service training and a shift to a culture of service is being encouraged. However, rigidities and perverse incentives in the recruitment, pay and promotion systems remain a problem (Interview 18.9.2012)

Case 2: Public access to case lists and judgments of the Supreme Court, a change that improves public trust in government, and hence national unity, as well as improving services

The Supreme Court, with support from AusAID's Law and Justice Program, has made a large improvement in transparency by making court programs and judgments available on the internet. There have been flow-on improvements in timeliness of court proceedings and in the client satisfaction and public respect for the Court. However, rigidities in the budget and staffing systems have prevented use of savings to fund further reform and have so far precluded full use of data available in the new system.

As well as the difficulties that the pockets of reform still experience from weaknesses in the central systems, there is a strong sense that their successes have been the result of transitory changes in local leadership or of determination to solve a specific problem. Extensive and sustained reform within and across sectors is likely to require improvements in the underlying bureaucracy.

Why Indonesia seeks to reform its bureaucracy

Key Finding 3. The impetus for bureaucratic reform in Indonesia, partly driven by poor service delivery, also reflects perceptions of corruption, inefficiency and a general attitude of superiority over citizens on the part of civil servants. The last factors are almost universally given greater weight than service delivery concerns. This may be partly due to poor understanding of the potential for improved services but in any case it will shape the way reforms are designed and implemented.

The rationale for *reformasi birokrasi* is to support a general improvement through programs intended to address the weaknesses of the civil service. Few if any of the reforms embodied in it will have a direct and immediate effect on delivery by government. Their aim, rather, will be to improve the enabling environment within which government activities are conducted to support wider and faster improvement in all sectors. The improvement will be the result of *reformasi birokrasi* initiatives freeing up the system to allow better delivery and not of direct interventions in the delivery arrangements.

The need to reform the bureaucracy to enable general reform rather than to achieve specific delivery or other benefits is implicit in the Indonesian discourse. While service improvements are always present among the stated objectives, they rarely predominate.

Thus, in his state speech of 17 August 2012, President Yudhoyono gave the objective of bureaucratic reform as ‘a reliable, professional and clean government apparatus’. A potential presidential candidate in 2014, Prabowo Subianto, in a speech on 1 August 2012, spoke of the challenge of governance in Indonesia as ‘... a vicious circle (*lingkaran setan*). Inefficiency leads to corruption.

Corruption leads to lack of development, lack of basic services and lack of economic growth’ (Prabowo Subianto 2012). Taufiq Effendi, a former Minister for PAN&RB, now a Member of the parliamentary committee responsible for the new civil service law,⁶ when he met the sector analysis team (interview 4.10.2012), reiterated and emphasised a point that he had made in a recent book: each bureaucrat needs to internalise their role as ‘to give service to the people, that is a role to serve, not to be served’ (Taufiq Effendi 2010: 138).

The general view at the political level that service delivery, although important, is not the direct target of *reformasi birokrasi* is reflected in civil service rhetoric. Thus, the mission statement of the Reform of the Bureaucracy Deputyship in the Ministry for Administrative and Bureaucratic Reform, as of 18 October 2012, listed the following areas for attention in the following order: organisation; implementation; HRM management; oversight; accountability; quality of public services; and mind set and culture set (KemenPAN & RB 2012). Of these, quality of service is a target but each of the other areas for attention is a means of achieving it.

‘... it is important to strengthen the civil service and administrative components of public sector reform. This effort includes providing a better framework and indicator sets for quality of civil service. Although the difficulties of civil service reform have led to some calls for abandoning this area, the evidence indicates that improved civil service is essential for major improvements in other areas.’

World Bank (2008: xi)

Key Finding 4. The outcomes of any reformasi birokrasi activity will mostly address a mix of concerns in a way that will make it difficult to measure the direct effect on any particular concern. In many cases, specific reforms may be enablers of improvements in service delivery and poverty eradication, or may remove obstacles to these objectives, rather than direct contributors to them.

⁶ Komisi II, DPR.

Overwhelmingly, the purpose of *reformasi birokrasi* is seen as being to facilitate improvements in various kinds of delivery,⁷ not to achieve specific delivery improvements. Accurately estimating the contribution of the reforms to delivery will be difficult because of the multiplicity of goals and of contributing factors. However, precision in this is unnecessary. As reforms of a bureaucracy proceed, it should be possible to point to a general improvement in the enabling environment that can plausibly claim to have contributed to improved delivery. It should be possible also to find some specific indicators of successful outcomes (or of the failure) of most or all of the programs of *reformasi birokrasi* to address particular weaknesses of the Indonesian Civil Service. This should be sufficient as a basis for monitoring and evaluation.

The weaknesses of the Bureaucracy

Key Finding 5. The Indonesian civil service has weaknesses that significantly reduce its capacity to fulfil the various functions of a civil service. These functions include service delivery but also involvement in the policy process as well as various other functions that can conveniently be grouped for present purposes under the headings of national development and national unity.

Because the civil service is a single entity that supports all levels of government, its weaknesses have impacts on service delivery, policy making, national development and national unity across Indonesian government. Even though service delivery in particular is mostly a responsibility of sub-national levels of government, *reformasi birokrasi* as a central government program remains relevant because the management of the civil service is a national responsibility.

Examples of the national development and unity functions are easy to find. At the highest level of importance, the weaknesses of the civil service affect the trajectory of economic growth which depends on the business environment, the regulatory framework and the quality of physical infrastructure. The risk of Indonesia falling into the ‘middle income trap’ can be reduced by improving the quality of the civil service. Equally, the quality and culture of the civil service can affect what Taufiq Effendi (2010: 21) has called ‘the collective vision of Indonesianness’.⁸ Hiariej (2012) presents the introduction of merit-based

‘The case study of East Java demonstrates that there is progress in improving the bureaucracy, especially in public services in the areas of education, health and licensing. Nevertheless the challenges are considerable, [and] East Java is one of the provinces that are capable of implementing best practices in relation to reformasi birokrasi.’

Siti Zuhro (2012)

⁷ Services to people are just one component of what a civil service delivers and ‘delivery’ is used here to cover the full range of government functions delivered by a civil service.

⁸ A phrase given emphasis by its use as the title of the first chapter of the book.

recruitment in the civil service within the city of Ambon explicitly as a means of reducing tensions in the aftermath of conflict that severely tested Indonesia's unity.⁹

The purpose of *reformasi birokrasi* is to remove weaknesses of civil service that, it is widely accepted, significantly reduce its capacity to fulfil its functions. The sector analysis team received consistent messages on the weaknesses of the civil service from the full range of interests it consulted. The central civil service agencies, line ministries at the national government level, officials from sub-national levels of government, civil society groups and individuals, both Indonesian and foreign, overwhelmingly pointed to the same set of problems:

- *Legislation*: the basic legislation for the civil service does not provide for some necessary basic elements of a modern civil service such as protection from politicisation, an enforceable code of ethics, and a merit principle in recruitment and promotion. As well as this, management of the civil service at national and sub-national level is subject to a wide range of often conflicting regulations and laws.
- *Structure and organisation*: the civil service is administered by multiple authorities and is organised on the basis of rank rather than work requirements with artificial distinctions between types of jobs (structural and functional) and permanent and non-permanent status.
- *Human Resource Management (HRM)*: the civil service does not have an integrated HRM system and the diverse elements of its HRM, especially promotion and pay, embody perverse incentives, have obvious gaps, and fail to link individual to organisational goals and performance;
 - this weakness, which arises in part from weaknesses in legislation, is central to the pervasiveness of patronage networks that have large dysfunctional effects on the civil service, including a gender imbalance in its higher ranks.
- *Mismatch between employee numbers and skills and job requirements*: the civil service is characterised by serious shortages of appropriately skilled employees in some regions and fields of work alongside gross oversupply of inappropriately skilled and underworked employees in other areas; and
- *Culture*: the organisational culture of the civil service is not directed at serving the people and is increasingly unsuited to Indonesia's vibrant democracy, its present stage of development and its progression through middle income status.

These weaknesses are documented in an extensive literature and are well known. A comprehensive list of the organisational, systemic and capacity weaknesses of the civil service, for example, can be found in a policy issues paper published by the UNDP in May

⁹ The significance of unrepresentative religious and socio-ethnic membership of the civil service in Maluku at the beginning of the conflict is mentioned in an authoritative study of Islamic radicalism in Indonesia (Feillard & Madinier 2011, p. 150-51)

2011 (Sofian Effendi 2011: 4-8). The author, currently an academic and an active advocate for some of the current reforms has significant high level experience in Indonesian government (including as head of BKN) and had a significant role in the passage of the 1999 Civil Service Law. Another example is the detailed treatment of patronage networks and their dysfunctional effects in Blunt et al (2012).

Some of the effects of the weaknesses of the civil service are illustrated below with a single case from one of the field visits undertaken in the sector analysis. That case has been chosen because it not only points to the deficiencies of the present systems and structures but also the capacity of dedicated people at the point of service delivery to work around them, albeit at some cost.

Case 3: Staffing the medicine store in a community health centre, showing that good people can work around problems caused by weaknesses of the bureaucratic system, but at a cost and with some risk

A community health centre visited by the sector analysis team had achieved International Standards Organisation (ISO) accreditation in 2009 and maintained it since through all regular ISO inspections up to the time of the sector analysis team's visit. A significant irritant is that the job in charge of the medicine store is classified as 'structural' and is subject to regular rotation of occupants at the arbitrary decision of provincial personnel authorities. Persons rotated into the job require significant and expensive training to achieve sufficient competency to assure patient safety and for the centre to maintain its ISO accreditation. More than that, special effort is needed to induct each new person 'so as not to spoil the ISO culture that has been developed'. The timing of rotations has sometimes been inconvenient in relation to ISO inspections. The centre has to take special measures to maintain competent control of the medicine store through rotation periods and incurs excess training costs.

The existence of elements of strength and dedication alongside structural, systemic and capacity weaknesses in the civil service will need to be borne in mind in any program to deal with the weaknesses. It was acknowledged in a balance struck by President Susilo Bambang Yudhoyono in his State Speech on Indonesia's Independence Day in 2012. Placing *reformasi birokrasi* near the top of a list of national priorities, the President referred to the continued existence of elements of the bureaucracy that 'have yet to be responsive, tend to negligence, and even hinder the course of development'. At the same time he paid tribute to 'those who provide services morning and noon, day and night, they are the development heroes who devote themselves unselfishly' (Presiden RI, 2012a: 37-38). *Reformasi birokrasi* will need to preserve and build on the existing pockets of strength and dedication in the civil

service even while it causes disruption to many civil servants in the process of replacing the dysfunctional aspects of the system they are accustomed to working within.

How *reformasi birokrasi* aims to address the weaknesses of the civil service

The tangible weaknesses of the civil service outlined above can be classified as structural and organisational on the one hand and relating to a seriously deficient HRM system on the other. These tangible weaknesses in turn shape an intangible weakness that is at least equally important: aspects of the values and cultures of the civil service which are dysfunctional and unsuited to Indonesia's present situation and its trajectory of social and economic development.

Addressing the structural, organisational and managerial weaknesses through *reformasi birokrasi* can be expected to contribute in a significant way to changing the actual values and culture of the civil service. Attacking the tangible weaknesses would not only provide a foundation for changed ways of thinking but would also represent a powerful statement of the need for change. Leadership in the form of action as well as advocacy would add to the pressure for change of 'mindset and culture set' recognised as necessary by the Ministry for Administrative and Civil Service Reform.

The activities under way or planned under *reformasi birokrasi* aim to address the weaknesses of the civil service in the various ways. *Reformasi birokrasi* aims to:

- reduce the scope for inappropriate political pressure on civil servants and opportunities for corruption, collusion and nepotism by introducing:
 - an independent civil service commission to manage key aspects of civil service employment;
 - merit selection from a wider recruitment base for appointments and promotions;
 - a nationally managed senior executive service; and
 - an enforceable code of conduct;
- introduce legal clarity through a new civil service law and major exercises in harmonising laws and regulations that affect both the management of the civil service and its delivery of services;
- align incentives in pay and promotion to performance by making the pay system transparent and rolling into base pay various informal payments that create perverse incentives, by establishing job requirements through a process of job analysis and by linking promotion and pay to the requirements of specific jobs;

- clarify the overall management arrangements of the civil service by reorganising civil service agencies so that they have clear roles that do not overlap, and by reforming arbitrary, out-dated and dysfunctional distinctions between categories of employment (structural-functional and permanent-without permanency);
- clarify management arrangements within ministries and institutions by reviewing and reforming their structures so that they are directed to delivery objectives, by establishing performance management systems, and by improving internal accountability and oversight;
- improve training and development, both internal to institutions and centrally, by making induction and ongoing training and development activities relevant to job requirements and the development needs of individuals, especially senior officials; and
- improve the channels through which citizen 'voice' is heard by the civil service, especially by giving effect to legislated complaint handling and freedom of information laws, by extending the operations of the ombudsman and freedom of information commissions and by making better use of internal audit and inspector general structures.

While these represent changes in ways of working, they can be expected to generate change in the culture of the civil service through their impact both in the specific areas of intervention and through their collective scale as a reform program.

The civil service has weaknesses across almost the whole span of its structures, systems and areas of operation. This, with the need for cultural change, argues for a comprehensive program of reform. It is the reason that a wide range of activities are now proposed under the umbrella of *reformasi birokrasi*. And, as the summary above indicates, *reformasi birokrasi* as now proposed does offer activities directed at all the main areas of weakness.

'An interesting result from the merit-based system was the rise of a number of women to key positions in Ambon city. This indicated that the merit-based system can help realise gender balance in the ranks of the Ambon city bureaucracy'

(Ibu) Nona Huliselan (2012)
Secretary, Ambon City

How *reformasi birokrasi* fits within international understandings of a civil service reform program

The range of specific possible interventions in administrative and civil service reform is very wide. One standard guide for policy analysis identifies 11 areas of government activity and provides checklists under the heading 'What you might do' for the first 10 (Bardach 2005: Appendix B). But for 'bureaucratic and political reforms', the eleventh category, the guide concludes: 'The number of possibilities [of what might be done] is too great to list' (Bardach 2005: 131). However, this handbook gives as examples of areas of possible bureaucratic

reform activity 'reorganisations, replacing top supervisory personnel, improving information systems, and raising wages and salaries', all areas in which *reformasi birokrasi* has some reach or, in the case of information systems, reform is being done separately.

A sample of international categorisations of the field of civil service reform supports a conclusion that *reformasi birokrasi* is covering most of the general categories of possible reform. An official study of Australia's public sector reform experience (APSC 2003), for example, identifies seven broad categories of activity: legislation; reviews; staffing; leadership; financial reforms and accountability; structural reform; and service delivery. *Reformasi birokrasi* has significant elements in each of these areas except the financial, where there is other government reform activity in Indonesia, and reviews, which were a peculiarly Australian way of generating reform momentum.

The World Bank (2012) includes among potential reform areas: civil service law and employment regimes; establishment control and public sector pay scales; merit recruitment and promotion; individual and/or collective performance management; career paths and training; machinery of government (structures and allocation of functions to departments and ministries); and appropriate arrangements for decentralisation below the national level. *Reformasi birokrasi* activities achieve wide coverage against these categories as it does against those of the APSC.

This international comparison, however, highlights two significant potential gaps in the coverage achieved by *reformasi birokrasi*. It is not integrated with separate reforms that are under way, first, in the fields of financial management and budgeting and, secondly, in relation to the balance of authority and functions within Indonesia's system of regional autonomy.

Key Finding 7. A critical systemic gap in the Indonesian system is weakness or absence of effective coordinating structures, especially ones which would bring together planning, budgeting and human resourcing processes and agencies. One reflection of this is that reformasi birokrasi only involves to a limited extent the planning agency, BAPPENAS, and the budget agency, the Ministry of Finance. While both agencies are part of a formal coordinating structure that exists for reformasi birokrasi, that structure has so far been unable to establish whole-of-government ownership of the reform agenda.

Key Finding 8. A wider problem in the system of government, separate from the organisation, management and culture of the PNS, is a complex, contested and still evolving relationship between the national government and the two sub-national levels of government:

- *this complicates reform of the PNS because it operates across all levels of government;*
- *sometimes innovations at one level or in one sector pass through the barriers between levels of government and are picked up across the system;*

- often rigidity in the system prevents this (although some of the present rigidity can be justified by the range of systemic factors that create incentives for action by lower levels of government or individual civil servants that may work against wider national interests); and
- the relationships between the levels of government are continuing to evolve as part of Indonesia's political renewal and are subject to ongoing political debate.

The re-negotiation of relationships between levels of government can only be resolved within the Indonesian political system.

Are the elements of *reformasi birokrasi* the optimal mix?

Despite the gaps in relation to coordination and clarity in the relationships between national and sub-national levels of government, *reformasi birokrasi* can be seen as a coherent set of activities related to civil service structure, organisation, HRM and culture. Separate activity in relation to financial management and planning has the potential to assist in *reformasi birokrasi* and to be assisted by it. The area of relationships between levels of government is also dynamic, as evidenced by current moves to revise the regional autonomy law.¹⁰ Problems of the kind documented by Kristiansen et al (2008) were much mentioned in interviews during the sector analysis.

There are opportunities within *reformasi birokrasi* for linkages with financial management and planning and the changing relationships between levels of government. Opportunities for leverage from these other areas of reform may arise as *reformasi birokrasi* proceeds.

The question also arises of whether the specific elements of *reformasi birokrasi* are the best available mix, even if they cover most of the main categories of administrative and civil service reform. Categorisations as broad as those used above allow for numerous specific areas of possible action within each category, a menu 'too great to list' as Bardach (2005: 131) puts it.

On this question, this sector analysis adopts a line that has strong support in a strand of the international literature which counsels against transplanting 'international best practices' without careful consideration of local institutional and historical patterns (Andrews 2012; Fiszbein & Matsuda 2011; Schick 1998). As a program, *reformasi birokrasi* is primarily home-grown in Indonesia and closely attuned to the Indonesian institutional landscape. Its specific

'The World Bank report points to two main reasons for Indonesia's excess of teachers: the way money is transferred from central to district governments provides an incentive to hire teachers; and there are generous teacher entitlement formulas for small schools, with small schools proliferating in Indonesia. These reasons are relatively well known, but the solutions are not straightforward. They are complex and will require stronger collaboration across different ministries and levels of government, as well as innovative approaches to teacher management.'

Pedro Cerdan-Infantes, World Bank, 2012

¹⁰ Listed under the national development priority of *reformasi birokrasi* in the Gol's budget papers but administered separately from that program.

elements seem well directed towards recognised problems in the civil service and its overall scale is ambitious and calculated to achieve significant cultural change. Nothing stands out in the international experience that would strongly support substitution of elements of the package.

The case for AusAID support for *reformasi birokrasi*

Reformasi birokrasi thus seems to be a coherent set of initiatives that:

- are well directed to the accepted weaknesses of the civil service;
- fall within the areas that have been the focus of change in other countries that have undertaken large scale civil service and administrative reform; and
- are being undertaken within a suitable structure, apparently with top level political support, and with a committed and qualified leadership.

These initiatives are for the Gol itself to prioritise. A civil service is the instrument of its nation's government, serving the political level and central to the system of government. International donor support for civil service reform can never play a leading role in reform in this sphere. It is necessary for donor partners to concentrate on areas of civil service reform activity in which they may offer a particular advantage. Australia's experience of public sector reform since the 1970s gives it strengths that make it an appropriate partner for the Gol in some reform activities. The challenge for AusAID is to match the Australian strengths with Gol priorities, having regard to what level of benefits *reformasi birokrasi* offers relative to other activities it could support in its Indonesia program.

Australia's comparative advantage in administrative and civil service reform

Key Finding 9. AusAID's involvement so far in bureaucratic reform has achieved some success, one notable example of which was the flexibility that facilitated a merit selection process for the top reform leaders in LAN and BKN. The AusAID involvement has established a significant level of people-to-people and institution-to-institution engagement and established a level of visibility in Indonesia for Australia's potential as a reform partner. As a result, AusAID is now well positioned to assist as the reform tendency begins to take the form of a coherent program.

Australia in general is well placed to support development assistance programs in civil service and administrative reform because its own recent experience of thoroughgoing public sector reform is well documented and has been thoroughly analysed and studied. A considerable body of expertise and experience in the field is readily available in Australia.

The pattern of reform in Australia is also relevant to Indonesia's case in the issues it has addressed, although the sequencing was different. It is generally accepted that Australia's

public sector reforms passed through periods of primary interest first in managerial efficiency, then, from the early 2000s, in implementation of policy, and currently in improvement of service delivery (Advisory Group on Reform of Australian Government Administration (2010: ix) now rates service delivery as the top current reform priority). *Reformasi birokrasi* aims in a very ambitious way to address all of these interests more or less simultaneously. Australia can provide comprehensive lessons on each of them.

AusAID's support for *reformasi birokrasi* to date has given it considerable exposure to the key players on the Indonesian side, including Vice-Minister Eko, the Vice-President's Office and a wide range of other senior officials. It has also established a level of knowledge and trust in Indonesian circles while creating a reservoir of knowledge of the Indonesian administrative and civil service scene on the Australian side. This knowledge asset exists beyond, as well as within, AusAID. Projects under the GPF and other AusAID programs have also built up levels of knowledge, understanding and trust among a significant number of key players on both the Indonesian and Australian sides. Parts of the Australian university sector have developed levels of expertise and contacts in the field.

Other donor partners are involved in areas bearing on *reformasi birokrasi* but none has so far engaged as actively or as deeply as AusAID in its strategic development and design as a program. The United Nations Development Program plans to concentrate on specific approaches to strengthening the capacity of sub-national governments to deliver basic services and on building political capacity and engagement (UNDP 2010: 4, 6). The World Bank, the Deutsche Gesellschaft fur International Zusammenarbeit, USAID, Canadian International Development Assistance and the Korea International Cooperation Agency are each involved in specific reform projects within the bureaucratic system but not the overall design of reform.

The sector analysis points to the value in AusAID taking the opportunity to build on its work to date. Australia is now very well positioned, perhaps uniquely positioned, to be a leading donor partner in the strategic development of an unglamorous but potentially important area of reform for Indonesia.

It is also relevant that the type of donor support available from AusAID can be particularly valuable for an innovatory program like *reformasi birokrasi* because rigidities in the present Indonesian public budgeting and civil service management systems can complicate the first steps in innovation. The needs in a program like *reformasi birokrasi* will frequently be for relatively small start-up or exploratory funding that an AusAID facility may be able to provide more quickly and efficiently than is possible through present mainstream Indonesian processes. There will often also be a need for specialist expertise, peer-to-peer discussions or other exchanges of ideas. AusAID is well placed to source this type of support as needed from Australia.

In addition, AusAID's endorsement, coming from a significant and well regarded donor partner, may be important in maintaining support for the reform process as it increasingly moves from the design stage to implementation. Conversely, for AusAID to allow its present support for *reformasi birokrasi* to lapse without replacement at this stage could be seen as a withdrawal of support that expresses a lack of faith in the reform process.

The potential benefits of reformasi birokrasi

The terms of reference for the sector analysis noted that 'the majority of AusAID's primary assistance to Indonesia is concerned with ensuring the delivery of services to the poor'. AusAID's major Indonesian activities are in the health, education, infrastructure and social protection sectors. They focus on provinces selected on the basis of socio-economic indicators and in a way that avoids overlap with other donors. These AusAID activities, of direct and urgent importance to poor Indonesians, are an alternative use of resources that may be committed to support *reformasi birokrasi*. Would the benefits of supporting *reformasi birokrasi* exceed those available from this alternative?

The sector analysis concludes that they would because of two areas in which large benefits from *reformasi birokrasi* are likely to exceed those available from a marginal addition to other AusAID sectoral programs. First, *reformasi birokrasi* will contribute to service delivery indirectly in a way that could have a large flow-on effect. It represents a potentially significant enabler to improving the quality of delivery of government services in Indonesia, including to the poor. It thus provides indirect support not only to AusAID's main program objectives but also to the delivery activities of the Gol which are of vastly greater extent. The potential leverage available from a small investment by AusAID is therefore great.

Secondly, *reformasi birokrasi* has the potential to reduce the obstacles and risks that the present weakness of the Indonesian bureaucracy poses to national development and national unity. These obstacles and risks tend to be voiced ahead of poor service delivery in the Indonesian discourse on *reformasi birokrasi* and there can be no doubt of their importance. It seems likely that Indonesia has reached or is approaching the point at which weaknesses in the bureaucracy are significant constraints on development. Even if the weaknesses do not yet represent a ceiling on development possibilities, it is certain that they lead to a significant loss of potential. Their impact on national unity may be less general or widespread but the lesson from Maluku set out in Hiariej (nd) demonstrates the potential for severe effects in particular cases.

Implications of the Paris Declaration

Finally, it is relevant to note that under the principles of the Paris Declaration on Aid Effectiveness AusAID should align its activities in Indonesia with the Gol's priorities. The sector analysis team concluded that the Gol has now given priority to *reformasi birokrasi* and the team observed a real impetus for reform during its visit to Indonesia.

Challenges and risks

Risk that reformasi birokrasi will fail

Key Finding 10. The package of bureaucratic reform activities proposed by Gol will involve complex implementation challenges over a lengthy period and most of the high level outcomes will be difficult to evaluate quantitatively.

The World Bank (2008) in its study *Public Sector Reform: What Works and Why*, reports that civil service and administrative reform has been the second most common area of its public sector reform lending but that fewer than half of the borrowing countries have shown improvement in civil service and administrative performance on the Bank's evaluation. The evaluation assessed the common causes of failure as absence, with isolated exceptions, of a coherent strategy, absence of clear diagnostic tools, and inherent political difficulty (xvi).

The sector analysis team concluded that strategy and diagnosis have been sufficiently addressed in relation to *reformasi birokrasi* to justify AusAID support. This does not remove all risk of failure but does control a major element of it. A major challenge for *reformasi birokrasi* is to achieve the changes of mindset and culture within the civil service that to some extent will follow and to some extent will accompany the large proposed changes in structure, systems and processes. That this can be done has been demonstrated in other systems, including Australia's. However, as the World Bank (2008) warns, failure remains a real possibility.

It is important here to distinguish between failure of particular elements of *reformasi birokrasi* and failure of the reform initiative as a whole. A wide-ranging reform program of this nature will inevitably experience some level of failure within it. Some aspects are experimental, some may initially be brought forward before other interdependent aspects are ready to support them, some may be overtaken by events. There may be delays before opportunities created by a new framework are taken up. Such shortfalls should be regarded as acceptable if there is overall progress and some areas of immediate success (the English language term 'quick wins' has some currency in the Indonesian discourse).

The successful progress of *reformasi birokrasi* overall is something that will only be able to be assessed periodically and at certain key points. One of these is now very close. Debate over a new civil service law (ASN Law) is close to the point of decision.

The draft ASN Law as a touchstone (batu ujian)

The fate of the draft ASN law will be a touchstone for both the prospects for and the political significance of *reformasi birokrasi*. Failure to pass the law would be a very significant symbolic blow to the reform impetus. At a tangible level it would also greatly reduce the scope for some central aspects of bureaucratic reform: the professionalization

and depoliticisation of the senior ranks of the civil service, especially but not only at the sub-national level; the move towards open merit selection and lateral recruitment for the civil service; the move towards treating human resource management as a system rather than a collection of disparate activities; and the simplification of very complex job and organisational structures.

Without the ASN law, *reformasi birokrasi* would not represent a program of reform of the core civil service as that term is understood internationally and the Indonesian system would continue to lack core enablers of a range of overdue reforms. If the law does not pass, AusAID might in fact face reputational risks in supporting *reformasi birokrasi* under that title, given already emerging academic and media criticism that it is 'a failure' or 'stagnant' (Reza Syawawi 2012; Kompas 2012). (In that event, however, individual components of the program may still warrant support in their own right, perhaps not under the program title of reform of the bureaucracy.)

Conversely, if the law does pass, significant support for the measures needed to give it effect would be very highly desirable. The scale and complexity of the task, its importance and an increased risk of failure if it is not properly supported would make the activities to implement and socialise the ASN law a centrepiece of *reformasi birokrasi* in 2013. The symbolic impact of implementing the law and its impact on the culture of the civil service would also be highly important. The greatest risk then would be insufficient, ineffective or delayed effort to implement the law.

Vice-President Boediono has recently initiated a process to bring the draft ASN law to the stage of decision before the end of 2012. This will give AusAID a good gauge to judge how and how far it should become involved in *reformasi birokrasi*. If the draft retains its main features and becomes law, the progress with implementation over the next one to two years would lead to the next point at which an assessment of overall success or failure could be made. This implementation phase for the ASN Law, as it happens, fits well with the Indonesian election cycle in that the sensible point to assess implementation will be around the time of the 2014 elections when the likely interests of the next Indonesian government and parliament will also be clearer.

Overall, the sector analysis indicates good enough prospects of success to warrant support for the first tranche of foundation reforms as well as considerable benefits in terms of the Australia-Indonesia relationship. The prospects for success and failure would necessarily be reassessed before commitment to the next tranche.

Maintaining GoI and donor commitment through a necessarily slow process

Reformasi birokrasi is a difficult project that will take time to show results. Max Weber's characterisation of government as 'long and slow boring through hard boards' has sometimes been applied to public sector reform (Schneider, 2004: 1, for example). It is an

apt characterisation of a process that requires not only the changing of structures, systems and processes in organisations extending across a large country but also requires a change in mindset and culture of the civil servants who inhabit the structures and operate the systems and processes, as well as changes on the part of the politicians with whom the civil service interacts.

In drawing out issues and lessons from public sector reform programs for the Canadian international Development Agency, Schachter (2000: 10) notes that the British experience of replacing patronage with career appointments, a key element in *reformasi birokrasi*, extended over more than 30 years. Important dates in that case, in fact, were 1853 for the Northcote Trevelyan report which recommended the change, 1854 when it was first rejected, and 1870 when it was legislated. It was 1908 before a head of the Home Office was appointed who had spent his whole career under the new system (Hennessy 1990: 42-48). In more recent times, the standard periodisation of public sector reform in Australia starts in the mid-1970s and identifies stages through to the present (APSC 2003, Advisory Group on Reform of Australian Government Administration 2010; Edwards et al 2012: 40).

It is usual for commitment to waver at times in changes of the scale and complexity of *reformasi birokrasi*. Long term success will depend on and can only be judged by the sequencing and progress of the many elements of the reform. The commitment to reform of the civil service, in Indonesia at present, as evidenced by movement from rhetoric to action in several areas, justifies a degree of optimism. Whether that level of commitment continues will only be capable of assessment as the reforms proceed. Continuation of high level Gol political commitment will be essential. In assessing the level of commitment at any time, donor partners will need to be conscious that their judgments may themselves feed back into the level of Gol commitment.

Risk that AusAID will become entangled in the Indonesian political debate

Part of the policy argument about *reformasi birokrasi* is being conducted at the political level. In particular, at the time the sector analysis was carried out, the fate of the draft civil service law (the ASN law) was being determined between the parliament and the executive government, with some differences apparent inside the executive at the political level as well.

While AusAID needs to be alert to the risk of becoming involved in political controversy it is not a major risk at this stage. The argument on *reformasi birokrasi* is not high among political concerns in Indonesia, being more an argument between interests within or close to the civil service. 'Reformasi' of any kind continues to strike a strongly positive note in Indonesian public opinion. Public political campaigning against *reformasi birokrasi* is therefore a low risk. The level of risk for AusAID, as an established donor partner in relation

to *reformasi birokrasi*, in continuing its relatively low profile involvement in a stated high priority of the Gol while the internal debate continues is similarly low.

Reformasi birokrasi presents special management challenges for AusAID

Two further risks relate to the challenges of AusAID's own engagement with *reformasi birokrasi*. One would be a failure to understand that the tangible results in terms of quality of government and delivery of better services will take time to emerge and consequent impatience or premature disengagement. In a recent newspaper article contesting a view that *reformasi birokrasi* was 'beyond realisation', Vice-Minister Eko wrote: 'Until the year 2014, bureaucratic reform in this country will be nothing more than sowing the seed, but we hope to see the harvest soon' (Eko Prasjo 2012: 7).

In fact, the initiatives proposed and planned for the immediate future are essentially foundational and Vice-Minister Eko's 'soon' needs to be understood as the medium term rather than immediately. The year 2014 will be an appropriate point to take stock because foundations will have been laid and because a new administration will take office that year and will need to decide what to build on them. But, at that point, outcomes visible to and with impact on the people of Indonesia will be few.

As noted above, maintaining Gol commitment to a slow process is a risk. If AusAID continues its involvement with *reformasi birokrasi*, it will face a parallel risk in managing expectations on the Australian side about the timing and extent of tangible results.

Another risk to which AusAID should be alert is that the role of international donor partners in *reformasi birokrasi* may differ from their role in many development assistance programs. For this reason, a different style of management may be required. What the Gol seeks from donor partners in relation to *reformasi birokrasi* is endorsement or encouragement of the direction being taken, flexible support in strategic areas, and certain types of specialised expertise. But *reformasi birokrasi* needs to be home-grown within the Indonesian government and political environments in the same way that public sector reform was in Australia. It has in fact been initiated and is being managed at a high level in the Gol.

Australia's support is likely to be for packages of initiatives managed within a small number of Indonesian ministries and institutions, from the top of those agencies, and needing careful political management within the Indonesian system. AusAID's task therefore will be one of managing relationships at a high level on the Indonesian side in a complex and contested reform environment. This will be qualitatively different to the relationship management task in most of its other programs in Indonesia, which are strongly focused on delivery of measurable units rather than contributing to broader policy changes.

Options and Entry Points

Programmatic areas which AusAID could support

Key Finding 11. The projects and programs encompassed in the Indonesian concept of reformasi birokrasi provide a good range of options for specific activities in which AusAID could usefully participate that offer suitable entry points and have reform champions worthy of support, noting that:

- *The options are mostly about reforming the enablers of good government rather than direct delivery of services to the people, although one of the key outcomes that they could be expected to enable would be improved service delivery.*
- *Some options, notably parts of the proposals to improve complaint handling and other citizen voice systems, would have a more direct impact on service delivery but would not be sufficient without a general improvement in the capacity of the civil service to engage with citizens.*

Although other bilateral and multilateral donor partners have activities in or related to *reformasi birokrasi*, AusAID currently appears to be the most involved at the strategic design level. A continued and extended AusAID commitment at that level offers the possibility of facilitating a degree of coordination of donor activity such that significant aggregate donor support could be available to the reform leaders at this critical early stage of their initiative. While needing to have regard to the interests and activities of other donors, AusAID is well positioned by its past involvement with *reformasi birokrasi* to engage in areas that are high priorities of the reform leaders.

The structure for *reformasi birokrasi* now established by the Government of Indonesia provides three obvious entry points for AusAID:

- with new, reform-minded leadership in the three Indonesian central personnel agencies and a clear understanding of how these agencies will manage *reformasi birokrasi*, clusters of activities within each of the agencies offer promise of real reform as well as a framework within which results can be monitored and evaluated;
- two government institutions with responsibilities in the field of citizen's 'voice' and transparency, the Ombudsman Commission (ORI) and the Freedom of Information Commission (KIP) also form part of the *reformasi birokrasi* exercise and activities planned by them are directed at awareness of rights, involvement of civil society and procedures for resolving complaints, and the creation of communities of best practice for effectively overseeing and improving organisational performance; and
- AusAID's own programs in Indonesia offer promise for facilitating exchanges between the sub-national level and national levels of government on knowledge and innovations

that may have a direct impact on service delivery. This potential could be multiplied if the Indonesian central civil service agencies bring to fruition plans for knowledge or innovation centres.

Entry points and specific possible activities

Entry through the Vice-Minister for PAN & RB and the three central civil service agencies in his portfolio

The appointment of Professor Eko Prasjo as Vice-Minister for PAN & RB, the support now available to him with new appointments to head the other two central civil service agencies that sit alongside that ministry and the establishment of working relationships between them provide a credible structure for managing *reformasi birokrasi*. The progress recently made towards the passage of the ASN Law is a strong indicator of commitment on the part of the Government of Indonesia to advance a body of *reformasi birokrasi* activities in the area of responsibility of the PAN & RB portfolio. In these circumstances, flexible, facility-type support for Vice-Minister Eko, if the ASN Law passes, offers obvious potential.

The sectoral analysis identified the following specific activities within the three agencies which have potential to advance *reformasi birokrasi* and which might benefit from AusAID support through such a facility:

Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi (KemenPAN & RB):

- policy and implementation support for the Vice Minister;
- in particular, support for the large and complex task of drafting regulations, socialising and implementing the ASN Law (as an indication of the scale of this task, it will involve:
 - detailed regulatory specification and establishment of a civil service commission to constrain the politicisation of senior civil service positions; and
 - conversion, most desirably on a merit selection basis, of the top two existing civil service echelons into a senior executive service);
- the project already under way to restructure central government agencies; and
- harmonising regulations and laws affecting the civil service to remove overlap and contradictory elements.

Lembaga Administrasi Negara (LAN):

- the revitalisation of LAN:
 - as the policy think tank for the central agencies involved in civil service administration; and
 - the home of innovation and knowledge centres to identify and spread reforms and innovations in HRM and government organisation from all levels of government; and

- the establishment of effective executive development programs for the new senior executive service and the levels below that feed into it.

Badan Kepegawaian Negara (BKN):

- expanding the use and effectiveness of assessment centres for promotion and advancement of senior officials;
- completing the large job classification exercise and reforming the ‘structural-functional’ system so that staff movement and pay are related to competence in particular jobs; and
- other initiatives to promote the professionalization of the civil service.

The *reformasi birokrasi* activities of these agencies will necessarily involve other key central agencies. Work on *reformasi birokrasi* therefore offers the opportunity to improve habits and systems for coordination across ministries in the Indonesian central government. It would be highly desirable for a *reformasi birokrasi* facility to keep this type of improvement in mind alongside its main objectives and to be sufficiently flexible to be able to support suitable activities that may advance it.

The scope for improving coordination is wider because at present, Vice-Minister Eko is working with ministries and institutions beyond the three central civil service agencies on important aspects of *reformasi birokrasi*. A facility to support the reform program would therefore desirably have the flexibility to support selected activities in a wider field than the three central civil service agencies. The current wider involvement is with:

Kementerian Dalam Negeri (MoHA): Although not part of the cluster of civil service personnel agencies, MoHA is the key link between sub-national and national levels of government on policy and implementation, including in relation to organisation. Possible initial areas for close involvement between the central *reformasi birokrasi* activities and MoHA are:

- a proposed restructuring of the top levels of MoHA to improve its capacity to manage the links between the central and regional administrations but also to set an example in regard to reform of top organisational structures;
- two way communications on civil service and reform matters between the central and regional administrations through the General Government Deputyship of MoHA; and
- rethinking MoHA’s structure for research and development, which could take *reformasi birokrasi* beyond the core administrative field and into areas where it interacts with issues of service delivery, for example, where administrative reforms may directly improve delivery capacity, and involve different modes of collaboration between MoHA and the sub-national levels of government.

Badan Perencanaan Pembangunan Nasional (BAPPENAS): BAPPENAS is responsible for integrating bureaucratic reform into the national planning and budgetary process to lock in future funding, potentially providing clarity of commitment beyond the 2014 election.

- Budget planning by BAPPENAS is a low-cost but essential requirement for embedding reforms in the system by way of inclusion in the mid-term development plan.

Badan Pengawasan Keuangan dan Pembangunan (BPKP): BPKP initially had a role in central quality assurance for *reformasi birokrasi*. Although its role is being redefined, BPKP is important as a standard setter and capacity builder for the inspectorates-general in line ministries and for institutions at sub-national levels of government. It is in a key position to encourage or carry out systemic anti-corruption prevention activities at all levels from the centre of government to the points of service delivery. The importance of the BPKP contribution to *reformasi birokrasi* at the sub-national level, in particular, was put to the committee by the Vice-President's office (interview 19.9.2012) in the context of planned capacity building activities.

In addition to these established or foreshadowed activities and linkages, there will be scope for involving *Kementerian Keuangan (MoF)*, the Ministry of Finance, in activities under the *reformasi birokrasi* umbrella, for example in how wages funding will be allocated between national and regional budgets. MoF sometimes unilaterally led the way in various early reforms of the bureaucracy through changes to its internal structures and HRM systems. MoF continues to be active in reform of the budget system. The latter activities draw significant Australian support through AusAID.

Entry through citizens' 'voice' agencies and civil society

The Government of Indonesia is establishing a network of offices for the *Ombudsman Republik Indonesia (ORI)* in every province. ORI has begun, under the banner of *reformasi birokrasi*, to give greater practical effect to already legislated provisions for complaint handling by government agencies. The Vice-President's Office also includes this activity within *reformasi birokrasi*. At the same time, the *Komisi Informasi Republik Indonesia (KIP)*, the Freedom of Information Commission, is in a position to increase the effectiveness of freedom of information laws.

Both ORI and KIP are well connected with civil society groups and provide an entry to government for reform impetus and initiatives from civil society. Increasing the capacity of both institutions to build departmental proficiency in complaint handling and access to information is a way of 'raising the bar' on expectations of service quality and creating an incentive for continuous improvement. This will require attention to the need to raise the awareness of citizens of their rights as well structures to channel their expectations through government processes. These processes have the potential to enhance and gain leverage from AusAID investments across other programs.

AusAID engagement with *reformasi birokrasi* through ORI and KIP:

- would help the GoI to give effect the already legislated complaints handling and freedom of information regimes with a direct impact on the channels through which demand side pressures from the people of Indonesia are transmitted to the supply side organisations within the GoI;
- would encourage the development of communities of best practice focused on effective oversight and promotion of organisational performance, possibly bringing together inspectorates-general and oversight agencies, and;
- should increase the engagement of civil society in policy development and service delivery, partly as a means of raising citizens' awareness of their rights but also to provide citizens' input to government organisations and activities.

Entry through AusAID programs

A consistent message in consultations undertaken during the sector analysis was the weakness of coordinating systems in the Indonesian state apparatus. The potential for outside intervention in specific tasks to bring together various Indonesian institutions in a way that promotes coordination was mentioned in a number of cases. AusAID runs a range of programs that reach to the points of government service delivery in Indonesia. These programs are well placed to encourage improvements in coordination. They also could provide access across existing organisational boundaries to a wealth of information useful to specific reforms.

Case 4: Promoting coordination in the education sector in Aceh, a local spin-off from an AusAID program

Aceh ranks relatively poorly for governance in the education sector in the World Bank Local Government Capacity Assessment. Teacher distribution and budget allocations across districts and sub-districts have been recognised as problems and AusAID's support through the SEDIA program began a process involving all stakeholders to find solutions to these problems. SEDIA facilitated the creation of two committees that bring together the relevant civil service agencies and extensively involve other stakeholders to deal with data on the problems and reach solutions on staffing and budget. Now established in the provincial civil service structure, these committees provide effective policy coordination in their sector. (AusAID 2011; interview 1.10.2012)

A significant opportunity exists to view AusAID programs, with all their activities at the sub-national levels of government, through a *reformasi birokrasi* lens from a single point to:

- systematically identify and promote opportunities for bureaucratic reform so as to leverage relationships and share knowledge:
 - within AusAID programs;
 - with other donor partners; and
- seek, where possible, to promote task-directed working together by Indonesian agencies in a way that can evolve into a better policy and implementation coordination system.

If AusAID is to support *reformasi birokrasi* initiatives through the entry points identified above, it will require some form of internal organising framework. It would seem sensible to use that framework in a way that maximises the opportunities to advance *reformasi birokrasi* that are available from AusAID's other access to Indonesian programs and institutions. This argues for an explicit role for AusAID's *reformasi birokrasi* facility in:

- seeking out and feeding into the proposed innovation centres the lessons learned about delivery across AusAID's programs; and
- promoting cross-boundary work and coordination within the Indonesian system in the course of AusAID's program work beyond *reformasi birokrasi*.

Scale of Involvement

Key Finding 12. The Indonesian government, has invested, and is planning to invest significant resources into bureaucratic reform, which provides AusAID, as well as other donors, the opportunity to leverage these investments.

The Gol's budget proposal for fiscal year 2013 includes IDR241.1 trillion (approximately AUD27 billion) for employee expenses (Presiden RI 2012b). An early, indicative indication of the amount of this attributed to current *reformasi birokrasi* activities in selected agencies in fiscal 2013 was of the order of IDR145 billion (approximately AUD16 million) in the three central civil service agencies and IDR150 billion (approximately AUD17 million) to administer the first round of reforms in line agencies. Additional to this was an indicative estimate of IDR25 trillion (approximately AUD2.8 billion) for movement towards regularising the salary system. Some component of the last expense is likely to have previously appeared in budget classifications other than employee expenses (Advice from BAPPENAS, 10.10.2012).

The Gol is also now seeking international donor support for *reformasi birokrasi*. In September 2012 early Gol thinking developed by BAPPENAS in conjunction with other relevant central government bodies on the likely costs of fifteen possible *reformasi birokrasi* initiatives was made available to AusAID. The indicative costs of these initiatives in total would represent about 60 per cent of the estimated current *reformasi birokrasi* spending other than on the salary system, although it must be emphasised that neither set of estimates is more than indicative and the basis of each set of cost estimates was not clear to the sector analysis team. Taking them as rough indications of levels of activity and cost, however, they are an additional pointer to an intention to significantly expand *reformasi birokrasi* activity, but to an extent and over a time frame that ought to be manageable.

The sector analysis was conducted without any preconception as to what funding envelope, if any, might be available to AusAID for *reformasi birokrasi*. It is also unclear at this time as to what funds might be available from other donors or from the Gol itself for new reform initiatives. Any AusAID program would need to be developed in consultation with the Gol by prioritising among a potentially wide range of possible initiatives and with regard to other funding sources open to Gol.

An approach to prioritising the possible elements of a program is suggested in the next section. Discussions between AusAID and the Gol on that matter could quickly establish a shortlist of priority activities and the issue of overall level of possible AusAID commitment would become clear in that process. However, the fifteen initiatives identified by the Gol in September 2012 provide an indication of the scale of the building blocks for a possible AusAID program.

Three-year indicative costs for each of the fifteen initiatives ranged from AUD 0.5 million to AUD 9 million. The possible initiatives covered a range of activities that have either begun or are proposed, grouped in the areas of:

- organisational restructuring;
- employee competency through reform of selection systems, job classification and leadership training;
- anti-corruption training for auditors;
- promoting openness and service orientation through improved complaints handling, establishment of a national innovation centre and a public campaign on service and governance; and
- capacity building in the three civil service agencies.

The possible initiatives did not include implementation of the ASN Law, the prospects for which were then not clear (although a small study of its implications was proposed). The sector analysis team would rate the implementation task as a high priority if the ASN Law is passed.

As well as that task, the sector analysis team highlights five initiatives from the fifteen which the team considers likely to be particularly well directed to the particular advantages available from donor support because their early stages could be expedited by donor assistance, they are activities that are likely to give public prominence to the reform exercise, they are likely to have significant systemic impact, and they are in areas where Australia has some strengths:

- organisational restructuring;
- development of a competence-based, open promotion system through the Civil Service Commission to be established if the draft ASN Law passes and with the establishment of a national assessment centre;
- piloting a reform leaders' academy;
- development of the national complaints handling system by KemenPAN & RB and ORI; and
- establishment of a national public service innovation centre.

Although the sector analysis team did not attempt to establish the basis of the indicative cost estimates for these initiatives provided by the GoI in September 2012, we note that the estimates for each of the five listed above equated to about the level of AusAID's direct support for *reformasi birokrasi* over the past three years while an initiative for donor support of implementation of the ASN Law has not been costed, even on an indicative basis, as far as the sector analysis team is aware.

This implies that an AusAID program covering a package of *reformasi birokrasi* activities could easily exceed the small commitment of the past few years (in total about AUD5 million). However, it is impossible to generalise on the costs in advance of serious consultation with Gol on what type of support they seek for possible initiatives, on the costing of those initiatives and on the availability of funds from other sources.

Next Steps

The structure for and commitment to a substantial program of *reformasi birokrasi* have come together only recently. Although there was an awareness of the need to reform the civil service for some time, it prompted a disparate collection of activities more than a program.

This recent change makes it timely for AusAID to examine in detail the components of *reformasi birokrasi* to form a view on which of them could fit into a program appropriate for AusAID support. The sector analysis suggests that three clusters, outlined in an earlier section, built around the central civil service agencies, the citizens' 'voice' agencies, and a coordinating/communicating hub would be manageable for AusAID and would offer good prospects of significant reform.

Timing is important in the context of the Indonesian election cycle. The longer that decisions are left, the more difficult it will be to begin implementation before the 2014 election. In this context, the development of the next Indonesian medium term development plan, drafted by BAPPENAS and to be finalised within the next few months, will be an opportunity to lock in the initiation of activities. Timing decisions with this in mind would also align well with KemenPAN & RB's roll-out of some structural and systemic reforms to the sub-national level as well as with AusAID's consolidation of the range of decentralisation programs.

It would be desirable for AusAID, as soon as possible, to commence discussions with the Gol, represented by Vice-Minister Eko in the first instance, to establish priorities among the *reformasi birokrasi* activities that could be supported with a view to establishing a manageable AusAID program. A structure for the program is implied in the three hubs. The sector analysis suggests that AusAID's prioritisation of possible activities for support take account of:

- systemic impact of the activity in the areas of service delivery and citizen 'voice'; linkages between national and sub-national levels of government; whole-of-government coordination; and contribution to spreading and embedding innovation;
- 'readiness to start' of the activity, including the quality of available leadership, the momentum behind the activity, implementation complexity, and its place in a sequence of possible activities;
- Australia's comparative advantage in relation to the activity;
- any particular value offered in the activity by the flexibility, speed, endorsement/encouragement effect of donor support; and
- the level of risk associated with the activity.

In the context of timing it is relevant to reiterate that most of the activity in a potential bureaucratic reform program would be foundational at this stage and would involve a significant learning exercise for the GoI as well as AusAID and other donors. While it will be desirable to initiate such activity in advance of the 2014 Indonesian elections, decisions on larger scale, follow-on activities will best be made after the election with regard to the direction to be taken by the new government and its willingness to build on the lessons and understandings gained from the first reform initiatives.

Recommendations

It is recommended that:

1. AusAID proceed as quickly as possible to select a package of activities, in partnership with the GoI, for a bureaucratic reform program for the period to 2014:
 - a. noting that bureaucratic reform is a complex area:
 - i. many results will be difficult to measure because they are not the sole contributor to particular outcomes but may offer high strategic value because of broader opportunities for the aid program and the high level relationships involved; and
 - ii. activities will often need to be managed in a way that takes account of the way in which they are owned at a high level within the GoI and involve sensitive relationship issues within that government; and
 - b. with the components being prioritised on the basis of:
 - i. systemic impact; impact on service delivery and citizen voice; linkages between national and sub-national levels of government; whole-of-government coordination; and contribution to spreading and embedding innovation;
 - ii. 'readiness to start', including the quality of available leadership, the momentum behind the component, implementation complexity, and its place in a sequence of possible activities;
 - iii. Australia's comparative advantage in relation to the component, including the particular advantages of flexibility and endorsement/encouragement available from donor support;
 - iv. the level of risk associated with the component; and
 - v. how the activities fit into a coherent program of reform.
2. If AusAID does proceed with the GoI to develop an AusAID support program, a strategy be developed to ensure that its engagement and communications with the GoI on bureaucratic reform appropriately address GoI expectations in a coherent rather than an ad-hoc way and:
 - a. ensure effective donor coordination to maximise the effect of investment in the sector;
 - b. establish an appropriate mechanism for responding to GoI requests within a bureaucratic reform initiative; and
 - c. ensure sufficiently high level and structured AusAID engagement when required.

3. If AusAID establishes a bureaucratic reform program, management arrangements embody an approach in which AusAID:
 - a. pays particular attention to strategy and high level relationships and components of the Gol's bureaucratic reform effort;
 - b. sets clear parameters for both strategic engagement and contractor activity in the initiative; and
 - c. ensures that there is sufficient flexibility in the initiative to respond to learnings from activities as they proceed and to agreed changes in priority (a facility type approach).
4. If AusAID establishes a bureaucratic reform program, specific consideration be given to sufficiently resourcing high level strategic engagement due to the complex and contested reform environment.
5. If AusAID establishes a bureaucratic reform program, it include a capacity to plan for a possible further stage of involvement in bureaucratic reform after 2014 that takes account of:
 - a. lessons on what works and why from the activities up to 2014; and
 - b. robust analysis to improve understanding and program design for any further stage of involvement.

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22 November 2012

Acknowledgments

The sector analysis team gratefully acknowledges the support of AusAID managers at post, Bapak Saiful S. Doeana and Ibu Lila Sari, whose excellent contacts in the Indonesian system and energetic organisation secured an outstanding program of meetings. The team at post also provided extremely responsive logistical support for a complex program of travel and meetings. Logica in Aceh organised and provided support for a field visit of very high quality to that province. Bapak Iwan Subekti of AusAID arranged a program of similarly high quality in Central Sulawesi.

AusAID staff from a wide range of programs in Jakarta and Canberra gave their time and serious attention to the issues before the team in several stimulating and productive meetings. The team was impressed with the general standard of policy competence and interest evident in AusAID staff.

The team also gratefully acknowledges the time and guidance provided by Bapak Petra Karetji as the member of AusAID senior management most involved with the analysis.

In general, the team concluded that the access and support it was given was of a very high standard. The high quality of contributions by the great majority of those we met or interviewed made our task possible but was also an indicator of the present high level of interest in bureaucratic reform in Indonesia and the extent to which the issue is regarded as important.

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Appendix

Institutions and Persons interviewed for the Sector Analysis

[Refine and complete, including possibly sorting by type, for final]

Person	Institution	Date
Canberra		
Jason Alford; David Lowe	Australian Treasury	6.9.12
Carolyn Layley & colleagues	Commonwealth Ombudsman	10.9.12
Andrew Podger	Former Australian Public Service Commissioner	10.9.12
Damian West & colleagues	Australian Public Service Commission	11.9.12
AusAID teams <ul style="list-style-type: none"> • Knowledge Sector • Education • Social Protection • Infrastructure • Law & Justice • Governance 	AusAID	11.9.12 to 14.9.12
Prof. John McMillan AO	Information Commissioner	12.9.12
Richard Rogers & colleague	Department of Foreign Affairs and Trade	12.9.12
Paul Nicol & colleague	Australian National Audit Office	12.9.12
Ross McLeod	Editor, Bulletin of Indonesian Economic Studies	12.9.12
Lembit Suur	Australian Department of Finance & Deregulation	12.9.12
Indonesia		
Satish Mishra; Akira Moretto	Strategic Asia (Consultants)	17.9.12
John Ignatius & AIPEG advisers	AusAID program	17.9.12
Prof. Heru Subiyantoro	Fiscal Balance Directorate, Ministry of Finance	17.9.12
Owen Podger; Mike Jones	INSPIRE Team, Vice-President's Office	17.9.12
Hannah Birdsey; Jenny Donohoe	AusAID, Education Team	17.9.12
Petrarca Karetji	AusAID Director	17.9.12
Prof. James Fox	Australian academic, specialist in Eastern Indonesia	
Jonathon Muir; Gillian Kenny	Department of Foreign Affairs and Trade	18.9.12
Staffan Synnerstrom; Maria Tambunan	World Bank	18.9.12
Dr Machfud Sidik	Former Director-General of Tax, Adviser to Minister for Finance	18.9.12
Bryan Holford & team	AIPEG Adviser, Ministry of Trade	18.9.12
Social Protection Team	AusAID	18.9.12

Wicakana Sarosa; Agung Djojosoekarto	Kemitraan (NGO)	18.9.12
Dr Stephen Sherlock	Australian academic, specialist in parliament	18.9.12
Aria Suyudi	<i>Reformasi birokrasi</i> program, Supreme Court	19.9.12
Education Team	AusAID	19.9.12
Dr I Made Suwandi; Prof. Sadu Wasistiono	Ministry of Home Affairs	19.9.12
Ardan Adiperdana	BPKP (Quality Assurance Team for <i>reformasi birokrasi</i>)	
Jorg-Werner Haas; Louis Susanty	Deutsche Gesellschaft fur Zusammenarbit	20.9.12
Decentralisation Team	AusAID	20.9.12
Advisers to Vice Minister Eko	Ministry for Administrative & Bureaucratic Reform	21.9.12
Erry Riyana; Natalie Soebagyo	Independent Team, <i>Reformasi Birokrasi</i>	21.9.12
Miranti Maruto; Agung Wijaya & colleagues	TIRI (NGO)	21.9.12
Bima Haria Wibisana	National Public Procurement Agency	21.9.12
Teguh Widjinarko	Ministry for Administrative & Bureaucratic Reform	21.9.12
Sad Dian Utomo	PATTIRO (NGO)	22.9.12
Eddy Purwanto	Vice-President's Office	21.9.12
	Numerous discussions with officials and civil society organisations from Eastern Indonesia at conference in Palu, Central Sulawesi, as well as in field visits in Palu, Donggala and adjacent villages to community and village health centres and meetings with provincial officials in Palu.	23.9.12 to 26.9.12
Dr Drs M. Marwan and colleagues	Research Unit, Ministry of Home Affairs	27.9.12
Official known to team leader plus a colleague	State Secretariat	27.9.12
Eko Sutrisno and deputies	National Civil Service Agency (BKN)	27.9.12
Iman Lanti	United Nations Development Program (UNDP)	27.9.12
Sofian Effendi	Gajah Mada University	27.9.12
Debbie Muirhead	AusAID, Health Adviser	28.9.12
Vice Minister Eko Prasjo	Ministry for Administrative & Bureaucratic Reform	28.9.12
Bill Duggan; John Duff	CIDA/BASICS	28.9.12
	Numerous discussions with provincial and district officials, AusAID program workers, civil society organisations and individuals in Banda Aceh, Bireuen and villages near Bireuen, Aceh and visits to a community health centre and a primary school.	30.9.12 to 3.10.12
A. Alamsyah Saragih	Central Information Commission (KIP)	4.10.12
Agus Dwiyanto	National Institute of Public Administration (LAN)	4.10.12

Taufiq Effendi	Vice-Chair, Commission II, House of Representatives	4.10.12
Secretary General Ainun Na'im & colleagues	Department of Education and Culture	5.10.12
Danang Girindrawardana	Ombudsman of the Republic of Indonesia	5.10.12
Dwi Wahyu Atmaji	National Development Planning Agency	5.10.12
Luke Arnold	AusAID, Justice & Democratic Governance Program	9.10.12
Ben Power; Sean O'Grady	AusAID, Infrastructure & Economic Governance and Public Financial Management Programs	9.10.12