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Knowledge Sector Initiative

Diagnostic Study

Update on Constraints in the Enabling Environment to the Provision of Knowledge in Executive and Legislative Government

Written by:
Stephen Sherlock and Luky Djani

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GLOSSARY

AIPEG	Australia-Indonesia Partnership for Economic Governance
AIPD	Australia-Indonesia Partnership for Decentralisation
APBN	State Budget
ASN Law	Civil Service Law
Balitbang	Research and Development Division
BKD	DPR (Parliamentary) Specialist Staff Division
BKN	State Administration Agency
BPK	State Audit Agency
BPS	Central Statistics Agency
BRA	Bureaucratic Reform Allowance
CSOs	Civil society organisations
DFAT	Department of Foreign Affairs and Trade
Dirjen	Directorate General
DPD	Regional Representatives Council
DPR	House of Representatives
FISIP	Faculty of Social and Political Sciences, University of Indonesia
ICMI	Association of Indonesian Muslim Intellectuals
ISEI	Association of Indonesian Economists
JPT	Senior Executive Service
KASN	Civil Service Commission
KemenDagri	Ministry of Home Affairs
KemenHakHAM	Ministry of Law & Human Rights
KemenKes	Ministry of Health
KemenPAN-RB	Ministry of State Administrative Strengthening – Bureaucratic Reform
K/L	Ministries and non-ministerial agencies
Kopri	Civil Servants Corps
KPK	Corruption Eradication Commission
KSI	Knowledge Sector Initiative
LAN	National Institute for Public Administration
LIPI	Indonesian Institute of Sciences
LKPP	Procurement Policy Agency
NGOs	Non-government organisations
Ormas	Community organisations
MD3	Law on Legislative Institutions
MenRistek	Ministry of Research and Technology
MOU	Memorandum of Understanding
Permen	Ministerial Regulation
Perpres	Presidential Regulation
PNS	Civil servants

PP	Government Regulation
P3DI	Centre for Research, Data Processing and Information Services
PPPI	Centre for Research and Information Services
PT	Commercial entity
PTN-BH	State Higher Education Institution – Legal Body
P3K	Government employees employed on contract
RPJMN	National Medium Term Development Plan
RtR-C	Reform the Reformers - Continuation
SBY	Susilo Bambang Yudhoyono
SetNeg	State Secretariat
SOPs	Standard operating procedures
UGM	Gadjah Mada University
ULP	Procurement Service Unit



Executive Summary

This report is an update of the report on constraints in the enabling environment produced by Stephen Sherlock in 2010 which examined issues in human resources and procurement regulations that create obstacles to the creation and supply of knowledge for policy. The aim of this report is to identify how much change has occurred in the executive and legislative government sectors since 2010 and whether the environment today is more conducive for engagement by KSI.

The report finds that change since 2010 has been limited: under the SBY administration progress in reforms to the machinery of government was disappointing. But the political situation today is more encouraging. President Jokowi has a reputation for challenging the bureaucracy and has promised to reform government administration. The Civil Service Law (ASN) (5/2014) has the potential to bring new leadership and new expertise to the civil service; the new civil service Policy Analyst position could strengthen the quality of policy-making; changes to management of non-PNS staff in the DPR may bring significant changes; and the new Ministry of Research, Technology and Higher Education is potentially very important for the knowledge sector, once more detail is known.

The ASN Law aims to create a professional, non-politicised civil service, free of corruption and nepotism that serves the community. It establishes a Civil Service Commission (KASN) to safeguard the neutrality of the civil service and monitor the application of the merit principle in senior staff appointments. It mandates the creation of a Senior Executive Service (JPT) to introduce a new leadership and management, and for the recruitment of civil servants on a contract basis (P3K), to increase flexibility in hiring and bring more specialised expertise into the civil service. But the law does not eliminate the division between administrative and functional staff which is a major obstacle to the use of knowledge for policy. Positive effects of the ASN law could be a more professional civil service which improves the policy making process, thus increasing demand for knowledge, greater funding for research and better managed research. This would in turn generate opportunities for supply-side organisations, make government contracts more attractive and create openings to lobby for reform of procurement regulations. The biggest risk is that unclear implementing regulations might enable vested interests to mouth reformist rhetoric while continuing with “business as usual”. Success depends on an influx of new high quality management leadership and policy experts in the JPT and P3K who are able to do their job effectively. The changes introduced by ASN represent some of the best opportunities for KSI engagement since the creation of the Initiative. KSI should investigate ways to support the new KASN, and provide assistance on

the development of structures and procedures for JPT and P3K, especially recruitment and HR management systems. High level engagement and peer review on policies and procedures could be combined with training for new personnel.

The Bureaucratic Reform Allowance (BRA) (*Tunjangan Kinerja*) is part of the *Reformasi Birokrasi* program and is designed to create incentives for government agencies to reform procedures and for individual staff to improve performance quality. It is conceptually well founded, but its interpretation and implementation has been flawed. The criteria for receipt of the allowance are often not relevant to the mission of the agency and/or do not provide appropriate incentives for staff. There is scope for KSI to work with MenPAN-RB, as the responsible agency, to strength this and other aspects of *Reformasi Birokrasi* and with participating agencies (K/L) to support implementation of the program.

There have been reforms to procurement regulations since 2010, but none of them have improved the situation for the procurement of knowledge by government. The regulations are still designed for major contracts for goods and services and make it difficult for knowledge suppliers, such as universities, think tanks and consultancies, to work with government. The procurement policy agency (LKPP) considers that *swakelola* procedures are appropriate for research contracts. There appears to be interest within LKPP to engage with KSI, but not necessarily on regulatory reform. There may be more scope to work with CSOs that are interested in lobbying for change.

The establishment of the Policy Analyst position, implemented by LAN, is an important development which could increase the demand for knowledge from government. The creation of a new cadre of well-trained policy staff could improve uptake of evidence into policy-making. However, its effectiveness could be undermined by problems with the inappropriate incentives created by the division between administrative and functional staff identified as a major constraint to use of knowledge in policy in the 2010 Report. There are opportunities for KSI engagement (in addition to the peer review of policy analyst training currently being developed), with both LAN and participating agencies, in relation to methods for the assessment of Policy Analysts and their integration into policy decision-making within their respective agencies.

The legislative branch of government (DPR & DPD) has gradually strengthened its capacity to participate in policy-making in recent years and has increased numbers of specialist staff, both PNS functional staff and contract-based staff working for committees, party caucuses and individual legislators. A major development is the reorganisation of all DPR functional staff into a single unit (BKD), designed to overcome the scattering of functional across different parts of the DPR and to improve management of these staff. The BKD was mandated in legislation five years ago, but the DPR Secretariat is still having difficulty establishing the unit. There are questions about how the BKD will be structured and its relationship with the Secretariat, as well as doubts about how effective it will be in achieving its objectives of better management of specialist staff. There are important opportunities for KSI engagement with the legislature to train PNS and contract staff on research and knowledge-to-policy issues, including improving working relationships amongst staff. KSI should also investigate openings to work with the DPR Secretariat on the structure and functioning of the BKD.

Law 17/2013 on civil society organisations (*Ormas Law*) has generated uncertainty amongst domestic CSOs about its effects on their independence and amongst international organisations about their capacity to support local CSOs. Most provisions of the law are unclear and there are still doubts about what effects it will have, but many CSOs believe that it is an ineffective law that will have no significant impact on their operations. There is probably no scope for KSI engagement on this issue.

Few changes in the enabling environment have had a clearly positive effect on the capacity for universities to work with government on policy. The creation of PTN-BH status for universities has provided for greater management autonomy for a number of the more prominent institutions, but the effect has been felt more in terms of student intake and management of teaching. It is not clear whether the reform has increased total research output or increased engagement with government. The creation of the Ministry of Research, Technology and Higher Education is potentially important, but it is too early to make an assessment. KSI should prioritise the development of dialogue and peer relationships with the individuals and institutions involved in these reforms.



Introduction

In late 2009, during the analytical stages of the Knowledge Sector Initiative (KSI), a number of diagnostic studies of various aspects of the knowledge sector in Indonesia were commissioned by AusAID (now Department of Foreign Affairs and Trade – DFAT) One of those studies was on the regulatory obstacles to the provision of knowledge to the policy process. The study was completed by Dr Stephen Sherlock, who submitted the final version of the report on the study in mid-2010. That report will henceforth be referred to as the “2010 Report”.

The 2010 Report examined issues in human resources and procurement regulations that create obstacles to the provision of knowledge to the policy making process. The focus was on how regulations constrict the development of a market for knowledge from both the demand and supply sides.

On the demand side, the 2010 Report found a vacuum of planning and coordination of government research and lack of coordination amongst agencies. Regulations for managing and assessing civil servants meant that specialist staff who should be at the centre of policy formulation were divorced from decision-making and had few incentives to produce work which was useful for government purposes. The staff with the authority to make policy, on the other hand, rarely had an educational background in their field. Human resources management policies and systems did not reward good performance but emphasised seniority, loyalty to superiors and formal compliance with regulations for their own sake rather than for results. Regulations were frequently manipulated for personal benefit of officials. The combined result was that governments routinely failed to articulate their needs for knowledge. Demand for knowledge emanated from government in a haphazard and uncoordinated way and depended on personal rather than institutional connections. The signals to the outside market for knowledge have been confused and distorted.

On the supply side, the 2010 Report concluded that the activities of universities, think tanks and NGOs were shaped in response to signals from government. Policy-relevant research from the universities was mainly delivered through personal connections between influential academics and poorly paid researchers working through consultancies and associated companies. Organisations producing policy-relevant research could not be financially viable on the basis of government contracts and mostly depended on donor funding.

Procurement regulations were an important element in the situation described above. The restriction of bidding on tendered contracts to commercial entities excluded universities and most non-government institutions from the bulk of government-funded opportunities. The requirement for contracts of more than 50 million rupiah to be put out to tender narrowed the openings still further. The sheer complexity and ambiguity of the regulations, combined with the fact that they were interpreted and applied in vastly different ways by different government agencies made the route of competitive tendering very unattractive for most organisations.

The regulations, however, were only part of the story. They formed the legal background against which the problems played out, but they were far from being the entire cause. Regulations were allowed to obstruct rather than facilitate government procurement because of a bureaucratic culture of compliance with the letter of the law, poor staff training, pressure on civil servants to conform to existing practice within their particular ministry, and to obey their superiors. Fears about accusations of corruption slowed decision-making even further. The obstructive “gate-keeping” role was also a means by which corrupt officials could abuse their office for private gain. The regulations did not by themselves cause corrupt behaviour, but their arcane complexity allowed those with inside knowledge to manipulate the system, particularly with weak service-wide systems for transparency and enforcement of accountability.

The 2010 Report concluded that the regulations on human resources management and procurement examined in the report contributed to weakness in the market for policy-relevant knowledge and were important for the operation of the knowledge sector as a whole. The regulations needed to be reformed and such an objective should be part of the agenda for revitalising the knowledge sector in Indonesia. But the 2010 Report also concluded that changing these rules alone would not seriously challenge entrenched behaviour nor overturn the power of vested interests who benefit from existing arrangements. The laws and regulations that provided the basis for the entire structure of government needed to be systematically rewritten. But this should also be accompanied by strengthening of internal systems of transparency and accountability within the civil service and by institutions of oversight and enforcement such as a civil service commission.

Since the submission of the 2010 Report, the degree of change in the enabling environment for the knowledge sector has been limited. There is widespread recognition within government and amongst experts on public administration about the urgent need for reform, but progress during the ten years of the SBY administration has been seen as largely disappointing. The great strides that Indonesia has made in the constitutional and institutional infrastructure of democratic government, such as free elections and the strengthening of accountability mechanisms with reforms to the State Audit Agency (BPK) and creation of the Corruption Eradication Commission (KPK) and Ombudsman, have not been matched in reforms to the machinery of government. Basic structural problems within the bureaucracy remain.

Nevertheless, on the positive side, there have been a number of changes in the administration of executive government and the political situation following the 2014 presidential and parliamentary elections is now radically different. Important reforms to be discussed in this update report include the passage of a new law on the civil service and the establishment of a Civil Service Commission under that law, plus some potentially significant initiatives such as the Bureaucracy Reform Initiative and the creation of a new cadre of knowledge-producing civil servants, the Policy Analysts (Jabatan

Fungsional Analisis Kebijakan). In the legislative branch of government there has been a continuing trend, from the beginning of this century onwards, of growing numbers of staff involved in the production and management of knowledge as the role and prominence of Indonesia's parliaments have grown. So much so that the national parliament has been in the process of trying (rather unsuccessfully) to restructure its management of specialist staff. Some of these developments open up the possibility to change certain features of the enabling environment for the knowledge sector in Indonesia.

In the context of questions regarding changes in the enabling environment since 2010, in mid-2014 KSI commissioned a study to provide an update on developments in the enabling environment since 2009-2010, with a special focus on the regulatory issues discussed in the 2010 Report. KSI engaged Dr Stephen Sherlock as the lead researcher and author of the update study and later engaged Dr Luky Djani to also work on the report.



Background

At least since the New Order era, scientists and academics were involved in public policy formulation and design of government programs. The goal was to legitimise the New Order government policies, while presenting the policies as being based on scientific and objective evidence. Intellectuals were connected individually or through associations such as the Association of Indonesian Economists (Ikatan Sarjana Ekonomi Indonesia/ISEI) or the Association of Indonesian Muslim Intellectuals (Ikatan Cendekiawan Muslim Indonesia/ICMI). These associations were often led by high-ranking state officials who were not merely intellectuals but also technocrats or connected to the political apparatus. The most prominent example was, BJ Habibie, Minister of Research and Technology, and a close associate of President Suharto. The use of US-trained economists (the Berkeley Mafia) to provide backing to Suharto's early economic policies and the New Order's focus on economic development (pembangunan) is well known. On the other hand, research on political science or sociology was highly supervised and could not (openly) criticise the government or touch upon sensitive topics. Research permits became an instrument to control and discipline research in the social science field.

Post-Suharto Indonesia has seen greater political openness and a willingness to consider new ideas in government, to some extent at least. The government that has lost its hegemonic influence and is now more open to non-state organisations and the private sector in policy formulation, legislation and program design. National and local governments seem to be more aware of their shortcomings in policy making based on knowledge, managing data, monitoring and evaluation and training/capacity building for staff. Various informants to this study expressed the view that "now is the right time to collaborate with the government". But there is also a widespread view that the quality of outside input must be strengthened: "how can the government put trust in us if we only talk?". But expressions of willingness to work together do not necessarily translate into smooth cooperation between government and non-state organisations, including academia, think tanks and NGOs. Many organisations remain reluctant to receive funds from the government because they want to maintain the independence of their institution, want to avoid being drawn into complex bureaucratic processes and/or corrupt payments to officials. There was widespread disappointment with progress in reform of the machinery of government under the SBY administration and expectations are high for the new administration elected in 2014.



The Post-Election Environment

The political situation in Indonesia following the election of a new parliament (DPR) and president has the potential to produce positive effects on the overall enabling environment for the provision of knowledge to executive and legislative government in Indonesia. The newly-inaugurated president (Joko Widodo or Jokowi) has a reputation for being willing to confront vested interests in the bureaucracy and to experiment with new methods and approaches. This includes in relation to the machinery and structure of government, the development of policy, issuing of licences, the delivery of services and the character of the relationship between state officials (both elected and appointed) and the community.

One of the key points in Jokowi's political profile and electoral attractiveness has been the electorate's perception of his success as Mayor of Solo and Governor of Jakarta in expanding the coverage of basic social services, improving access to government instrumentalities, attacking corruption and inefficiency in administration and breaking down the barriers between government and the people. One of the key points he has emphasised as critical to achieving these goals is improvement in the quality of the bureaucracy. There is, however, little to indicate that Jokowi or his advisers have thought about the uptake of knowledge by government or about evidence-based policy as an aspect of bureaucratic reform. His Vision-Mission document presented before the election makes a passing mention of "enhancing the competence of the state apparatus" as one of the objectives in developing "clean, effective, democratic and trusted governance",¹ but there is no elaboration. The document also says that the new government would "prioritise research activities associated with the development of science and technology"², but this was in the context of higher education rather than policy development generally.

President Joko Widodo's cabinet line-up has generally been well-received, although disappointment with certain appointments has been inevitable. Two appointments are of particular relevance to KSI's work in the enabling environment of the knowledge sector. One is Yuddy Chrisnandi, a Hanura Party functionary, as Minister of State Administration and Bureaucratic Reform (MenPAN-BR). Some commentators have expressed concern that the appointment of a political party official, rather than a technocrat, does not send the appropriate signals about the new administration's seriousness in bringing about reform in an area that the president himself has presented as a high priority. Questions are usually raised about the technical knowledge and commitment to reform of political appointees. On the other hand, it is also frequently argued that a party politician is likely to possess the necessary political clout to execute the president's policy agenda and to ensure that any resistance to change from elements within the civil service can be overcome. The minister's portfolio is of key importance to reforms in the enabling environment and his agenda and approach could be a major factor in shaping KSI's future activities.

¹ *Jalan perubahan untuk Indonesia yang berdaulat, mandiri and berkepribadian: Visi, misi dan program aksi Joko Widodo dan Jusuf Kalla, Jakarta, May 2014, p.7. kpu.go.id/koleksigambar/VISI_MISI_Jokowi-JK.pdf*

² *Ibid, hal.11.*

The other appointment of special interest for KSI is that of Muhammad Nasir to the new Ministry of Research, Technology and Higher Education. This appointment has generally received favourable comment. He and the new Minister for Culture and Elementary and Secondary Education, Anies Baswedan, are both respected figures who have a developed agenda of policy ideas. The corollary is, however, that technocratic ministers, in some analysts' view, often lack the political skills and connections of a party politician. The possible implications of the establishment of the amalgamated higher education and research ministry will be discussed below.

The passage of the new civil service law before the election is an important positive element of the new political environment. For the new administration, inheriting new legislation which it had no hand in drafting has both a negative and positive side. The downside is that the government has to deal with new policies and structures that are not

necessarily of its own choosing and which may not suit its policy objectives and approach. Changing the legislation could involve considerable political risk, invite opposition from within the parliament and cause potential delay to reform. The upside, however, is that the hard political battles to produce the new legislation have been fought and won and the principles of a performance-based civil service, overseen by a Civil Service Commission, have been introduced into law. There has been criticism that the legislation has been watered down from its original version, but the law remains an important tool for a reformist administration, whatever its limitations. The new minister is in a position to move quickly on reforms mandated in the law. In fact, it could be argued that the new government is in the ideal position of benefiting from the political groundwork done under the previous administration but is still able to influence the content of the implementing regulations which, at the time of writing, have not yet been fully drafted. This issue is discussed in more detail below.

Passage of the New Civil Service Law

Arguably the most important change in the enabling environment for the knowledge sector in Indonesia since 2010 has been the passage through parliament (DPR) of the new law on the civil service (*Aparatur Sipil Negara – ASN*) (Law 5/2014). The ASN law has introduced some potentially important changes that could transform the legislative and regulatory environment by providing a legal framework to enhance the quality of civil service staff and their orientation towards the acquisition of knowledge. As mentioned above, its passage before the election of the Jokowi government, and before the implementing regulations were issued, creates the possibility that the law will be a key instrument for reform.

The most important features of the ASN law from the point of view of the knowledge sector are as follows:

- The law explicitly provides legislative support for a number of key principles and concepts. These include the objective of a civil service that is professional, non-politicised, free of corruption and nepotism and serves the community (Preamble point a), the objective of bureaucratic reform and the principle that the civil service must be accountable for its performance and apply the merit principle in the processes of management (Preamble point b).
- The law provides for the establishment of a Civil Service Commission (*Komisi Aparatur Sipil Negara – KASN*). The function of the KASN is to safeguard the neutrality of the civil service, monitor the management and development of the service, especially the application of the merit principle and to monitor each stage of the appointment of staff to the Senior Executive Service. KASN reports on its findings to the relevant government agency and can make recommendations to the President for sanctions against non-complying agencies. (31, 32) KASN is appointed by the President and is composed of seven commissioners from both government and non-government backgrounds. The commissioners elect a Head (*Ketua*) and Deputy Head (*Wakil Ketua*).
- It creates a Senior Executive Service (*Jabatan Pimpinan Tinggi – JPT*) to replace the existing ranks of Eselon I and II and to create a new leadership cadre and a new approach to public sector management at the senior levels. The principles for the new positions (*jabatan*) emphasise pioneering leadership (*kepeloporan*) in professional expertise, policy and management, open recruitment on merit, cooperation between government agencies and service to the public. (p19)
- The law provides for the recruitment of civil servants on a contract basis (*Pegawai Pemerintah dengan Perjanjian Kerja – P3K*). The objective is to facilitate the entry into the civil service of new staff with high levels of experience and specialist expertise, thus overcoming the rigidity of the existing system where recruitment is only possible from base level positions. Appointment on contract is designed to allow movement of staff in and out of the civil service, especially from the university sector, to provide specialist input into policy and management as it is needed for particular tasks. While the P3K are classified as “officials of the civil service” (*Pegawai ASN*), the previous term for civil servant (*Pegawai Negara Sipil (PNS)*) in the previous law (Law 43/1999) is still reserved for permanent staff (*pegawai tetap*) alone. Thus the ASN law classifies *Pegawai ASN* as either PNS or P3K (Article 6).
- PNS are divided into three categories: senior managers (JPT), administrative staff (*jabatan administrasi*) and functional or specialist staff (*jabatan fungsional*). (Article 13) The division

between administrative and specialist staff contained in Law 43/1999, which was identified in Sherlock's 2010 KSI diagnostic study as a major impediment to use of evidence-based knowledge the policy-making process, has thus been retained in the new law.

Implementing regulations being drafted

As mentioned in the first section of this report, the implementing regulations for Law 5/2014 are still in the process of being finalised and approved. Originally there was to be 19 regulations but they have been reduced to 6. Before the presidential election, drafts of the initial 19 regulations had already been completed, without public consultation, and forwarded to MenPAN-BR for the President's signature. The authors of this report were told in interview that the drafts were returned by MenPAN-BR with the request they be reduced to six Government Regulations (*Peraturan Pemerintah*, along with three Presidential Regulations (*Peraturan Presiden*). The suggestion was that the officials involved in the original drafting intended to have the regulations drafted as quickly as possible so that the new government would not have the opportunity to have input into their content.

The delay in the completion of drafting has given an opportunity for reworking with public consultation, as well as input from the new presidential administration. The authors were told that the content of some of the original drafts would have minimised the effect of the law by giving wide discretion to current government to define the circumstances when aspects of the legislation were implemented. For example, the original draft on recruitment for JPT stated that the recruitment process would be open to staff outside an agency where skills were not available amongst existing staff. This interpretation would have empowered current staff to effectively negate the law's objective of open recruitment for senior management.

The six *peraturan pemerintah* are on:

- PNS Management
- P3K Management
- Performance Appraisal and Discipline
- Salary and Benefits
- Pension and Retirement Scheme
- Civil Service Corps (Korpri)

The three Presidential Regulations relate to the National Institute for Public Administration (LAN), the State Administrative Agency (BKN) and the Civil Service Commission (KASN).

Potential impact of the new law on the enabling environment

The passage of a new civil service law containing a number of important initiatives, in the context of a newly elected government with a stated commitment to transforming the character and quality of government administration, is an exciting development for the enabling environment of the knowledge sector. As mentioned above, the process of putting the legislation into effect is still at an early stage and its interpretation in the implementing regulations is still not clear. These unknowns do nevertheless create opportunities for supportive involvement by KSI.

Some of the positive effects of the new legislation for the knowledge sector could be as follows:

- A more professional, results-driven and accountable civil service will increase the total demand for knowledge from government, both from within knowledge managers and producers within government, and from outside sources of knowledge. This will eventuate if the Civil Service Commission is successful in improving the quality of recruitment of senior staff and the creation of a Senior Executive Service which greatly improves the quality of senior-level administrators. In addition, if there is an influx of well-qualified contract staff, they will provide an important resource for a new civil service leadership to improve the quality of the policy process.
- Increasingly evidence-based policy will require more evidence. This could be procured through an increased allocation of funding to in-house research and to outside contracts, or through an end to current practices mainly focused on "moving money" through the system for the benefit of corrupt officials and their select circles of outside contacts. Ideally, both of these changes should occur.
- Increased demand for evidence has the potential to change the environment in which universities, think-tanks, NGOs and the private sector operate in relation to government contracts for research. Increased allocations for research funding, and/or the more effective use of current levels of

funding will provide more opportunities for government contracts and make government more attractive to organisations that currently eschew involvement with government.

- Although increased funds will not, in itself, overcome problems with issues such as cumbersome procurement processes, it will increase political pressure for reform from both within government and from external providers. The new legislative and political environment creates opportunities for universities, the non-government sector and private sector to lobby for reform. Such openings will increase if there is indeed an influx of new managerial staff and knowledge providers in the civil service.

Potential risks

The most obvious risk to the process of civil service reform flowing from the ASN law lies in the drafting of the implementing regulations currently under way. The undermining of apparent legislative intentions through the manipulation of regulations (including the deliberate creation of ambiguity and discretion for interpretation by officials) has been a notoriously well-known feature of Indonesian government and it remains to be seen how the process will unfold under the Jokowi administration. The key regulatory risks lie in the interpretation of the KASN's powers and the processes for the appointment of the senior executive service. A weak KASN, weak oversight of the JPT, and unclear procedures for the appointment of both the JPT and P3K could leave existing powerful vested interests within the ministries and government agencies with the powers to continue with "business as usual", with only token and rhetorical adjustment to the reforms.

A second major risk exists because of the failure to address the issue of the division between administrative and specialist (functional) staff. The 2010 Report showed how this artificial distinction is both conceptually flawed and is implemented in a way that wastes a great deal of the human resources that are theoretically assigned to the production of knowledge for policy. Even a newly invigorated senior leadership of the civil service will encounter problems with making use of existing functional staff given the perverse incentive structure in which these staff must pursue their career. A temptation for new JPT managers will

be to create new research capacity through the appointment of new cadre of P3K staff, rather than to try to reform the work practices of current functional staff. In this scenario, functional staff will continue to be used ineffectively and will keep consuming (and wasting) scarce resources.

Prospects for KSI engagement

The changes introduced by the ASN represent some of the best opportunities for KSI engagement since the creation of the Initiative. The timing is now right because a new political climate appears to be providing the political will that is so often missing in reform efforts. The establishment of the KASN, JPT and P3K do not merely foreshadow the creation of new structures (or another box in the organigram), but have the potential to lead to an influx of a new high quality management leadership and policy expertise. Their success in contributing to civil service reform depends on:

- the quality of the new recruits, which requires recruitment procedures and other HR systems that are well conceived, well designed and implemented effectively, free of corruption and nepotism.
- integration of the personnel in KASN (both Commissioners and staff), JPT and P3K into existing systems, enabling them to exercise decision-making authority. This requires that they be neither marginalised nor captured by existing vested interests within the civil service hierarchy.

The fundamental nature of these reforms suggests that KSI should investigate ways to engage at the highest levels of agencies such as MenPAN-PB, BKN, LAN, SetNeg and Mendagri (as well as the President's Office if it is directly involved). This should involve pursuing opportunities to influence basic policies because the reforms are at a formative stage. Ideally, this could then flow on to opportunities to influence how these policies are interpreted and implemented at each successive stage and how they are turned into standard operating procedures (SOPs), rules, guidelines etc. A good example of this was the relationship with GOI and the Australian Public Service Commission, which led to the Australian example having considerable influence over the conception and design of both KASN and JPT. This linkage could be both a model for KSI engagement, as well as

a strategic partner. There is still a great deal of thinking and design that needs to be accomplished to make the ASN law reforms work in practice – for example, on how the transition from the old Eselon I and II to JPT will take place, the precise role of JPT and how JPT in each ministry will coordinate across the civil service to eliminate the current ministerial silos – all of which present opportunities for KSI engagement.

Higher level strategic engagement to support the basic redesign effort that GOI is currently undertaking does not preclude seeking opportunities for more conventional donor approaches to institutional strengthening such as training. In fact, KSI-sponsored training is now well-placed to avoid the constant problem that has plagued so many international donor training schemes – that is, the disappointment that newly trained and enthused staff find when they return to their agencies and cannot implement fresh new ideas because of resistance from entrenched structures and power brokers. In current fortuitous circumstances, training for staff in KASN, JPT and P3K would complement more work focusing on basic policy, structural and procedural matters. For

example, skills training for P3K staff related to their duties (such as policy analysis, research methods, risk analysis etc.) would be very effective if the contract staff involved were then able to readily apply this training in their new work environment if internal reforms within their agencies over matters such as roles, work relationships, job descriptions, competency standards and performance evaluation and incentives had already taken place and made it possible for the skills of contract staff to be effectively used. The content and format of “training” would, of course, vary greatly according to the seniority and role of the personnel concerned. In the case of KASN Commissioners and higher level JPT, for instance, it could take the form of peer review of policies, exchanges and dialogue with peers in other countries etc., while more conventional training approaches might be appropriate for middle and junior level P3K.

The strategy of aiming to combine both engagement at a higher policy level and traditional training activities suggested here in relation to reforms mandated in the ASN has also been proposed in other areas in this Report, such as for the new Policy Analyst position (see pp.16-18).

Implementation of the Bureaucratic Reform Allowance

The Bureaucratic Reform (*Reformasi Birokrasi* – RB) program operates under the authority of Presidential Regulation 81/2010 on the Grand Design for Bureaucratic Reform and is the responsibility of MenPAN-BR. The program has been implemented in phases and a number of its elements have been introduced across a range of ministries and other state institutions such as the State Audit Agency (BPK). The concepts and approach behind the Initiative had been pioneered by the Ministry of Finance from 2006, under the reformist minister, Sri Mulyani and were a subject of a case study in the 2010 Report. Progress in the implementation of the Initiative is thus potentially an important part of changes to the enabling environment in the knowledge sector since 2010. Other elements of the regulatory framework for *Reformasi Birokrasi* are MenPAN Ministerial Regulation 20/2010 on the Road Map for Bureaucratic Reform, together with various technical guidelines in MenPAN Ministerial Regulations 7 – 15/2011.

A key element has been the introduction of a Bureaucratic Reform Allowance (BRA) (*Tunjangan Kinerja*) for agencies that successfully implement a series of reforms to their operations and management. The BRA is to be used to increase take home pay and provide staff with an incentive for improved performance. The allowance is thus an institutional incentive to the concerned agencies as whole and a personal incentive to their individual members of staff. The system was first introduced in the Ministry of Finance, BPK and the Supreme Court, has subsequently been introduced in 12 agencies and is being progressively rolled out to all ministries and other agencies. The BRA has the potential to encourage performance evaluation by agencies and, through this process, to enhance the quality and performance of staff, including their orientation towards evidence-based policy and a willingness and capacity to engage sources of knowledge, both in-house and from external sources.

The main finding of this study is that, although there has been progress in expanding the number of agencies and civil servants involved in the application of the BRA, the process has been poorly implemented and has not generally achieved the stated objective of improving civil service performance.

The BRA is designed to be a tool of wider civil service reform by providing additional funding to the involved ministries which can demonstrate that they have achieved reform in relation to nine components. The components are:

1. Change management
2. Development of regulations and legislation
3. Organisational development
4. Business process development
5. Developing HRM systems
6. Internal oversight strengthening
7. Performance accountability strengthening
8. Strengthening the quality of public service
9. Monitoring, evaluation and reporting

Agencies receive a certain percentage of the BRA according to the scores they achieve against the components. For example, in 2012 the Ministry of Trade received 73 percent of the possible allowance and the Ministry of Health received around 40 percent.

While the BRA is conceptually well-founded, the weakness in the system has been its interpretation, implementation and monitoring within the agencies. Ministries have introduced criteria that encourage fulfilment of procedures and the enforcement of rules, rather than the achievement of results. The focus has been on process rather than outcomes, with the items to be measured being mostly inputs into activities. For example, this study was told that the Ministry of Trade developed job descriptions for staff positions because this was one of the requirements issued by MenPAN-BR directive, but largely in the absence of a clear conception of how the activity would enhance performance. The activity produced the required output, but the resulting job descriptions were not based on an assessment of the needs of the ministry and whether the staff's duties met those needs.

The most extreme example of the emphasis on process and the enforcement of rules for their own sake has been the introduction of compulsory 7:30 a.m. arrival time for staff in some agencies (e.g., Ministry of Health), with staff being fingerprinted to document their arrival at work. The obvious question of whether the staff were then productive, or even still present in their office after their compulsory fingerprint reading, was apparently not considered. Other criteria reinforced the problems created by the organisational division between administrative and specialist staff which was emphasised in the 2010 Report as a major impediment to the creation and movement of knowledge in the civil service. In the Ministry of Health, for example, researchers in the Research and Development Division (*Balitbang*) are allocated points in their performance assessment according to criteria that encourage the production of academically-inclined publications in international journals rather than for the analysis of data required for policy and programs in the health sector, or for analysis and briefing on policy options.

Prospects for KSI engagement

There is scope for KSI to work with MenPAN-RB, BKN and LAN as the responsible agencies, in relation to ongoing refinement and modification of *Reformasi Birokrasi* as issues and problems with the program emerge, as well as with a selected number of participating agencies (K/L) to support implementation of the program. Both of these components could be conducted in cooperation with other DFAT programs such as Reform the Reformers Continuation (RtR-C), AIPEG and AIPD in the agencies where these programs are already operating. Informants have mentioned that there is a particular need for the development of monitoring and evaluation systems to measure the effectiveness of RB initiatives. This is a precondition for making the adjustments necessary to eliminate the kind of weaknesses discussed above, as well as to gather information about the different ways that RB is being interpreted and implemented in each of the agencies involved. All of the components of RB mentioned above, against which agencies are expected to measure their achievements in reform, are areas requiring technical knowledge and could be important openings for KSI assistance.

New Procurement Regulations Have Little Effect on Knowledge Market

The 2010 Report emphasised that existing procurement regulations, and the way they were interpreted by procurement officials, were a major obstacle to the procurement of knowledge by government from outside sources. In summary, the report found that the regulatory framework was conceived almost entirely for the acquisition of goods and services for purposes such as public works, development projects and delivery of services in areas such as health and education. The threshold below which contracts had to be competitively tendered was extremely low (Rp. 50m in 2010), meaning that any significant research project would have to go to tender. For a range of reasons documented in the 2010 report, mainly related to procedural complexity and corruption, potential providers of good quality research did not want to engage in the tendering process. The great majority of research contracts with government were therefore financed predominantly by international donor funds, or in association with donor projects.

Since early 2010, two new procurement regulations have been introduced: Perpres 54/2010 and Perpres 70/2012. The agency that manages the government's procurement of goods and services, Procurement Policy Agency (*Lembaga Kebijakan Pengadaan Barang/Jasa* (LKPP)), has been an energetic supporter of reform in the procurement process, including efforts to increase transparency, reduce administrative complexity and open up tender processes to a wider range of potential bidders. Reforms introduced as a result of Perpres 54/2010 have included:

- Introduction of e-procurement, which has made the tender process more public and transparent and increased the possible number of entrants to the market by providing access to information that might previously have been restricted to bidders with insider networks. E-procurement is a priority of the Jokowi administration and was a feature of changes made during Jokowi's administrations in Solo and DKI.
- Organisational changes within government agencies, implemented by LKPP, designed to increase checks and balance and to avoid the conflicts of interests that tended to arise in earlier arrangements. Previously, the implementers of projects within agencies, the Project Leadership (*Pimpinan Proyek* – PP), also had the dual function of deciding on the selection of vendors. But under the new system these two stages of project implementation are separated: the PP has authority to oversee the technical specifications of a contract, but selection of vendor is overseen by a separate body – Panitia Penerima Hasil Pekerjaan (PPHP). Under the old system the PP had the authority to appoint an ad-hoc committee (Panitia Layanan) for each tender and provide the staff for the committee.
- The establishment of a Procurement Service Unit (*Unit Layanan Pengadaan* (ULP)) as a permanent body within agencies to deal with vendors.
- The complexity of the system has been reduced by eliminating the requirement for every bidding vendor to go through a certification (“pre-qualification”) process in order to submit a tender. Under the new arrangements, the winning vendor is certified following their selection. This reduces the requirements and transaction costs of submitting a tender, thus potentially encouraging new market entrants. The tendering process is now faster as a result of “post-qualification”.

The other small change is that the threshold for compulsory public tender has been increased. Perpres 70/2012 raised the limit to Rp. 200m. This is still a low threshold and means that only very small projects can be implemented through direct contract with a vendor. Probably more significantly for the future, the requirement that the threshold must be specified in such a weighty legal instrument as a Perpres limits the flexibility for varying the threshold in response to market conditions.

These regulatory changes have been significant for the overall environment for the procurement of goods and services by government, but have not made any significant difference to the procurement of knowledge. People in the knowledge sector repeatedly observe (either in complaint or as a simple statement of reality) that existing procurement regulations are still designed primarily for goods, and secondarily for services for large development projects and government programs, not for contracts of the size appropriate for research work. Indeed, this view is upheld by representatives of LKPP itself, who consider research projects to be the domain of universities who are subject to different regulations and are engaged on “self-managed” (*swakelola*) contracts.

Although contracts for the provision of knowledge are not explicitly ruled out under the procurement regulations, the system makes it impractical in most cases. Despite the recent reforms, the tendering process remains long and complex, and the lack of uniformity in the implementation across different agencies noted in the 2010 report seems to still be a reality. Many of the organisations interviewed for this study were hardly aware that there had been changes to the procurement regulations because tendering for contracts with government was simply outside their organizational culture and practice. Potential bidders for research contracts (such as universities and NGOs) state that political and personal connections, together with the payment of kickbacks, are still essential for participation in tender bidding. Universities could not bid for contracts unless they worked through a commercial entity (PT), either one owned by the university or in association with an outside firm. Most university departments, NGOs or think tanks were extremely reluctant to enter into direct research contracts with government, had a stated

policy of not doing so, or had long ceased even to consider the possibility.

Prospects for KSI engagement

Officials within LKPP have expressed an interest to engage with KSI and this should be taken up at the earliest opportunity, but it has not yet been possible to follow up on this interest to identify the areas where LKPP is looking for support. As mentioned above, LKPP does not appear to be convinced that there is a need for regulatory reform to facilitate the take-up of research-based knowledge by government agencies, other than through *swakelola* procedures. There may, however, be other areas of fruitful work that could be identified through dialogue with LKPP. In the meantime, there may be more scope to work with CSOs that are interested in lobbying for change in procurement regulations.

Establishment of Policy Analyst Position Has Potential

A central element of the argument in the 2010 Report was that the existence of two separate cadre of staff within the civil service, one to perform administrative and managerial tasks and the other to provide specialist expertise, was a major factor behind the lack of use of evidence and specialist knowledge in the policy-making process. As pointed out above in this Report, this critical structural problem has remained unchanged and, in fact, the situation has been perpetuated in the new ASN law which maintains the conceptual partition between the production of knowledge and its application to policy.

Nevertheless, there is recognition amongst senior levels of the civil service of an urgent need to improve the quality of policy-making and policy staff. A senior official in LAN argued that “most policy is not made in a serious process and is not evidence-based”. The official observed that “policy is done by staff who do not have the capability” to carry out this function, a fact that is probably both cause and effect of the problem. He also argued that policy staff not only required specialist knowledge in their subject area, they also needed analytical capability and political skills to advocate for particular policy options and solutions. In an apparent response to this recognition, from 2011 to 2013, KemenPANRB developed the concept of a new category of staff, the Policy Analyst (*Jabatan Fungsional Analis Kebijakan*), with specialised training in policy analysis and the policy process.

A regulation for the new category of staff has been completed: Ministerial Regulation (PermenPANRB) 45/2013. The regulation states simply that the duty of Policy Analysts is to “carry out policy studies and analysis” (*melaksanakan kajian dan analisis kebijakan*). Almost all of the regulation is taken up with describing:

- Procedures for the performance assessment of Policy Analysts through the awarding of credit points for various kinds of work, in the same manner as other functional staff categories, such as researchers, doctors, teachers etc.
- The levels of the Policy Analyst position and procedures for their recruitment, qualifications and promotion.

Recruitment of the first intake of Policy Analysts commenced in 2014, with 20 Analysts taking up positions in various Ministries. The plan is to have 300 Analysts in place in central and regional governments by the end of 2015. Policy Analysts are recruited by the National Institute of Public Administration (LAN), but candidates are first nominated by individual ministries, with final selection being conducted by LAN. After their selection by LAN, recruits are put through a training course and must pass an examination before being assigned to the ministries that nominated them. Training includes writing skills, policy analysis and policy advocacy. The plan is that Policy Analysts should be placed in positions close to the policy process such as in the offices of the minister, Secretary General and Directors General and Bureaus of Law and Regulations.

Finance for the scheme has come from a combination of funds from LAN, Ministry of Finance and donors. The authors of the study were informed that there was a good response from ministries to the scheme and that many good quality candidates had been nominated. It was observed that

because the Policy Analysts were not financed from the ministries' own budget they were a "free good" for the ministries. Because of the scale of need is very great and there are ambitions to place Policy Analysts in all three levels of government, there are plans to seek additional donor funding for the scheme, particularly for training of Analysts and training of trainers.

As the Terms of Reference for KSI assistance to LAN for Policy Analysts training observed: It is worth noting that the policy analyst position is expected to involve the following areas of expertise: problem identification, forecasting, policy recommendation, monitoring and policy evaluation design for policy making process. It is therefore a key position in terms of Knowledge to Policy (K2P) systems and processes.³

How effective will the Policy Analyst scheme be in practice? There are a number of issues need to be considered in relation to the conceptual basis of the position and how it will be managed by LAN and the participating government agencies.

A key point to note is that, like other jabatan fungsional staff, the performance of Policy Analysts is assessed according to the allocation of credit points for particular types of work and their assessment is overseen by an outside agency, not the ministry in which they are working. In the Policy Analysts' case, the oversight agency is LAN. The Policy Analyst initiative does not challenge the concept of a distinction between administrative and specialist work (or between production of knowledge and its application) and the carrying out of this work by separate cadres of staff managed separately and assessed according to different criteria. The initiative is therefore vulnerable to the kinds of problems that plague the division between administrative staff and functional staff discussed in the 2010 Report.

It will be important for KSI to closely monitor the implementation of the scheme across government agencies to determine how much the existing problems with other categories of functional staff are replicated in particular ministries. The Policy Analysts must be fully integrated into decision-making in the policy process and not corralled into Balitbang or otherwise marginalised in data gathering or primary research work. The success of the scheme will therefore ultimately depend on the quality of human resources management in the Analysts' respective ministries.

As the implementing agency for the scheme, LAN can control the quality of key aspects such as the selection of candidates for the position, training of new Policy Analysts and assessment of their performance during training. But once the new staff have been assigned to their ministries, LAN will presumably have less control over how they are managed in practice and how well the skills of the Analysts are made use of. LAN will still have a monitoring role, especially as the agency overseeing the application of the Analysts' performance assessment criteria. The challenge for LAN will be to mobilise the human resources required to ensure this role does not become a mere pro-forma ("box-ticking") function as is the case in LIPI, the National Library etc., when these agencies execute the same function for other specialist staff.

An encouraging sign is that the criteria for performance assessment for Policy Analysts does show some emphasis on the production of directly policy-relevant material such as policy papers, policy briefs and policy consultations and discussions, as well as on the highly academic criteria such as publications in international journals (Permen 45/2013, Lampiran 1). Nevertheless, there is still a heavy weighting towards formal degree qualifications and the publication of books

³ Australian Aid, Knowledge Sector Initiative, Terms of Reference (TOR), Technical Assistance to the National Institute of Public Administration (Lembaga Administrasi Negara_LAN) for Policy Analyst Training, Jakarta, 15/12/2014, p.2.

and journals. As the 2010 Report argued, this orientation towards academic work creates a perverse incentive towards the pursuit of a quasi-academic career rather than a career as a policy-maker and/or policy advocate. Those functional staff that concentrate on producing material that is more directly relevant to their agency's needs find themselves left behind colleagues who pursued more highly rewarded academic activities. They can find their time and energy diverted from policy work to seeking outlets for publications because their salary and career advancement depends on this. The comment by a senior LAN manager that LAN will endeavour to work with ministries to ensure that the knowledge needs of the ministry are prioritised over individual academic work indicates that there is some awareness of this issue within LAN. But it remains to be seen whether LAN can overcome the institutional incentives towards external publications and degrees that are written into the regulations and, as mentioned above, is willing and able to commit sufficient staff resources to the task.

The creation of the new category of Policy Analyst is a positive development because it indicates a level of awareness within the civil service of the need to improve the quality of policy by improving the quality of policy-making staff, in particular by combining specialist knowledge with the skills of managing the policy process and understanding the political context of policy. Evidence provided by LAN that the initiative has been enthusiastically received is encouraging, provided it is not simply enthusiasm about receiving the "free good" of new staff with no budget implications. If the scheme works successfully it will contribute to increasing the application of knowledge to policy and help boost the overall demand for knowledge from government that the 2010 Report concluded was critical to the creation of a market for knowledge in Indonesia.

Prospects for KSI engagement

The creation of this new cadre of staff is a significant development that has the potential to contribute to improving the quality of input into policy making in the civil service. It is clearly of great interest for KSI and its implementation should be closely observed. KSI is currently cooperating with LAN, with the objective of providing peer review of the curriculum for Policy Analyst training and

support for the production of training material. The obvious openness of LAN to assistance makes it imperative that KSI investigate prospects to expand this cooperation. The strategic approach to engagement suggested in relation to the high level reforms flowing from the ASN law (pp.8-11) could also be applied in relation to the Policy Analysts. Specifically, this could mean peer-to-peer engagement on policies, procedures and design with both LAN, as the implementing agency for the scheme, and with participating agencies as the organisations who will make use of the Policy Analysts' skills. KSI could work with MenPAN-BR and LAN to help outline competency standards and duty/role statements for Policy Analysts in order to set standards on the required knowledge and skills and to clearly describe their roles in the policy process. At present, it appears that the focus has been on the administrative process of recruitment and performance assessment rather than on the substance of the Policy Analysts' role. As discussed above, it would be a great achievement if the Policy Analyst scheme could improve the performance incentives for this category of functional staff.

Successful exploitation of the Analysts' expertise also depends on how well they are integrated into decision-making on policy within their respective agencies, despite the divisions between functional and administrative staff. This would require engagement with the agencies involved in the scheme, both individually and – hopefully – in multi-agency activities. These activities would assist in the identification of the most important training needs for Policy Analysts and their supervisors, a process that would help ensure that the training would actually be applied in practice. Particular attention should be given to Policy Analysts' role in coordinating policy development across agencies to help eliminate the current problem of overlapping and contradictory policy and legislation. KSI could support LAN in the design and delivery of cross-agency policy development programs, utilising real policy issues in action-based learning.



6

Knowledge Staff Reforms in the Legislature are Important but Effects are Unclear

The passage of the law on legislative institutions (MD3) (UU 17/2014) in July 2014, in controversial circumstances and with some controversial content regarding matters such as the selection of the DPR leadership, overshadowed the fact that the MD3 law contained provisions of potentially significant effect on the knowledge sector in the legislative branch of government.

The first of these changes was the increase in the number of personal staff to be provided to each individual member of the DPR from two to five. These staff are funded from the state budget, but recruited and managed by the DPR members themselves. Although this arrangement has been the subject of media and NGO criticism because their appointment is not subject to official oversight, it is normal practice amongst democratic legislatures across the world. Such staff provide administrative and specialist policy and political support to legislators on terms that conform to the legislators' own political objectives. With the hugely increasing workload borne by legislators, it has been internationally recognised that parliamentarians cannot work without support teams under their own management. They supplement other parliamentary staff employed under civil service conditions and, ideally at least, should work in a cooperative relationship with those staff.

The increase in the number of personal staff under the MD3 law has potential to improve the quality of lawmaking and the execution of parliament's other roles by providing increased scope for analytical and research input into DPR members' work. If DPR members make effective use of their personal staff for policy and political purposes, such staff can increase the demand for knowledge from the legislative branch of government. Effective political aides must be well connected with a network of outside sources of knowledge. Engagement with these contacts can potentially involve contractual relationships with supply-side organisations. Of course, the successful achievement of such potential depends on how well individual DPR members manage their staff, including recruiting the best quality professionals and supervising them effectively, especially in terms of clear tasking.

The increase in the number of individual personal staff is part of a longer term trend since 1998 of increased human resources supporting the DPR and the growing specialisation of the staff. During the Soeharto era, when the DPR was a rubber stamp, the main form of staff support was administrative. There was a small research unit established in 1990 (with 16 researchers) which, together with library, archives and IT staff, (all appointed as civil servants in the functional staff cadre) became the Centre for Research and Information Services (PPPI). As the role, authority and assertiveness of the DPR has increased, there has been a gradual increase in human resources to meet its burgeoning needs for knowledge. This has seen the number of researchers boosted to a current total of eighty and an increase in other specialist staff in the re-named Centre for Research, Data Processing and Information Services (P3DI). Other functional staff have been appointed to other divisions of the DPR Secretariat, including legislative drafters, budget analysts and public accounts auditors.

Category of staff	No
DPR Leadership (Speaker & Deputy Speakers).	21
Standing Committees (<i>Komisi</i>). 7 staff per Committee.	77
Other DPR organs (Legislation Council, House Affairs Council, Inter-parliamentary Cooperation Council etc.). 7 organs with varying numbers of staff.	57
Party caucuses (<i>Fraksi</i>). 9 caucuses with staff numbers in proportion to the caucus size.	77
DPR members personal staff (2 per member).	1120
TOTAL	1352

Of equal or greater importance has been the appointment of non-civil service specialist staff (*tenaga ahli*) to support the committees and other organs of the DPR, the party caucuses (*fraksi*) and individual DPR members. These staff are appointed on annual contracts and are recruited by the DPR organ or individual member for which they work. Many *tenaga ahli*, especially those working for committees and party caucuses, are effectively part-time because they are senior people employed in a number of positions at the same time.

A further major change introduced in the MD3 law is of more immediate potential interest to KSI. The law provides for the creation of a separate organisation to be a single umbrella body managing the work of all the various categories of functional staff (i.e., those engaged as civil servants, not the *tenaga ahli* mentioned above) in the national parliament: the DPR Specialist Staff Division (Badan Keahlian DPR - BKD). The objective of the BKD is to unite all non-contract DPR staff who are knowledge managers and producers into one unit. This includes not only researchers, but also librarians, legislative drafters, archivists, IT staff, budget analysts and public accounts auditors. Effectively, it will place all functional staff into the one organisation.

The origin of the idea of the BKD appears to be twofold: firstly, a perception that previous arrangements scattered functional staff across many divisions of the DPR Secretariat and created duplication⁴ and, secondly, that previous

arrangements placed functional staff, with their specialist and technical expertise, under the managerial authority of generalist administrative staff who did not understand the nature and difficulties of specialist work. Thus the BKD will place functional staff under a single structure which is managed by functional staff rather than administrative staff.

There are serious questions, however, about whether the proposed BKD is feasible in the form described in the legislation. A legislative imperative for the creation of the BKD is not new: it was also a provision of the 2009 law on legislatures, but in five years the DPR Secretariat failed to complete the necessary restructuring of the parliamentary administration to establish the new unit. Attempts by the authors to obtain a draft plan for the structure of the BKD and its relationship with the rest of the Secretariat have not yet been successful. One of the major obstacles to the creation of the BKD is how to give shape to the administrative structure and relationships described in the legislation. The law implies that the BKD will be structurally separate from the DPR Secretariat, with its own Presidential Regulation (pasal 413 (1) and (2)). But this is complicated by the provision that the BKD will be “functionally responsible to the DPR and administratively stand under the DPR Secretariat General” (pasal 413 (3)). The organisational difficulties of making such an arrangement work have, of course, been exacerbated by disagreements amongst senior staff regarding possible structures that might involve redistribution of bureaucratic authority and resources.

⁴ <http://www.dpr.go.id/id/reformasi-birokrasi/area/3#>

If the BKD is successfully established it remains doubtful that it will actually enhance the effective provision of knowledge to the parliament. As the 2010 Report argued, it is certainly the case that the previous structure divided different functional staff in ways that undermined effectiveness and that the management of functional staff by administrative staff had serious deficiencies. But it is doubtful whether placing all functional staff in a separate unit will overcome their separation from administrative staff and, in fact, it may exacerbate the problem. It may erect new barriers to the integration of administrative and specialist roles and further restrict movement of staff between the two categories. It is also not immediately obvious why placing all functional staff together will, of itself, improve cooperation within this category of staff itself. The existing structure, for example, places researchers and librarians together under the Centre for Research, Data Processing and Information Services (P3DI), but these two types of staff, whose duties are so closely related, do not have a cooperative working relationship. Dated conceptions of libraries as mere book repositories are far greater obstacles to the mobilisation of librarians as information service providers than issues about the place of the library in an organisation chart.

Prospects for KSI engagement

Whatever the problems associated with the BKD, senior staff in the DPR are attempting to put the directive of the MD3 law into effect. It is not clear how long the process will take and what its practical effects will be. At present it is still difficult to obtain information about planning for the BKD because the leading elements in the DPR – the DPR Leadership (Speaker and Deputy Speaker), the Secretary General and other senior management – have not made public what approach they are adopting. Even senior functional staff told the authors that they were not privy to planning discussions. But as a major restructuring of the systems for the provision of knowledge in the legislative branch of government, this development is clearly one of great interest to KSI and should be closely observed. KSI should be ready to respond to opportunities for engagement when they do occur. This would only be possible if some effort is made to cultivate relationships at the senior political and official levels in the DPR.

When information becomes available about a proposed structure for the BKD, including its relationship with the Secretariat, the approach suggested for the ASN law reforms (p.11) should also be adopted in this case. In other words, openings for engagement at a senior level on conceptual and policy issues should be negotiated, particularly when developments are at a formative stage. Efforts to facilitate engagement at a more operational level, such as through staff training, can then be more effective because they are better linked to a thorough understanding of the needs of the new structures and systems.



7

Impact of *Ormas* Law is limited

Law 17/2013 on civil society organisations (*Ormas Law*) has generated uncertainty amongst domestic CSOs about its effects on their independence from government and amongst international organisations about their capacity to support local CSOs. Most provisions of the law are unclear and confusing and there are still doubts about what effects it will have, but many CSOs believe that it is an ineffective law that will have no significant impact on their operations. There is probably no scope for KSI engagement on this issue.



8

Universities Still Constrained by Enabling Environment

Little has changed in the enabling environment for the higher education sector since 2010. The authors were struck by the sameness of the issues raised by informants from the universities between 2010 and 2014. The only significant change has been the introduction of regulations that have allowed some universities to obtain greater autonomy in management through taking on the status of a Perguruan Tinggi Negeri – Badan Hukum (PTN-BH). The other potentially important change has been the appointment of a new Minister of Research, Technology and Higher Education and the announcement that a new Ministry would be established combining the functions of higher education with research and technology. When the research for this Report was completed, plans for the amalgamation existed only in concept.

In brief summary, the general constraints to providing research input to government noted by informants to this study in 2010 and 2014 were as follows:

- Internally, the structures within universities, especially human resources systems, continue to make it difficult for research to be produced. Academic staff have the three duties (*Tri Dharma*) of teaching, research and community service but, according to informants such as senior lecturer and dean of FISIP Unpar, Mangadar Situmorang, most of their time is consumed by teaching and grading. Many other university lecturers interviewed noted that their ability to do research is limited by their teaching and grading workload, in addition to administrative duties. Remuneration incentives are mostly structured around teaching, with research receiving little reward.
- Externally, the issues in relation to procurement regulations discussed in the 2010 Report continue to affect universities. The section on procurement above (pp.14-16) has shown that, despite recent changes to regulations, there is little to encourage the flow of knowledge from universities to government through contractual arrangements. As mentioned, universities cannot bid for tenders unless the institution establishes a commercial arm (PT). Most contracts between academics and government agencies are for very small amounts and are managed under the self-management (*swakelola*) provisions of the procurement regulations (Perpres 70/2012, Ch 5, Sections 26-33), or under arrangements where the academic is paid as a consultant, often to a third party organisation which has contracted to government. One method for establishing relationships between a university and a government entity such as provincial government, Bappenas or LIPI is for both parties to sign a Memorandum of Understanding (MOU). These are usually umbrella agreements for general cooperation, but that can also be signed for a specific piece of research such as an evaluation of a province's implementation of a National Medium Term Development Plan (RPJMN).⁵

⁵ See, for example <http://unram.ac.id/kerjasama/dokumen-mou-kerjasama-unram/> for a list of MOUs signed by the University of Mataram in 2010-14.

- The current procedures have had the effect of personalising the relationship between academia and government and perpetuating a culture of special deals and patron-client relationships between government and academia and within the universities themselves, especially between senior, well-connected academics and their junior researchers. Government officials develop individual connections with a small circle of academics to distribute money for research projects, kickbacks are arranged and the work is done by junior staff, often of poor quality or made up of “recycled” material already used for other projects. These problems have been well documented in earlier KSI studies, and informants for this study have confirmed that they still prevail.
- International donors continue to play a very prominent role in university research for policy, even if there is an Indonesian government agency involved. Informants mentioned various roles that donors play in facilitating connections between universities and government agencies, and without this support much of the better quality research would probably not occur. For example, donors may provide the entire budget for external input into government programs or may directly contract universities or individual academics for donor programs in cooperation with government agencies. In another case cited by an interviewee, the Ministry of Health contracted a university research unit, but only because the connection had been made by the World Health Organisation (WHO). The informant was of the opinion that the Ministry would not have trusted the local academics without WHO endorsement.

The introduction of PTN-BH status for universities has ushered in a period of fundamental reforms for the higher education sector, but it has so far affected a limited number of institutions. It is not a general reform but an option that universities can take up if their managers chose to. At the time of

writing, eleven universities had adopted the new status: mostly larger well-established institutions such as the University of Indonesia, University of Gadjah Mada and the Bandung Institute of Technology. The principle objective of PTN-BH status is to provide institutions with greater control over their own budgets, including power to allocate funds to courses and other activities without seeking permission from the Ministry of Education. Crucially, it also allows universities to seek outside sources of funding apart from allocations from the state budget (APBN), including setting their own fees for particular courses.

Most informants were generally supportive of the new arrangements because of the freedom from bureaucratic control that it provides. Little evidence was uncovered, however, to show whether the new status has had a uniform impact on total research output by the universities or that it has increased research for government. This is partly because the arrangement is so new and the institutions involved are still working out their own ways to manage the increased autonomy, including dealing with a greater burden of decision-making responsibilities that were previously left to the Ministry. One informant from a leading university (UGM) observed that it has been “a tricky transition” and that major issues have not yet been resolved. This problem was exacerbated by the fact that government policy and regulations have gone through a series of major changes since 1999, when the original attempt to provide greater university autonomy was initiated. The whole concept has been highly controversial – mainly because of fears that fees would increase and disadvantage students from poor backgrounds – and the 1999 legislation was challenged (unsuccessfully) in the Constitutional Court. The changing regulatory environment has led to a great deal of uncertainty, especially because of repeated rewriting of management procedures. The apparent resolution of political and legislative issues will hopefully mean that current regulations

⁶ See *KSI diagnostic studies by McCarthy & Ibrahim (2010), Suryadarma, Pomeroy & Tanuwidjaja (2011), Datta, et.al. (2011) and Sumarto (2011).*

remain in place for an extended period, but it will take some time for their effects to be clear.

The creation of the new combined ministry covering higher education and research has the potential for major effects on the knowledge sector. It is one of only a few changes in the basic structure of the government apparatus introduced by President Jokowi and reflects the commitment to remaking Indonesia's approach to education and knowledge articulated in his Vision Mission statement during the election campaign. At the time of writing, however, it is still far from clear exactly what the effects will be. An informant involved at the highest level in managing the creation of the new ministry observed that it is "a very challenging merger" of two "different worlds" – in other words, the two different institutional worlds of higher education and research which have previously hardly interacted and which have completely different histories and internal cultures. To illustrate the point, he pointed out that higher education has a budget approaching Rp 70 trillion, while the allocation for research and technology is around Rp 800 billion. While higher education has always been seen as a basic function of government, the budget for research and technology has been hostage to the individual authority and vision of the minister. The first minister, B.J. Habibie, was very well connected to President Suharto and had a strong drive to develop certain types of technology in Indonesia (especially aircraft), but subsequent ministers have not always been in the same pivotal position.

Prospects for KSI engagement

The effects on the university sector of the two major post-2010 changes discussed in this section – PTN-BH status for universities and the creation of the Ministry of Research, Technology and Higher Education – are still far from clear. A first priority should be to maintain close monitoring of developments. During this early stage, engagement by KSI on these issues should emphasise dialogue and relationship-building with the key individuals and institutions involved in giving effect to the new arrangements. There are opportunities for peer review of policies, proposed structures and procedures, studies on international best practice and for knowledge exchanges between Indonesian institutions and foreign counterparts.

In relation to the Ministry of Science, Technology and Higher Education, key issues that KSI should observe and hopefully engage with include:

- Will the structure of the new Ministry take the form of a simple merger of the existing higher education directorates-general (Dirjen) from the current Ministry of Education with the existing Dirjen from MinRistek, thus reproducing all the divisions of responsibilities, along with their "silos" and prevailing policy preconceptions and vested interests? Or will there be a thorough rethinking of the role of the Ministry and the overall policy goals of the government and how the Ministry can be most appropriately structured to meet those goals?
- Given that the new government does not want individual ministries to have their own Vision-Mission statements but to be guided by a single government statement, how will the objectives of the Ministry be developed? Will there be inter-agency consultations and public consultations, or will the process be seen as the exclusive role of the Ministry's own senior management under direction from the President?
- Since the Jokowi-JK mission statement before the election gave the impression that research was largely seen in terms of technological development, with no reference to the humanities, what will be the place of non-technological research in the Ministry?
- Will the Ministry give attention to developing a role in research for policy?
- Will the Ministry be given a role in coordinating the production of research and/or knowledge management for government as a whole? If so, what would be its relationship with existing organisations such as LIPI?

Conclusion

Only limited developments have occurred in the enabling environment for the knowledge sector in executive and legislative government since 2010. The SBY years were something of a disappointment when it came to the critical issue of the reform of the machinery of government. But there is some basis for optimism that we could potentially be at the start of a major period of change. This is because of the election of an administration headed by a president who appears to be strongly committed to change in the ethos of public administration and delivery of government services. And this new government has inherited a new piece of legislation that provides an instrument to execute major change in the civil service, while also still having the opportunity to draft its own implementing regulations.

It should be emphasised, however, that it is still not clear how profound the changes will be in practice. Although the macro-environment is encouraging, the process has only just begun. On the supply side, reforms within government have not yet flowed through to the environment in which universities, think tanks, NGOs and the private sector operate. Most potential knowledge providers have not changed their view that engaging with government as suppliers of knowledge to the policy process is not productive and can be frustrating and potentially involve unethical practices. Without some level of donor funding, few supply side actors have contracts with government agencies. This study did not uncover any evidence to suggest that long-standing practices within the civil service that involve the expenditure of research funds for the benefit of officials themselves have substantially changed.

A major underlying problem discussed in detail in the 2010 Report that has remained untouched is the effects of the division of civil servants into administrative and specialist (functional) categories. The obstacles to the provision of knowledge to policy stemming from this policy will flow through to many of the initiatives and developments that have been discussed in this update report and could jeopardise much of their effectiveness. The new civil service law may inject new professional leadership into public administration and the provisions for contract staff may enhance policy expertise, but the new leaders may find their efforts undermined by human resources management procedures that are still insufficiently reformed. This has already been the case with aspects of the Bureaucratic Reform program, where seemingly radical new ideas have been implemented within old paradigms and structures and been rendered ineffective. There are also concerns that the intentions behind inducting a new cadre of Policy Analysts into the civil service will be undermined by the fact that the new staff will operate within the rigidities and perverse incentives of the administrative-functional staff structure. Finally, the reforms mandated in two successive laws on the structure of legislative institutions that are meant to streamline the provision of knowledge to legislative processes may actually worsen problems within the legislative branch of government. The perceived need for change has largely been created by the separation of knowledge managers and producers from decisions on policy and lawmaking within the legislature, but the proposals appear to deepen rather than overcome that separation.

Appendix 1: List of Legislative & Regulatory Issues and Agencies Involved

Issue	Regulation requiring action	Agency responsible
	Undang-Undang 5/2014 tentang Aparatur Sipil Negara, (esp. Bab V, Pasal 13-20)	KemenPAN-RB, BKN & LAN
Evaluation of functional staff: need for performance assessment regulations that provide incentives for functional staff to produce relevant research	Undang-Undang 5/2014 tentang Aparatur Sipil Negara, (esp. Bab V, Pasal 13-20)	KemenPAN-RB, BKN & LAN
	Keputusan Bersama LIPI & BKN 3719/D/2004 & 60/2004 tentang Peneliti	BKN, LIPI & Kemendagri
	Peraturan MenPAN-RB 45/2013 tentang Jabatan Fungsional Analis Kebijakan dan Angka Kreditnya (termasuk Lampiran I, II & III)	KemenPAN-RB & LAN
	Peraturan Bersama Arsip Nasional & BKN 18/2009 & 21/2009 tentang Arsiparis	BKN, Arsip Nasional & Kemendagri
	Keputusan Bersama MenKes & BKN 1738/Menkes/SKB?XII/2003 & 52/2003 tentang Dokter	BKN, KemenKes & Kemendagri
	Keputusan Bersama MenKes & BKN 733/Menkes/SKB/VI/2002 & 10/2002 tentang Perawat	BKN, MenKes & Kemendagri
	Keputusan Bersama BPS & BKN 002/BPS-SKB/II/2004 & 4/2004 tentang Pranata Komputer Peraturan MenPAN-RB 45/2013 tentang Jabatan Fungsional Analis Kebijakan dan Angka Kreditnya (termasuk Lampiran I, II & III)	BKN, BPS & Kemendagri KemenPAN-RB & LAN



Issue	Regulation requiring action	Agency responsible
Reform of parliamentary administrative structures to establish the Specialist Expertise Division (<i>Badan Keahlian DPR – BKD</i>)	Undang-undang 17/2014 tentang MPR, DPR, DPD dan DPRD (esp. pasal 413) Dua Perpres harus disusun: satu untuk Sekretariat DPR yang distruktur ulang dan satu untuk Badan Keahlian DPR (BKD).	Pimpinan DPR Sekretariat DPR KemenPAN-RB Kantor Presiden
Procurement procedures are complex, ambiguous & implemented in different ways across government. Tendering processes eliminate universities and non-government organisations from the knowledge market	Perpres 54/2010 Perpres 70/2012 Ketentuan tentang swakelola, Bab 5, Pasal 26-33	LKPP
Restrictions of the activities and sources of funding of non-government organisations & ambiguity in their legal status	UU 17/2013 tentang Organisasi Masyarakat	KemenkumHAM



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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