

WORKING PAPER 4

# Establishing Government Think Tanks:

## An Overview of Comparative Models



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

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## Key messages:

- Government think tanks have several benefits over external think tanks, including their strong understanding of government programs and priorities (which helps them to tailor advice to actual needs) and an ability to coordinate across government departments.
- There is no single “best fit government think tank model”, however the models described in this paper show that a clear mandate with a clear reporting structure defined from the outset is important for sustainability.
- Government think tanks can become “briefing machines” focused solely on reacting to requests, rather than producing analysis and strategy that help inform policy. Long-term focus helps to create an institutional identity.
- There is a current regional trend to hire staff with mixed skill sets for government think tanks as it is believed that this can help to produce research which is of high quality and more flexible to different audiences’ needs.
- While the primary purpose of government think tanks is to provide policy analysis to senior policy makers, government think tanks can develop communication strategies to also inform also the public of their findings. This can help to generate public support for policy change.

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# Abbreviations and Acronyms

Balitbang	: Badan Penelitian dan Pembangunan (GoI Research Unit)
Bappenas	: Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BKF	: Badan Kebijakan Fiskal (Fiscal Policy Office within the Ministry of Finance)
GoI	: Government of Indonesia
KDI	: Korean Development Institute
KEN	: Komite Ekonomi Nasional (National Economic Committee)
KIN	: Komite Inovasi Nasional (National Innovation Committee)
KSI	: Knowledge Sector Initiative
LIPI	: Lembaga Ilmu Pengetahuan Indonesia (Indonesian Institute of Sciences)
MIER	: Malaysian Institute of Economic Research
MITI	: Ministry of International Trade and Industry (Japan)
NDRC	: National Development and Reform Commission (China)
NGO	: Non-governmental organisation
NPC	: National Planning Commission (South Africa)
ODI	: Overseas Development Institute
PIDS	: Philippines Institute for Development Studies

- TNP2K : Tim Nasional Percepatan Penanggulangan Kemiskinan (National Team for Accelerating Poverty Reduction)
- UKP4 : Unit Kerja Presiden Bidang Pengawasan dan Pengendalian (Presidential Working Unit for the Supervision and Management of Development)
- VAST : Vietnamese Academy of Science and Technology
- WANTIMPRES : Dewan Pertimbangan Presiden (The Presidential Advisory Council)

# Introduction

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In October 2014, Andriano Chaniago, Indonesia's Minister for the National Development Planning Agency (Bappenas), said "Bappenas is now no longer under the Coordinating Minister for the Economy. The role is added, which is to be the President's think tank. The planning of the President's vision and mission must be guarded, and Bappenas' task [will be] macro" (Tempo 2014). Given that the Government of Indonesia (GoI) is planning to reshape Bappenas as a Presidential think tank, or to establish one within it, this paper outlines some considerations on how to approach such a task.

Several options have been proposed internally at Bappenas. This paper (written over a brief ten-day period in December 2014) aims to complement those internal efforts. It draws upon the expertise of the Overseas Development Institute (ODI), the activities of the Knowledge Sector Initiative (KSI), and comparative models in Southeast Asia and other regions, to provide practicable options for the decisions currently being made within Bappenas as well as other government organisations in Indonesia.

Section 2 of this paper deals with context. It describes what Bappenas has achieved to date in terms of providing policy analysis for the development of national development strategies and plans. Section 2 also includes some reflections on what we mean by a "government think tank". In section 3 we present the key elements that emerge from the comparable models of government think tanks. We include a table listing government think tanks in Indonesia, East and South East Asia, and beyond. We then describe international models that are most relevant to the Indonesian context. In Section 4 we draw our conclusions by identifying some key considerations that could be useful for the development of a President's think tank as well as other government think tanks in Indonesia.



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### **What Bappenas has achieved to date**

Bappenas has achieved a great deal since it was established by Presidential Decree No. 267 in 1968, and has regularly readjusted its role to meet changing needs. In its creation as an institution directly under, and reporting to, the President, many of its original functions were those that we consider a government think tank to provide. It has adapted considerably to the variety of roles and functions asked of it since then, with an increasingly complex mandate.

In the past four-and-a-half decades, Bappenas has played a valuable role as the central point for government policy analysis and planning. It has helped Indonesia to navigate its development challenges as well as manage a multitude of donor and multilateral activities operating across the country. This has required a complex array of functions including collecting data, synchronising policies, promoting coordination, evaluating policies and programs, planning and budgeting. Bappenas is the lead authority reporting on Millennium Development Goal

progress, G-20 coordination and reformulating the musrenbang.<sup>1</sup> It has successfully guided the long-term national development plan, translated the Presidential work program into a medium-term development plan, and supported the preparation of the National Budget (Datta et al. 2010). These are no small tasks.

The Gol now faces a set of increasingly complex development challenges as Indonesia emerges as a middle-income country. These include priorities such as addressing inequality, labour productivity and rapid urbanisation. Indonesia is also set to play an increasingly visible role on the global stage at forums like the Association of Southeast Asian Nations and G-20.

Indonesia's research supply is weak, partially due to low historical investment (Indonesia spends 0.05% of GDP on research and development, compared to an average of 2% by comparable countries) (Neilsen 2010).<sup>2</sup> In many of the comparative regional examples, donors played an important role supporting government think tanks, enabling them to flourish until government support began. These donors include organisations like the Ford Foundation, Department of Foreign Affairs and Trade, Rockefeller Foundation and The Asia Foundation which also have traditions of support to Indonesia. There are relatively few research organisations to cover the breadth and complexity of sectoral issues in Indonesia's development needs. Various national and donor programs are working on addressing this shortfall of supply, and have long-term plans for building strong, creative and high-quality research institutes that can meet government and civil society needs (the Knowledge Sector Initiative and others). However, they are some years away from achieving this goal.

There are also structural reasons why

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Indonesia's research supply is weak, partially due to low historical investment (Indonesia spends 0.05% of the national budget on research and development, compared to an average of 2% by comparable countries) (Neilsen 2010).

Bappenas has found it hard to perform the think tank role in the past. There are weak connections with universities and research organisations who produce much of the important and new research that could feed into policy (McCarthy and Ibrahim, 2010). These are important sources of expertise that Bappenas has limited engagement with. There are civil service rules that constrain effectiveness and career incentives. As Bappenas' control over the budget was reduced, there were corresponding repercussions for Bappenas' influence over government policy. However, initiatives such as the National Team for Accelerating Poverty Reduction (TNP2K), with a much more open model, have proven to be effective despite their lack of budgetary control. Moreover the recent decision by President Joko Widodo to position Bappenas in / under the President's office has the potential to encourage the think tank role of Bappenas.

There have been historical and recent efforts to reshape Bappenas as the President's think tank, most recently in 2007, 2009, the creation of the Policy Analysis Unit in 2010, and now under the Widodo Administration. This is an exciting time to evaluate and readjust the role that Bappenas is performing at the centre of government policy analysis and planning. It is a time of opportunity.

### What is meant by a "government think tank"?

There is no one definition of a "government think tank". Several models exist across

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1 Musyarawah rencana pembangunan, or consultation forum for development planning.

2 More recent estimates put the spending on research and development at 0,08% of GDP. We need still to confirm this new figure.

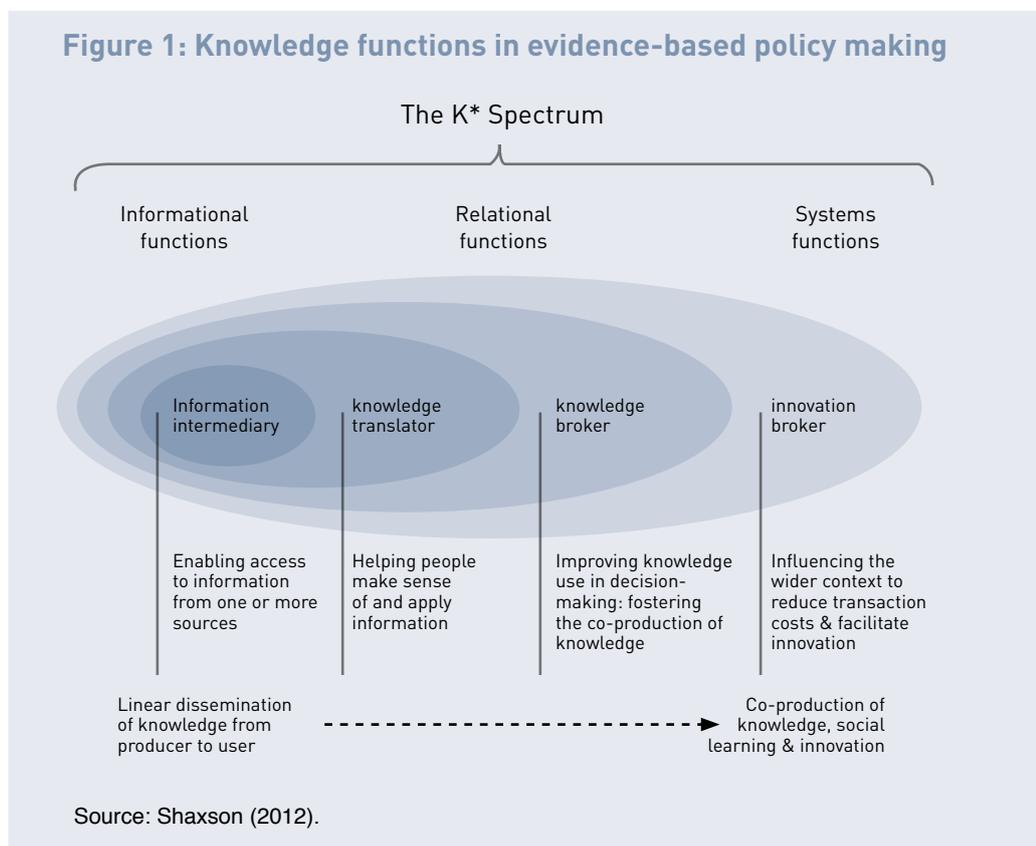
different countries. Authors have defined think tanks generally as “independent or affiliated institutions that are permanent bodies and dedicated to public policy research, analysis and engagement” (McGann 2009).

Government think tanks are different from other think tanks in that: (i) they have a primary audience of government policy makers for their work; (ii) their funding and leadership usually rests in the hands of the state; and (iii) they are often staffed with government employees and subject to rules of government bureaucracy. Government think tanks can range in their functions from having strong links with the state (to the point where they carry out their tasks as an arm of the bureaucracy), to the other end of the spectrum where they are independent and conduct their work in a more or less autonomous manner – though with government funding and government as their primary audience.

There are many types of government think tanks, including advisory groups, presidential or ministerial think tanks within a department,

stand-alone government think tanks reporting directly to the President or an ad hoc body (which are not always permanent, such as TNP2K and UKP4 in Indonesia), directorates within planning agencies, and research arms within ministries (such as balitbangs). These require a blend of skill sets, depending upon the function of the think tank, to deliver the work. The functions include undertaking high-quality research, interpreting government’s needs, and tailoring responses to actual policies and programs (rather than academic inquiries), as well as an advocacy and brokering role (see Figure 1 below). These functions go beyond the ability to produce research and step into a more complex role of brokering and translating information, to reach a stage where knowledge producers and the organisations and individuals that demand and use knowledge collaborate closely to co-produce knowledge that can be used to inform policy change.

There seems to be limited analysis of the political contexts in which government think



tanks work best. There is limited evidence to suggest that government think tanks are either more or less effective in different contexts (such as where there is a centralised government, or an active research community). However, evidence does suggest that in contexts where there is a dynamic civil society, such as for example South Africa, government think tanks tend to contract out research and play more of a knowledge “broker” role. In contexts where there is a less active research community, government think tanks tend to undertake more research in-house and draw upon international technical assistance or partnerships.

Drawing on the review summarised in the next section of this paper, the benefits of government think tanks (generally speaking) include:

- A strong understanding of government programs and priorities, so advice is tailored to actual needs.
- An awareness of the actual timeframes and entry points for advice which leads to it having real impact, and actual uptake in the system.
- Longevity and ability to attract high-quality staff due to long-term secured funding.
- Prestige, with leadership and access that goes to the highest levels of government.
- A practical understanding of the policy-making process.
- An ability to secure strong networks and international input given the government endorsement of the institution.
- Being seen by policymakers as “one of

us” rather than “one of them”.

- An ability to provide frank and critical advice privately without needing to criticise the government using public channels or forums.
- An ability to coordinate across government departments in a way that external think tanks could not.

The limitations of government think tanks also depend upon context, and might include:

- Inability to be critical of the government if retribution is feared through reporting lines.
- A tendency to become administrative support hubs that produce short-term briefings and do not contribute to real analysis, policy change and strategy.
- Overlap with existing government functions (such as performance audit, line ministry analysis and evaluation roles).
- Duplication with existing external think tanks that could perform this function rather than creating a new institution within government.
- Without a clear role or reporting line they can be unclear on what they are expected to produce and for whom, given the enormity of government coverage.
- They can supplant domestic research organisations, and redirect much needed funding.

In the next section we provide a synthesis of the experiences of comparable government think tank models.

# 3

## Government Think Tank Models



[nasionalisrakyatmerdeka.files.wordpress.com](http://nasionalisrakyatmerdeka.files.wordpress.com)

**T**his paper considered a range of models to share ideas with Bappenas. In Table 1, these are arranged across existing Indonesian models, examples of government think tanks in Southeast and East Asia, and examples beyond South East Asia. They are listed in order of relevance (with those that may be most relevant to Bappenas at the top and in bold)

Below we provide a brief overview of the relative merits and drawbacks of some of the think tanks listed in Table 1, as they operate in their particular contexts. Only the models with the most information readily available for this short study and which seem most relevant to Indonesia are detailed. Efforts were made to try to ascertain the staffing levels, reporting lines, funding flows and legal standing of these institutions; however, limited information was available in the timeframe. Furthermore in depth research and case studies (with interviews) is recommended.

**Table 1: Comparative Models of Government Think Tanks**

Indonesia	Southeast and East Asia	Global
Presidential Advisory Council (WANTIMPRES)	<b>Korean Development Institute (KDI)</b>	<b>Indian Planning Commission</b>
Fiscal Policy Office (BKF)	<b>Philippines Institute for Development Studies (PIDS)</b>	<b>UK’s Behavioural Insights Unit (Nudge)</b>
National Team for Acceleration of Poverty Reduction (TNP2K)	<b>China’s National Development and Reform Commission (NDRC)</b>	<b>South Africa’s National Planning Commission</b>
Bappenas’ Policy Analysis Team (TAK)	<b>Japan’s Ministry of International Trade and Industry (MITI)</b>	<b>Australia’s Productivity Commission</b>
Vice President’s Office (VPO)	<b>Malaysian Institute of Economic Research (MIER)</b>	UK Government Strategy Unit
Lembaga Non Kementrian (LPNK), including LIPI	Singapore’s Institute of Policy Studies (IPS)	The Indian Backbone Implementation Network (IBIN)
Presidential Working Unit for Supervision and Management of Development (UKP4)	Vietnamese Academy of Science & Technology (VAST)	Brazil’s Institute for Applied Economic Research (IPEA)
National Economic Committee (KEN)	Vietnam’s Central Institute for Economic Management (CIEM)	Bosnian Directorate for Economic Planning
National Innovation Committee (KIN)	Vietnamese Academy of Social Science (VASS)	Russian Centre for Strategic Research
Government Research Unit (Balitbang)	Thai Development Research Institute (TDRI)	-
Centre for Policy and Implementation Studies (CPIS)	Chinese Academy of Science	-
-	Malaysian Economic Policy Unit (EPU)	-
-	China National Health Development Research Center (CNHDRC)	-

## Indian Planning Commission

*Semi-autonomous, government-funded, clear reporting lines, transparent.*

*Size: unclear. 150 “senior officials” listed with 30 Divisions (division staff not listed).<sup>3</sup>*

### **Why this is of interest to Indonesia:**

A strong model that is currently being redesigned and reformed to include more non-government staff with a broader skill set.

In August 2014, President Modi announced that the Indian Planning Commission was about to be radically redesigned and reformed. The old model was established in 1950 under Article 39 of the Indian Constitution as an independent legal entity to deal with social and economic issues affecting the country’s development, and it was staffed with cabinet ministers, with the Prime Minister as ex-officio chairman. This made it powerful but also, with time, cumbersome and top heavy. It was very transparent, with its reports, plans, statistics and data published openly on the website. The new model will likely be based on China’s National Development and Reform Commission (NDRC). It will depart from its traditional model and shift to having a variety of skill sets among its staff (who will include technocrats, industrialists, chief ministers and development experts). There are plans to staff the think tank with experts from outside of government rather than with bureaucrats as in the past. The new think tank will be “truly national” with three to four experts appointed by the central government and the rest to be nominated by the states. It will have some power to appraise the impact of government schemes and recommend remedial action to the ministries. However, the previous decision making on annual gross budgetary support will now likely be transferred to the Ministry of Finance.

At the time of writing it is currently unclear where the new think tank will sit in

the government. Its funding flows are also uncertain and will be determined by the new structure and role. These changes are still underway but they are important reforms that could be of interest to Indonesia as it goes through a similar process. There could be opportunities for a scoping mission or even partnership with such an institution in the future.

## Korean Development Institute

*Autonomous, government-funded, clear reporting lines, transparent.*

*Size: approx. 200–300 staff. Seven departments of 15–39 staff each, plus centres.<sup>4</sup>*

### **Why this is of interest to Indonesia:**

Generally acknowledged as one of the best government think tank models available. Interdisciplinary approach, clear mandate that has grown with its success, well-resourced and attracts high-quality staff.



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The Korean Development Institute (KDI) is an autonomous government think tank focusing on improving economic and social policy in South Korea, and is generally considered one of the most successful models of a government think tank globally. It provides effective and timely policy alternatives to the Korean government on current issues and has a strong international network. It takes an

3 Indian Planning Commission website: [www.planningcommission.nic.in/](http://www.planningcommission.nic.in/)

4 KDI website: [www.kdi.re.kr/kdi\\_eng/main/main.jsp](http://www.kdi.re.kr/kdi_eng/main/main.jsp)

interdisciplinary approach to projects and has grown in scope (particularly since the 1997 Asian crisis) to now include setting the targets for national development. It is called upon for expert advice and analysis on a wide range of government policies (from domestic economic to international trade and investment). It is well resourced, with eight research departments focusing on different areas of policy (though the number of staff is unclear), and is affiliated with the President's Office. It often undertakes a brokering function rather than conducting all the research in-house. It was established by law in 1971, with a coherent mandate. It is one of the few think tanks with a School of Public Policy and Management attached, to help foster international-level expertise in the field of development economics and public policy.

### China's National Development and Reform Commission

*Semi-autonomous, government-funded, clear reporting lines, semi-transparent.*

*Size: 900 staff.<sup>5</sup>*

#### Why this is of interest to Indonesia:

A very large and well-resourced think tank that India is currently redesigning its Planning Commission to emulate. Arguably it is more of a ministry than a think tank. Also demonstrative of a think tank readjusting to a new administration's priorities.

First established in 1952, the National Development and Reform Commission (NDRC) is a macro-economic management agency under the Chinese State Council. A very large commission, it has 26 departments (or bureaus) and 900 staff. State-funded, it is very well resourced and attracts high-quality staff. It reports directly to the highest levels of government, and its leadership has often also circulated through ministerial and Vice Premier positions. It studies and formulates policies for economic and social development, and also coordinates with the

Chinese Ministry of Finance and the People's Bank of China. Its work was semi-transparent



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(China's first generation of government think tanks were closed to the public but the second generation produced more publicly available information). Prior to 2013, it was very powerful, and its scope was very wide ranging – its structure includes the Office of the National Coordination Committee for Climate Change, the Department of Price, Department of Social Development and the Department of Trade. Its influence arguably peaked in 2009, when it approved and coordinated the provision of a \$654 billion stimulus package across the economy. It was involved in almost every aspect of the economy up until the 2013 political shifts that saw the Xi Jinping administration come to power.

NDRC provides a good example of a government think tank that is trying to reposition itself to stay relevant within a new administration. The new Xi Jinping administration advocates for market forces to play a decisive role in the Chinese economy – the opposite of the macro-economic focus and management that NDRC displayed in the past. NDRC has made efforts to be seen as heavy on macro, light on microeconomics; light on approvals, heavy on reform; and lighter on developmentalism (Martin 2009). Regardless, the decision-making power has shifted from the government think tank to the government's highest levels.

<sup>5</sup> NDRC website: [www.en.ndrc.gov.cn/](http://www.en.ndrc.gov.cn/)

The NDRC is likely too large to be similar to any government think tank that might be established within Bappenas, but it does provide a useful example of what exists at the macro end of the spectrum.

### Philippines Institute for Development Studies

*Semi-autonomous, government-funded, clear reporting lines, transparent.*

*Size: 50–80 staff.<sup>6</sup>*

#### Why this is of interest to Indonesia:

A successful government think tank that is well resourced, of manageable size, and has strong public outreach, in a middle-income country with a large population facing similar issues to Indonesia.



www.panoramio.com

The Philippines Institute for Development Studies (PIDS) was established in 1977 by Presidential Decree as a government-owned and-controlled corporation of the Philippines Government. Its role is to undertake the research required for the formation of national plans and policies. It reports to the President's Office. It plays a broker role between government and existing research institutions and has established a repository of economic research information and related activities. It has very strong public outreach and a well-run website. For example, in 2014 it produced 40 public policy notes and publications that are

<sup>6</sup> PIDS website: [www.pids.gov.ph/index.php](http://www.pids.gov.ph/index.php)

available to the public, and is mentioned in the news very regularly.

Its structure is relevant to Indonesia as a useful model to consider. It has approximately 50 researchers (including visiting fellows). Like many of these models, it has a Board of Trustees (to provide strategic direction), a Research Advisory Commission (to provide technological and methodological advice) and support systems in the form of administrative, project and financial units (approximately 5–10 people in each).

### Japan's Ministry of International Trade and Industry

*Semi-autonomous, government-funded, clear reporting lines, non-transparent.*

*Size: unclear. Likely several hundred staff.<sup>7</sup>*

#### Why this is of interest to Indonesia:

Though no longer in its original form (now folded into the Ministry of Economy, Trade and Industry, or METI) this was historically one of the stronger government think tanks.

Japan's Ministry of International Trade and Industry (MITI) was established in 1949 to coordinate international trade policy, and was hugely influential, controlling much of Japanese industrial policy funding research and directing investment at its height. MITI played a coordination role with groups such as the Bank of Japan, the Economic Planning Agency and various commerce-related cabinet ministries.

MITI's is an interesting case because it raises questions as to whether a ministry can be considered a government think tank. Most of MITI's work was closed to those outside of government (except for business interests) and particularly closed to foreigners. It was an architect of industrial policy, an arbiter on industrial problems and disputes, and a regulator. It was considered a prestigious and powerful institution. Over several decades Prime Ministers were expected to serve a term

<sup>7</sup> MITI website: [www.meti.go.jp/english/aboutmeti/data/ahistory2009.html](http://www.meti.go.jp/english/aboutmeti/data/ahistory2009.html)



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as MITI Minister before taking over government (Johnstone 1999). In 2001 its role was folded into the METI, which has been transforming itself to adapt to the current political climate and issues.

### United Kingdom's Behavioural Insights Team (Nudge)

*Semi-autonomous, government-funded, clear reporting lines, transparent.*

*Size: 30 staff.<sup>8</sup>*

#### Why this is of interest to Indonesia:

This cost-effective model, established within the United Kingdom (UK) Cabinet Office, has been replicated in the White House and in Australia. Although the Nudge Unit has been semi-privatised, it remains an interesting example of a think tank with a small and efficient team and an appetite for creativity and risk. It was the world's first government think tank dedicated to the application of behavioural sciences.

The Nudge Unit was established within the UK Cabinet Office in 2010 in response to Prime Minister Cameron's government priorities. It was created to apply nudge theory (behavioural economics, social anthropology and psychology) to improve government policy and help to make financial savings. It has approximately 30 staff, who work on a range of creative solutions to government problems. For example, issues they have

addressed include pension schemes, youth unemployment, tax evasion, healthcare shortfalls, and applying randomised control trials to proposed policy making. In one venture, the Nudge Unit increased tax payment rates by over five percentage points nationally (by informing people who failed to pay their tax that most other people had already paid on time). The team was well resourced and attracted high-quality staff in part due to its prestige (working out of 10 Downing St). It was also established with a high appetite for risk in its activities, unusual compared to standard approaches. There were some repercussions where government departments were reluctant to implement the team's ideas, but given the unit's position within the Cabinet Office and backing of the Prime Minister, this was largely overcome. The unit was generally considered a success, and has been replicated in the White House's Office of Science and Technology Policy (the Social and Behavioural Sciences Initiative), as well as in the Australian Department of the Prime Minister and Cabinet (the Behavioural Insights Unit). Its new role has seen it being semi-privatised; it still receives direct funding



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from the Cabinet Office, but is also funded by private companies. It is now a world-leading social purpose company that helps British and overseas organisations apply behavioural insights for social purpose goals.

8 Nudge Unit website: [www.behaviouralinsights.co.uk/about-us](http://www.behaviouralinsights.co.uk/about-us)

## Malaysian Institute of Economic Research

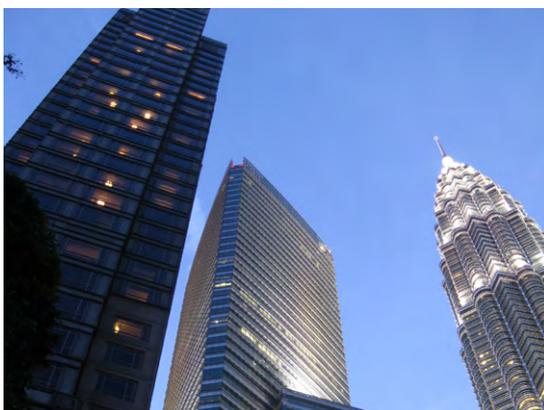
*Semi-autonomous, government-funded, clear reporting lines, transparent.*

*Size: 30–50 staff.<sup>9</sup>*

### Why this is of interest to Indonesia:

A successful example of a government think tank in a broker role which bridges government needs with private sector initiatives and academic research efforts. Small team, strong structure, has raised funding by initiatives like fee-based membership for its reports and publications.

The Malaysian Institute of Economic Research (MIER) was established in 1986 to undertake independent and high-quality, problem-oriented research on economic, financial and business issues facing Malaysia, and provides advice to government on macroeconomic management, development and future economic perspectives. It has a dynamic and varied role, made possible by



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the fact that it contracts out or commissions much of its research (enabling it to take on a meta-analysis, coordination and brokering function). It publishes a variety of work to contribute to the public discourse, bringing the public on board with decisions being made in government, and organises symposia and conferences to share and seek ideas. It also conducts capacity development activities for government staff and the private sector in Malaysia as well as abroad.

9 MIER website: [www.mier.org.my/aboutus/](http://www.mier.org.my/aboutus/)

Its structure is typical of many of the high-performing government think tanks, with a Board of Trustees (to set the policy agenda and direction) and an Advisory Panel (to plan the research activities and provide guidance), and its 20 researchers are both Malaysian as well as foreign nationals. Its funding comes largely from an endowment fund (composed of contributions from government and the private sector), topped up by an annual grant from government, as well as by consultancy fees and direct project funds. Its outputs are varied and include monthly reports, quarterly reports, discussion papers, conference proceedings, monographs and research reports. It has begun fee-based membership.

## South Africa's National Planning Commission

*Semi-autonomous, government funded, clear reporting lines, transparent.*

*Size: 30–50 staff.<sup>10</sup>*

### Why this is of interest to Indonesia:

The design for South Africa's National Planning Commission (NPC) was based on the Indian Planning Commission but instead of staffing the Commission with cabinet ministers, the NPC was staffed with a skills-based blend of leaders of research organisations, higher education institutions, private organisations, and government. It has had significant success reforming policies and developing national strategies. In late 2014 it was joined with the Department of Performance Monitoring and Evaluation to bring the planning and performance monitoring functions closer together.

The NPC was established in 2010 by President Zuma, with a clear long-term focus (specifically to prevent the short-term focus that they felt hampered development). Its role was to take a broad, cross-cutting, independent and critical view of South Africa,

10 NPC website: [www.npconline.co.za/pebble.asp?t=1](http://www.npconline.co.za/pebble.asp?t=1)

to help define the South Africa the people hope to achieve in twenty years' time, and to map the path towards those objectives. The NPC is tasked with producing solid research, sound evidence and clear recommendations for



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government on policy changes. It was chaired by the Deputy President, and comprised 25 part-time commissioners appointed directly by the President based on their expertise and skills. These commissioners come from a diverse set of backgrounds, and included Vice Chancellors of different South African universities, managing directors and CEOs of private companies, senior officials within international NGOs, the Chair of the National Research Foundation, heads of strategy of public companies, senior officials from the South African Reserve Bank, ministers and the Deputy President. The NPC is supported by a full-time secretariat of public servants.

The NPC is regarded as very successful, culminating in producing the highly successful "National Development Plan: Vision 2030". At a joint Parliamentary sitting called for the purpose, all political parties represented in parliament expressed their support for the Plan. Its success is often credited to its participatory and convening approach. One consultation lasted 72 hours and involved 10,000 people. This Plan became the basis for future government planning, with cabinet committees appointed to develop targets and implementation plans for its operation. The diversity and seniority of the commissioners has also been credited with its success.

## Australia's Productivity Commission

*Government funded, independent, clear reporting lines, transparent.*

*Size: 25-30 staff.<sup>11</sup>*

### Why this is of interest to Indonesia:

The Productivity Commission has for more than 20 years provided independent, evidence-based policy advice to the Australian Government with the aim of improving living standards for all Australians.

Essential to the Commission's ability to sustain its influence has been its ability to preserve its independence through legislation, its institutional culture, the transparency of its inquiry processes, and recognition by politicians that independence underpins the Commission's credibility and therefore the value of its advice.

Kym Holthouse (2014) has conducted a case study for KSI that describes the history of the Productivity Commission as well as its mandate and its operating principles today. The case study shows how the Productivity Commission provides Australia's Federal



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Government with independent and impartial policy advice to support its on-going objective of raising living standards across the whole of society.

The Productivity Commission's work is guided by three core principles:

<sup>11</sup> Productivity Commission website: <http://www.pc.gov.au/>

**Independence:** The Commission's independence is formally protected by the act of parliament that established it. The Commission cannot be abolished without further legislation, requiring the agreement of both houses of parliament. This provides it with considerable protection against governments attempting to influence the findings or recommendations of an inquiry by raising doubts about the certainty of its future. The government is also under no obligation to refer any matter to the Commission, or to accept and implement the Commission's recommendations. These aspects of the Commission's work encourage governments to view the Commission as a valuable source of policy ideas and evidence, rather than a threat to their policy freedom. This also helps preserve the Commission's independence.

Transparency is guaranteed in a number of ways, the most important of which is holding public inquiries. Public inquiries usually allow two opportunities for interested parties to provide input on the issues under consideration. All interested parties, including individual members of the public, are free to make written and oral submissions to public inquiries, and all inquiry documents—terms of reference, submissions, and preliminary and final reports—are posted on the Commission's website for all to see. The government is also

required to table the final reports of Commission inquiries in parliament, and to make a formal response to the recommendations provided.

**A 'whole of society' approach:** the Commission's overall mandate is to raise living standards for all Australians which requires it to apply a 'whole of society' approach to its work. This effectively means the Commission must take an 'economy-wide' view in forming its recommendations. Taking an economy-wide view means the Productivity Commission cannot recommend measures that will benefit a single industry or interest group while imposing significant costs on other industries, consumers, or the wider economy. While this ensures the Productivity Commission is not tasked with simply trading off the concerns of one special interest group against another, it is also what generates most of the criticism directed towards it. Ultimately, however, it is up to politicians to determine whether the Commission's recommendations reflect the appropriate balance between protecting narrower interests and the pursuit of broader economic goals.

In the next section we put the results of the analysis presented above in context and draw some conclusions by identifying considerations that could be useful for the development of government think tanks in Indonesia.

# Conclusions

# 4



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**T**he experience and examples presented in the previous section highlight several key lessons to consider when establishing a successful government think tank. These key considerations are detailed below in conclusion to this paper.

Further analysis of the current context in Indonesia is needed to fully contextualise the lessons from this review and ensure that any work builds on existing activities within the Indonesian Government.

**A clear mandate with a clear reporting structure.** This mandate includes making decisions on the think tank's level of independence from the outset (for instance whether the think tank has the ability to self-determine its research agenda or has policy-making responsibilities broadly within government medium and long-term interests). Other considerations include the extent of links with academia, administrative flexibility (to be exempt from regular more restrictive bureaucratic processes), and a clear location and mandate within government. There is no single "best fit model", as examples show that a range of these

combinations can be successful. Unsuccessful models are those with no clear mandate or reporting lines. One of the difficulties faced by government think tanks is that their exact functions and reporting lines are sometimes left undefined. They are instructed to “solve problems” and “innovate” with little practical application of their more detailed objectives or mandate vis-à-vis other institutions. This is when confusion can set in. Two particular issues are relevant to define a government think tank’s mandate: (i) what is their specific area of work, compared to other institutions; and (ii) who do they report to - one particular policy maker like the president, several senior policy makers within a department or all policy makers across that sector of government? A key point in our analysis is that with successful government think tanks the legal basis does not include responsibility for policy decisions and/or allocation of national budgets. This helps to keep the policy advice responsibility separate from policy decision making.

**A firm legal basis helps, but is not crucial.** Linked to the point above, the evidence suggests that the most successful government think tanks had a strong legal basis underpinning their creation, such as constitutional clauses, national laws or Presidential decrees (such as the Indian Planning Commission, KDI, PIDS, Australia’s Productivity Commission, and the NPC). This basis allowed the think tanks a degree of certainty, prestige and independence when providing recommendations or critiques of existing policies and programs to government. However, the alternative – no legal basis – is not automatically a hindrance as it allows a think tank to be disbanded quickly and efficiently once its role has been completed.

**Clear governance mechanisms matter.** The majority of models had some kind of governance oversight mechanism, even smaller think tanks with a staff of less than 50. This typically included a board of trustees (to set policy directions and the research agenda)

and an advisory council (to provide technical guidance and help translate the research agenda), and most had administrative support (NPC, MIER, PIDS). The exceptions to this rule are those which were sufficiently small and had direct access to the head of government (Nudge).

**Clear demand from the highest level of government is critical and may mean senior government leadership in some models.** Successful models have had a very senior government policy maker as the head of the think tank (including the Indian Planning Commission, NPC, PIDS, and MITI). This provided prestige, strong leadership, access for their recommendations and work to be heard by government audiences, as well as ensuring that someone who understood government needs, programs and policies was at the helm. Several models did not have this type of leadership and yet were successful (KDI, Nudge, UK Government Strategy Unit). This was likely because they were created with demand for their work (Nudge, and UK Government Strategy Unit), or the quality of their work over time created strong demand within government (KDI).

**The current trend is towards embracing a variety of skill sets within government think tanks.** This can be seen in the redesign of the Indian Planning Commission, NPC, Nudge, UK Government Strategy Unit, and PIDS. Whether this is more appropriate or efficient is hard to say and would require more in depth research on think tank models. However, the highly successful NPC credits its success to its blend of skills and professionals. The narrow (market economy) focus of the Indian Planning Commission was seen as part of its impairment and a main reason for its need to be redesigned. In addition, the NDRC is adjusting its focus to encompass broader approaches under the new government. The rationale in these cases seems to be that to select mixed skill sets for government think tanks is believed to produce policy research

which is of high quality and more flexible to the audience's needs. One way to do so is to make sure that staffing includes a combination of bureaucrats who know the existing realities of government policy implementation and the nuances of the system, as well as staff from outside government who can provide fresh insights and new ways of approaching existing problems.

**Maintaining a long-term focus, rather than becoming a briefing machine, is key to the success of several models.** There is a tendency in government think tanks to be immediately responsive to the briefing need of the day, or the creation of a presentation required by a senior policy maker. These needs are important but detract from the deeper analysis and creative policy alternatives that most government think tanks were created to help provide. The more successful models have explicitly prioritised this long-term focus, which helps to create an institutional identity, higher quality work, stronger reputation, and attracts higher quality staff.

**A clear decision on whether to have an audience beyond government.** While the primary purpose of the majority of work can be for senior policy makers, several models also communicated their findings to the public, undertaking a convening and communications role. This helped generate public support for policy change in several instances, and was considered helpful by senior policy makers. Some models, however (such as in China, Japan and Vietnam), chose not to communicate externally. They chose instead to keep a frank and more discrete reporting role direct to senior government policy makers. There are benefits to each model. When the decision is made to communicate more broadly, the government think tank needs to be equipped with the necessary policy communication skills and funding.

**Produce a variety of outputs for different audiences.** The more successful models

(such as NPC, KDI, PIDS, MIER) produced a range of products for various audiences. This included working papers, short briefs, discussion papers, monographs, presentations for in-house government staff, seminars, and other outputs.

**Monitoring and evaluation of the think tank's impact on policy influence.** One way to be clear on the level of impact that the government think tank is achieving would be to establish from the outset the foundations of a monitoring and evaluation system specific to policy influence. This can help to ensure that its objectives are met and its performance managed, help maintain its strategic focus on key issues and in so doing prevent it from just becoming a briefing machine (Tsui, Hearn and Young 2014).

**Activities should be resourced accordingly.** Several models had outreach and communications activities beyond their research and analysis work to ensure that the findings were contributing to the public debate (NPC, PIDS, MIER, Nudge, KDI). Additional funding to support such activities was put in place to avoid detracting from the research budget. Other models were clear in their mandate of serving government as the primary and only audience (NDRC, and MITI). This meant that their reports were rarely published, and they did not advertise their findings or convene seminars for public discussion. This allowed the governments more freedom to ignore the recommendations or findings without scrutiny. Several models (such as KDI, and Nudge) were compartmentalised in what they produced externally and internally, writing for different audiences on different topics.

**Complementarity and avoidance of duplication with other government think tanks.** Indonesia has paved the way for a government think tank, but there is overlap – examples include TNP2K, BKF, the Vice President's Office, WANTIMPRES, KEN, KIN, UKP4, LIPI and the balitbangs. They replicate

elements of Bappenas' traditional functions of collecting data, synchronizing policies, promoting coordination, evaluating policies and programs, planning and budgeting. It may be sensible for any new government think tank to have a clear mandate and area of specialisation and authority. How to achieve this complementarity requires negotiations across government at the highest levels.

**Capitalises effectively on related initiatives.**

Any new government think tank can build upon existing activities within Indonesia's knowledge sector. Particularly as the KSI

program helps to regenerate strong research organisations, the new government think tank could draw upon these in its work and commission research from them, outsourcing part of their work, and transition from a supply role to more of a brokering role. A link with programs such as KSI can help to set up knowledge exchange and sharing with some of the government think tanks described in this paper as well as initiatives such as the one underway at the Department of Planning, Monitoring and Evaluation (DPME) in South Africa to strengthen and systematise the use of robust evidence in development planning.

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

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