

# Need for Reform and Governance Capacities in Asia

Country Report Indonesia



# Authors



**Aurel Croissant** is Professor of Political Science and Vice Dean of Research at the Faculty of Economics and Social Sciences, Ruprecht-Karls-University, Heidelberg. His main research interests include the comparative analysis of political structures and processes in East- and Southeast Asia, the theoretical and empirical analysis of democracy, civil-military relations, terrorism and political violence. Aurel Croissant has published 21 monographs, edited volumes and special issues of German and international journals, and over 150 book chapters and journal articles. His research has been published in German, English, Spanish, Korean, Indonesian and Russian. His articles have appeared in refereed journals such as *Party Politics*, *Democratization*, *Politische Vierteljahresschrift*, *Contemporary Southeast Asia*, *Asian Perspective*, *Electoral Studies*, *Pacific Review*, *Armed Forces & Society*, *Studies in Conflict and Terrorism*, *Terrorism and Political Violence*, *Zeitschrift für Internationale Beziehungen*, *Zeitschrift für Politikwissenschaft*, *Zeitschrift für Vergleichende Politikwissenschaft*, *Asian Journal of Political Science* and *Japanese Journal of Political Science*.



**Patrick Ziegenhain** is a Senior Research Fellow at the Department of Political Science at the University of Trier, Germany. He earned his PhD from the University of Freiburg with a dissertation on the role of parliament in the Indonesian democratization process. His main research areas include systems of government, regime transitions, political parties and elections as well as political, social and economic developments in Southeast Asia. As a freelance consultant, he has worked for various German and international agencies, mainly on good governance and decentralization in Southeast Asia.



**Vedi Hadiz** is Professor of Asian Societies and Politics at Murdoch University and an Australian Research Council Future Fellow. He received his PhD at Murdoch University, Australia in 1996 where he was Research Fellow until he went to the National University of Singapore (NUS) in 2000. At NUS, he became Associate Professor in the Department of Sociology. Professor Hadiz returned in 2010 to Murdoch, where he is currently conducting research on the state, class and Islamic populism. An Indonesian national, Mr. Hadiz's recent publications include *Localising Power in Post-Authoritarian Indonesia: A Southeast Asia Perspective* (Stanford University Press 2010), *Workers and the State in New Order Indonesia* (Routledge 1997, with Richard Robison) and *Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets* (RoutledgeCurzon 2004).

# SGI Project Team



**Najim Azahaf** is a graduate in Social Science and student of the Executive Master of Public Management at the Hertie School of Governance. He has worked as project manager with the Sustainable Governance Indicators project (SGI) at the Bertelsmann Stiftung in Gütersloh, Germany since 2010. He is responsible for the special SGI studies assessing and comparing policy performance and governance capacities in BRICS countries as well in economic powers in Asia. Most pertinent to his commitment to international efforts for good governance and sustainable development was his engagement at the Institute for Development and Peace (INEF). At this think tank, he worked as the assistant to the director for many years. In addition, he gathered practical experience in Germany and abroad by working with several organizations for international cooperation such as the German Agency for Technical Cooperation (GTZ, Nairobi), Capacity Building International (InWEnt), and the German NGO Welthungerhilfe.



**Daniel Schraad-Tischler** joined the Bertelsmann Stiftung in Gütersloh, Germany in 2008. He heads the Stiftung's "Sustainable Governance Indicators" (SGI) project, a cross-national comparison of policy performance and governance capacities in the OECD. Daniel Schraad-Tischler holds a PhD in Political Science from the University of Cologne (Faculty of Management, Economics, and Social Sciences) as well as a master's in Political Science, History and German Literature (Cologne). His main areas of research are good governance, sustainable development, and EU politics, as well as cross-national comparisons of social justice and equality of opportunity. Before joining the Bertelsmann Stiftung, he worked as a research associate at the Jean Monnet Chair for Political Science and European Affairs at the University of Cologne. Daniel Schraad-Tischler also gained project management experience at the European Parliament and at Bayer AG.

# Assessment Overview

## Status Index

### Quality of Democracy

S 1	Electoral Process	1.1	1.2	1.3	1.4		
S 2	Access to Information	2.1	2.2	2.3			
S 3	Civil Rights	3.1	3.2	3.3			
S 4	Rule of Law	4.1	4.2	4.3	4.4	4.5	4.6

### Policy Performance

#### Economy and Employment

S 5	Economy	5.1	5.2	5.3	5.4	5.5		
S 6	Labor Market	6.1	6.2	6.3	6.4	6.5	6.6	6.7
S 7	Enterprises	7.1	7.2	7.3	7.4	7.5	7.6	
S 8	Taxes	8.1	8.2	8.3	8.4	8.5	8.6	
S 9	Budgets	9.1	9.2	9.3	9.4	9.5	9.6	

#### Social Affairs

S 10	Health Care	10.1	10.2	10.3	10.4	10.5	10.6	
S 11	Social Inclusion	11.1	11.2	11.3	11.4	11.5	11.6	10.7
S 12	Families	12.1	12.2	12.3	12.4	12.5		
S 13	Pensions	13.1	13.2	13.3	13.4	13.5		
S 14	Integration	14.1	14.2	14.3	14.4	14.5		

#### Security

S 15	External Security	15.1	15.2	15.3			
S 16	Internal Security	16.1	16.2	16.3	16.4	16.5	

#### Resources

S 17	Environment	17.1	17.2	17.3	17.4	17.5	17.6
S 18	Research and Innovation	18.1	18.2	18.3	18.4	18.5	18.6
S 19	Education	19.1	19.2	19.3	19.4	19.5	19.6

## Management Index

### Executive Capacity

#### Steering Capability

M 1	Strategic Capacity	1.1	1.2	1.3				
M 2	Inter-ministerial Coordination	2.1	2.2	2.3	2.4	2.5	2.6	2.7
M 3	Evidence-based Instruments	3.1	3.2	3.3				
M 4	Societal Consultation	4.1						
M 5	Policy Communication	5.1						

#### Policy Implementation

M 6	Effective Implementation	6.1	6.2a	6.2b	6.2c	6.2d	6.3a	6.3b	6.3c
-----	--------------------------	-----	------	------	------	------	------	------	------

#### Institutional Learning

M 7	Adaptability	7.1	7.2					
M 8	Organizational Reform Capacity	8.1	8.2					

### Executive Accountability

#### Citizens

M 9	Citizens' Participatory Competence	9.1	9.2					
-----	------------------------------------	-----	-----	--	--	--	--	--

#### Legislature

M 10	Structures and Resources of Legislative Actors	10.1	10.2	10.3	10.4	10.6		
M 11	Legislative Accountability	11.1	11.2	11.3	11.4	11.5	11.6	11.7

#### Intermediary Organizations

M 12	Media	12.1	12.2	12.3				
M 13	Parties and Interest Associations	13.1	13.2	13.3				

## Executive Summary

Despite some flaws, the quality of democracy in Indonesia is generally quite high and stable. Free and fair electoral processes, combined with freedoms of opinion and media, provide a solid base for pluralism and competition in the political field. Although civil rights and political liberties are guaranteed in most cases by the constitution, and the state and government alike act to ensure they are respected, infringements occur regularly in practice. Religious and ethnic minorities in particular are subject frequently to discrimination, intimidation and violence. In addition, an often corrupt judicial system and widespread red tape within the administration mitigate the quality of democracy in Indonesia.

In terms of policy performance, Indonesia witnessed significant progress particularly in economic terms. In contrast to other major economies in Southeast Asia, the country did not suffer major economic setbacks as a result of the global financial crisis. Instead, Indonesia's GDP growth rate exceeded 5% in the last 7 years and a major increase in foreign direct investment during the same period underlines the attractiveness of the Indonesian market. Regarding government efforts to achieve a sustainable fiscal policy, the results are impressive: Gross government debt fell dramatically from 100% of GDP in 1999 to 25% in 2011.

Small and medium-sized enterprises (SMEs) constitute the backbone of Indonesian business and generate more than 90% of overall employment. However, the Indonesian economy suffers from infrastructural bottlenecks, an ineffective bureaucracy and a lack of capital and technology.

Indonesia's complex administrative and geographic structure as well as rampant corruption continue to pose additional constraints to further growth.

Economic development in Indonesia is also hindered by a lack of qualified human resources. Public spending for general education remains below international standards, which leads to low enrollments in secondary and higher education. In addition, compared to other East-Asian and Pacific developing countries, very low expenditures for research and development (as a percentage of GDP) are very low in Indonesia. Similarly, there are few patent applications or scientific and technical journal articles published by Indonesian researchers.

The national budget for health care expenditures remains low at just above 2% of GDP. The widespread absence of a social safety net has been addressed by the Social Security Organizing Body (BPJS) law that was passed in October 2011. This legislation is intended to create a single state entity for health care, life insurance, civil service pensions and old-age pensions by 2015. By mandating that the state take over the insurance expenses of poor people, the legislation facilitates the establishment of a welfare state.

The executive capacity of the Indonesian government to plan and implement policies has improved in recent years, but still faces many weaknesses. Indonesia's strategic planning institution Bappenas (Badan Penasehat Nasional, State Ministry of National Development Planning) is often included in government strategic plans. In Indonesia, all levels of government (national, provincial, communal) must produce strategic planning papers every five years, but the analytic quality of these papers is often quite limited.

Key decisions regarding policy initiation and implementation are made by the president in negotiation with the coordinating ministries and other line ministries. Regular consultation and consensus-building procedures are in place between the presidential palace and the various ministries. In practice, however, coordination, particularly between the different ministries, is often time-consuming and ineffective. Nevertheless, the system of checks and balances between the different branches of government works quite well. The accountability of the central government towards the parliament is ensured by a relatively independent judiciary and by the right of the Indonesian legislature, the DPR (Dewan Perwakilan Rakyat, People's Representative Council), to review all government documents and to summon top executive personnel for interrogation. Accountability to the people is also guaranteed by regular elections. However, most people do not care very much about governmental policies and serious in-depth media coverage on politics is not very popular.

In general, the current Indonesian government tries to include economic and social actors in the preparation process of its policies. As in other countries, business associations have much better access to government officials than do NGOs. In practice, many policy proposals are initiated and coordinated within informal circles before they are discussed and decided upon in formal institutions. Indonesia is currently one of the most decentralized countries in the world. The districts (kabupaten) and cities (kota) enjoy a high degree of autonomy. Local government units at these levels thus have considerable scope of discretion in nearly all policy fields. By allowing them to raise their own taxes, the central government ensures that the large number of tasks delegated to subnational self-governments is adequately funded, at least in the more developed parts of the country.

Indonesia is now a relatively stable democracy and an emerging market. Its international reputation has grown in the last years not least due to the government's capabilities and policies. Despite all achievements, the mentioned weaknesses still impede the rise to a full-fledged democracy and a sustainable market economy with sociopolitical safeguards.

## **Outlook**

In terms of policy performance, Indonesia has been quite successful in recent years. The working of democracy has been further stabilized and the impressive macro-economic growth had a very positive impact on the country's economy. However, this positive record still has to prove sustainable.

The government's capacities are still far from being optimal. The co-ordination of policies between the presidential palace, various state ministries, other government agencies and local executives is too often costly in terms of time and content. A more effective government could be reached by reducing the number of national ministries and by optimizing and coordinating their working routines.

Additionally, the legal framework for government actions must be adjusted and up-dated in order to work within a coherent legal basis.

The ubiquitous five-year-plans of every ministry and local government usually lack quality and don't have any real effect. Instead, a consistent national strategy, developed by the president and Bappenas (State Ministry of National Development Planning) would be a better framework for government policies.

In practice, any president depends on the support of various other state agencies and most political parties in parliament. He or she is thus forced to engage in time-consuming negotiations and compromises, often at the smallest denominator. This typical Indonesian consensus-style of decision-making obviously leads to a loss of efficiency. However, the negative effects of inclusive decision-making are counterbalanced by a much higher legitimacy and less resistance of other actors in the implementation phase.

Since the start of decentralization in 1999, Indonesia turned into a complex system of multi-level governance. Even if the president and the government may initiate a reasonable policy with the support of the parliament and the consent of the judiciary, the implementation at the local level in the vast archipelago might be quite different. Corruption, red tape and bureaucratic incapability can transform rules and policies to a great extent. The reality on the ground usually looks different than the national decision-makers have intended. The implementation of any rules is still a difficult task in Indonesia.

Decentralisation has enabled various local government units to become economically-booming and democratic local power centers, but they are not in the majority. The inequalities between developed zones, mostly in the Western parts of the country, and impoverished regions in the East have risen enormously. A better financial redistribution (as already intended with DAU and DAK) between the districts might help in the short run, but the infrastructural and educational gaps must be tackled by a more comprehensive and far-reaching approach.

In terms of civil rights and political liberties, the Indonesian president and government should not neglect ethnic and religious minorities. As the number of incidents against these groups is already at an alarming level, the government should further uphold the tolerant values of the *Pancasila* state doctrine. It would also be positive for a peaceful development of the multi-ethnic and multi-religious country, if discriminative laws such as the so-called national anti-pornography law, local decrees and regulations against religious minorities and regional Islamist by-laws would be declared unconstitutional and consequently be abolished.

The macro-economic development in recent years is promising. In order to advance economic growth in the resource-rich and densely populated country, the government should strive to further remove administrative hindrances, corruption and red tape for economic transactions. Although the Yudhoyono administration has been able to pass some important business laws, such as the investment law and a reform of tax legislation, there are still many areas for improving the national business climate.

A high level of public investments in research and development as well as a well educated and skilled work force are generally seen as a precondition for sustainable economic growth. In this regard, the public expenditures for research, development and education are still far too low to improve the Indonesian infrastructural deficits in the long term. Indonesia is still a developing country, where half of the population lives below or shortly above the poverty line. The improvement of the living conditions of large parts of the society, particularly in Eastern Indonesia, is thus a major challenge for the Yudhoyono administration.

The remarkable democratic stabilization and the extraordinary economic progress have led to Indonesia's rating as an emerging market and even as a BRICS country. However, the socio-

economic background of Indonesia is – despite the positive improvements in recent years – still that of developing country in many regards. There is no guarantee that the economic upward tendency will continue automatically in the near future.

A scenario which reminds of the other Asian giant India seems plausible. Indonesia could develop at a steady pace, but due to its size and big population the income and regional gaps will grow. Compared to today's situation, the number of middle-class citizens will increase, but the eradication of absolute poverty cannot be easily reached. The economic boom has enabled the Indonesian government to effectively tackle the challenges ahead. However, the government's capacities and coordination mechanisms at all government levels must be improved in order to realize Indonesia's political and economic potentials.

# Status Index

## Quality of Democracy

- S 1 Electoral Process
- S 2 Access to Information
- S 3 Civil Rights
- S 4 Rule of Law



# S 1 Electoral Process

## S 1.1 Candidacy Procedures

### How fair are procedures for registering candidates and parties?

Everyone has equal opportunity to become a candidate for election. The registration of candidates and parties may be subject to restrictions only when in accordance with law and if deemed reasonably necessary in a democratic society. This includes protecting the interests of national security or public order, public health or morals, or protecting the rights and freedoms of others.

Legal regulations provide for a fair registration procedure for all elections; candidates and parties are not discriminated against. 10   
9

---

A few restrictions on election procedures discriminate against a small number of candidates and parties. 8   
7   
6

---

Some unreasonable restrictions on election procedures exist that discriminate against many candidates and parties. 5   
4   
3

---

Discriminating registration procedures for elections are widespread and prevent a large number of potential candidates or parties from participating. 2   
1

In general, the registration process for elections in Indonesia is free and fair. Since the initiation of democratization in 1998, a new election law has been passed for each national election (1999, 2004, and 2009), changing minor details of the candidacy registration process.

There are nonetheless some limitations placed on the registration process. For example, fears that regional parties could foster separatism underlie the decision to prohibit local parties representing specific ethnicities or regions from participating in national parliamentary elections. The veracity of these fears is debatable, however. The legal exclusion of communist candidates and parties, which represent a very small minority in Indonesia, is another limitation.

The right to run for president was limited in 2009 to persons nominated by parties or party coalitions holding at least 20% of the seats in Indonesia's parliament or which had received 25% of the total votes cast in the last election. As a result, only major political parties or coalitions of several smaller parties can nominate their candidates. In addition, the number of presidential candidates is limited by law to three or four. Smaller parties and political observers complain of the preferential treatment afforded to candidates of the bigger parties, arguing that the 20% threshold is designed to safeguard bigger parties from incipient challenges. However, the regulation limiting the number of presidential candidates makes sense, insofar as a president needs sufficient support of the parliament in political practice.

Since 2005, governors, as well as the more influential district heads (bupati) and mayors (walikota) have been elected directly. In 2008, the Constitutional Court ruled against existing legislation excluding independent candidates from running against party nominees. Since then, independent candidates can contest in regional and local, but not in national elections.

# S 1 Electoral Process

## S 1.2 Media Access

### To what extent do candidates and parties have fair access to the media and other means of communication?

Every candidate for election and every political party has equal opportunity of access to the media and other means of communication, which allows them to present their political views and to communicate with the voters. Access to the media may not be restricted or refused on grounds of race, color, gender, language, religion, political or other opinions, national or social origin, property, birth or other status.

All candidates and parties have equal opportunities of access to the media and other means of communication. All major media outlets provide a fair and balanced coverage of the range of different political positions. **10**   
**9**

---

Candidates and parties have largely equal opportunities of access to the media and other means of communication. The major media outlets provide a fair and balanced coverage of different political positions. **8**   
**7**   
**6**

---

Candidates and parties often do not have equal opportunities of access to the media and other means of communication. While the major media outlets represent a partisan political bias, the media system as a whole provides fair coverage of different political positions. **5**   
**4**   
**3**

---

Candidates and parties lack equal opportunities of access to the media and other means of communications. The major media outlets are biased in favor of certain political groups or views and discriminate against others. **2**   
**1**

In theory, all candidates and parties have equal opportunities of access to the media. However, frequent commercial TV and radio advertising spots bear costs, so that – as is the case in the United States – wealthy candidates and parties have greater opportunity to present themselves to a national audience.

No specific party or politician is systematically supported by the national media. As in other democracies, some politicians and parties enjoy more frequent media coverage, particularly members of the current government. Currently, two major politicians are backed by their own media conglomerates. Surya Paloh, an influential Golkar politician, owns Metro TV, Media Indonesia, Lampung Post dan Borneo Post. Golkar chairman, and Minister Aburizal Bakrie controls the Visi Media Asia empire (Media TV-One chain, Star antv and Viva News).

In a recent study, Yanuar Nugroho, Muhammad Fajri Siregar and Shita Laksmi conclude that the current Indonesian media industry tends to be oligopolistic. In Indonesia, the Internet as a media tool does not play as strong role a role in creating a more level playing field as it does in other countries.

# S 1 Electoral Process

## S 1.3 Voting and Registration Rights

### To what extent do all citizens have the opportunity to exercise their right of participation in national elections?

To participate in national elections, every adult citizen must have the right to access an effective, impartial and non-discriminatory procedure for voting and voter registration. Voting rights also apply to convicts and citizens without a permanent residence in the country. No eligible citizen shall be denied the right to vote or disqualified from registration as a voter, otherwise than in accordance with objectively verifiable criteria prescribed by law, and provided that such measures are consistent with the State's obligations under international law. Every individual who is denied the right to vote or to be registered as a voter shall be entitled to appeal to a jurisdiction competent to review such decisions and to correct errors promptly and effectively. Every voter has the right of equal and effective access to a polling station or alternative voting method, including a feasible absentee voting option.

All adult citizens can participate in national elections. All eligible voters are registered if they wish to be. There are no discriminations observable in the exercise of the right to vote. 10   
9

---

The procedures for the registration of voters and voting are for the most part effective, impartial and nondiscriminatory, although occasional. 8   
7   
Citizens can appeal to courts if they feel being discriminated. 6

---

While the procedures for the registration of voters and voting are de jure non-discriminatory, cases of discrimination occur regularly in practice. 5   
4   
3

---

The procedures for the registration of voters or voting have systemic discriminatory effects. Groups of adult citizens are de facto excluded from national elections. 2   
1

Every Indonesian citizen over the age of 18 has the right to participate in national elections. No specific group is excluded. In 2004, the Constitutional Court decided that a provision of the electoral

law, which was discriminatory against members of the former communist party (Partai Komunis Indonesia, PKI) and their relatives, was not in accordance with the constitutional principle of equal treatment. Since then, former PKI members have been allowed to contest elections. A controversial exception within the electoral law barring members of the Indonesian Armed Forces (TNI) from voting, which has been in place since 1999, is still under discussion and not yet decided ultimately.

There are major problems with the registration process in practice. The national election commission (Komisi Pemilihan Umum, KPU), which is responsible for organizing elections, faces serious infrastructural and bureaucratic weaknesses. Indonesia's underdeveloped state structures mean that the KPU's capacities are often overextended.

In the 2009 elections, despite having registered beforehand, several millions of Indonesian citizens were not listed and therefore deprived of their right to vote. These flaws, however, seem indicative of administrative problems in a developing country rather than systematic manipulation of the electoral process.

Compared to other Southeast Asian countries, electoral violence and vote-buying play a less important role, but do occur.

# S 1 Electoral Process

## S 1.4 Party Financing

### **To what extent is private and public party financing and electoral campaign financing transparent, effectively monitored and in case of infringement of rules subject to proportionate and dissuasive sanction?**

This question refers to the obligations of the receiving entity (parties and entities connected with political parties) to keep proper books and accounts, to specify the nature and value of donations received and to publish accounts regularly.

Please note that this question also includes an assessment of how effectively funding of political parties and electoral campaigns is supervised (monitored by an independent body such as electoral or parliamentary commission, anti-corruption body, audit institution etc. with checking, investigative, sanction and regulatory powers) and infringements are sanctioned (taking into account administrative, civil and criminal liability).

The state enforces that donations to political parties are made public and provides for independent monitoring to that respect. Effective measures to prevent evasion are effectively in place and infringements subject to effective, proportionate and dissuasive sanctions. **10**   
**9**

---

The state enforces that donations to political parties are made public and provides for independent monitoring. Although infringements are subject to proportionate sanctions, some, although few, loopholes and options for circumvention still exist. **8**   
**7**   
**6**

---

The state provides that donations to political parties shall be published. Party financing is subject to some degree of independent monitoring but monitoring either proves regularly ineffective or proportionate sanctions in case of infringement do not follow. **5**   
**4**   
**3**

---

The rules for party and campaign financing do not effectively enforce the obligation to make the donations public. Party and campaign financing is neither monitored independently nor, in case of infringements, subject to proportionate sanctions. **2**   
**1**

Nearly all elections in Indonesia are influenced by some form of money politics. In some cases, discriminatory effects might be the result of improper campaign financing. In general, however, it is not only a single party or candidate that profits, but all major parties and candidates. Campaign finance reporting requirements for political parties and Regional Representative Council (DPD) candidates have become more stringent since the 2004 elections. However, compliance with the law requires only that reports be submitted before legal deadlines. The law does not foresee a discretionary or investigative audit role for the national election commission (Komisi Pemilihan Umum, KPU) beyond analysis of the information that is provided solely by the parties and candidates. The electoral law does not provide the KPU with leverage in the form of legal sanctions against parties or individuals whose campaign finance reports contain false, inaccurate or incomplete information. There is typically a huge gap between how much candidates actually spend and the amount of money they report in terms of donations. An adequate system able to monitor campaign spending has yet to be put in place.

## S 2 Access to Information

### S 2.1 Media Freedom

#### To what extent are the media independent from government?

This question asks to what extent are the media subject to government influence and the influence of actors associated with the government. The question focuses both on media regulation and government intervention. The rules and practice of supervision should guarantee sufficient independence for publicly owned media. Privately owned media should be subject to licensing and regulatory regimes that ensure independence from government.

Public and private media are independent from government influence; their independence is institutionally protected and respected by the incumbent government. **10**   
**9**

---

The incumbent government largely respects the independence of media, but the regulation of public and/or private media does not provide sufficient protection against potential government influence. **8**   
**7**   
**6**

---

The incumbent government seeks to ensure its political objectives indirectly by influencing the personnel policies, organizational framework or financial resources of public media, and/or the licensing regime/market access for private media. **5**   
**4**   
**3**

---

Major media outlets are frequently influenced by the incumbent government promoting its partisan political objectives. To ensure pro-government media reporting, governmental actors exert direct political pressure and violate existing rules of media regulation. **2**   
**1**

In contrast to the authoritarian New Order period, in which all media was controlled by the government, Indonesia's current media system is relatively free of government influence. Freedom of press is nowadays an important pillar of Indonesian democracy. Nevertheless, there are some shortcomings. For instance, foreign journalists need special permits to travel to regions such as Papua and West Papua. As a consequence of the introduction in 2008 of the law on Electronic Information and Transaction (ITE), which expands the definition of libel, human rights activists and journalists are not sufficiently protected against arbitrary arrests and can be more easily prosecuted for slander. There have also been several reports in recent years of journalists being subject to violence and intimidation, including a murder case in which independent journalist organizations accused the police of failing to conduct a proper investigation. Because of such practices, the Press Freedom Index of Reporters Without Borders ranked Indonesia 146th out of 179 in 2011.

However, one needs to consider that Indonesia has a very vibrant media sector with various private and public newspapers and magazines as well as radio and TV broadcast stations. The Press Law secures the free work of journalists restricted only by an ethical code defined by an independent Press Council. The Press Law provides up to 2 years of imprisonment or fines of up to IDR 500 million (about \$54,000) for anyone preventing journalists from doing their job. The draft revision of the Indonesian Criminal Code includes clauses on defamation and unconfirmed news. The 2010 Freedom of the Press Report highlighted the possible dangers of the recently passed ITE law: The vague definition of defamation could restrict the freedom of expression in social media and the Internet. A draft ministerial decree on multimedia contents aimed at blocking pornography could further restrict Internet freedom. Although some of the new policy initiatives point toward increased restrictions, the media in Indonesia are generally still basically free of government influence.

### To what extent are the media characterized by an ownership structure that ensures a pluralism of opinions?

This question does not assume that the predominance of either private or public ownership guarantees a pluralism of opinions. Rather, the underlying assumption is that a diversified ownership structure is likely to best represent the views and positions existing in society.

Diversified ownership structures characterize both the electronic and print media market, providing a well-balanced pluralism of opinions. Effective anti-monopoly policies and impartial, open public media guarantee a pluralism of opinions. **10**   
**9**

---

Diversified ownership structures prevail in the electronic and print media market. Public media compensate for deficiencies or biases in private media reporting by representing a wider range of opinions. **8**   
**7**   
**6**

---

Oligopolistic ownership structures characterize either the electronic or the print media market. Important opinions are represented but there are no or only weak institutional guarantees against the predominance of certain opinions. **5**   
**4**   
**5**

---

Oligopolistic ownership structures characterize both the electronic and the print media market. Few companies dominate the media, most programs are biased, and there is evidence that certain opinions are not published or are marginalized. **2**   
**1**

Public broadcasting is provided by the state-owned TVRI (Televisi Republik Indonesia) television broadcaster and radio broadcaster RRI (Radio Republik Indonesia). No longer subject to strict government control, these broadcasters do not serve as government propaganda machines anymore and critical information is a regular feature of their news programming. The office of the minister for state enterprises has jurisdiction over these broadcasters, whose status is now that of a state-owned company.

Along with the public media, there are five big private media companies in Indonesia: Jawa Pos Group, Kompas Gramedia Group, Media Nusantara Citra Group (MNC), Mugi Rekso Abadi (MRA) and Media Indonesia Group. Both public and private companies provide diverse and manifold information by publishing and broadcasting diverse media products such as TV channels, radio, newspapers and magazines. Some media outlets demonstrate a slight bias in coverage concerning the secular/ religious cleavage, but none of these outlets are dominant in the media landscape. It is important to note that Media Indonesia Group owner Surya Paloh, a former chairman of the Golkar party and founder of the National Democrat Social Organization (NDSO), finances the NasDem party, an offshoot of the NDSO. Before his defeat as Golkar chairman in 2009, he used his own media group to endorse his campaign, as did his contender, economic tycoon Aburizal Bakrie. Both Paloh and Bakrie could conceivably use their media enterprises as a means of support should they decide to run for president in 2014.

Although the relatively small number of businesses in print and electronic media suggest a potential threat to the pluralism of opinion, there is in practice a wide scope of opinions expressed in the Indonesian media.

## S 2 Access to Information

### S 2.3 Access to Government Information

#### To what extent can citizens obtain official information?

To assess the accessibility of government information, you should examine

(1) whether a freedom of information act exists or equivalent legal regulations exist,

(2) to what extent do the rules restrict access to information (e.g., exemptions, deadlines for responding to requests etc.) and justify these restrictions, and

(3) whether mechanisms for appeal and oversight exist to enforce citizens' right to access information (e.g., administrative review, court review, ombudsman, commission etc.) You may consult [www.freedominfo.org](http://www.freedominfo.org) for information specific to your country.

Legal regulations guarantee free and easy access to official information, contain few, reasonable restrictions, and there are effective mechanisms of appeal and oversight enabling citizens to access information. **10**

**9**

---

Access to official information is regulated by law. Most restrictions are justified, but access is sometimes complicated by bureaucratic procedures. Existing appeal and oversight mechanisms permit citizens to enforce their right of access. **8**

**7**

**6**

---

Access to official information is partially regulated by law, but complicated by bureaucratic procedures and some restrictions. Existing appeal and oversight mechanisms are largely ineffective. **5**

**4**

**3**

---

Access to official information is not regulated by law; there are many restrictions of access, bureaucratic procedures and no or ineffective mechanisms of enforcement. **2**

**1**

The Freedom of Information Act (Undang-Undang Keterbukaan Informasi Publik, UUKIP) was passed by parliament in 2008 and came into force on May 1, 2010. This legislation entitles individuals to submit a request for public information to public agencies at the national, regional and municipal levels. Agencies are required to provide an answer within a certain period of time. State-owned enterprises, political parties and NGOs are also subject to this legislation. There are several exceptions written into the law that justify a denial of access to information. For example, access to information that “jeopardizes the defence and security of the state,” is “harmful to diplomatic relations” or could “damage national economic security” may be denied. There are, however, appeal mechanisms. For example, an applicant can request mediation through the Information Commission or pursue an appeal through the courts. The law provides for sanctions of up to 1 year in prison and fines of up to IDR 10 million (approximately \$1,100) for noncompliance. Awareness of the law among public agencies and citizens is, however, limited.

The absence of appropriate internal regulations or procedures and inadequate staffing means that the legislation is poorly implemented. It is therefore unclear if the law is effective and whether interested citizens can obtain access to requested information without undue bureaucratic hassle or informal payments. Nevertheless, the UUKIP marks a significant step toward greater transparency, and its impact is likely to increase in the future.

## S 3 Civil Rights

### S 3.1 Civil Rights

#### To what extent does the state respect and protect civil rights and how effectively are citizens protected by courts against infringements of their rights?

Civil rights contain and limit the exercise of state power by the rule of law. Independent courts guarantee legal protection of life, freedom and property as well as protection against illegitimate arrest, exile, terror, torture or unjustifiable intervention into personal life, both on behalf of the state and on behalf of private and individual actors. Equal access to the law and equal treatment by the law are both basic civil rights and also necessities to enforce civil rights.

All state institutions respect and effectively protect civil rights. Citizens are effectively protected by courts against infringements of their rights. 10   
9

Infringements present an extreme exception.

---

The state respects and protects rights, with few infringements. Courts provide protection. 8   
7   
6

---

Despite formal protection, frequent infringements of civil rights occur and court protection often proves ineffective. 5   
4   
3

---

State institutions respect civil rights only formally, and civil rights are frequently violated. Court protection is not effective. 2   
1

The overall situation for civil rights' protection has improved significantly since the end of authoritarian rule and the cessation of many local conflicts in the years following. Human rights violations at the hands of state personnel such as the military, police and paramilitary units in particular have decreased. However, police and military violence against civilians is common in the easternmost province of Papua. One notable example is the murder in December 2009 of Kelly Kwalik, head of the West Papuan National Liberation Army, who was killed by the Indonesian police. In 2010 and 2011, many Papuan residents were subject to physical persecution and intimidation by military personnel. Improvements such as the right of ethnic Chinese to celebrate Chinese New Year should be noted. However, civil rights are increasingly violated by non-state actors. Religious minorities in particular are not afforded adequate civil rights protection by the state and its organs.

This applies in particular to the Christian minority, which has been subject to several violent attacks by mobs in many parts of the country. In addition, Islamic minorities such as the Ahmadiyya reformist movement or the Shi'ite Muslims in East Java have become the target of religious fanatics, who have used violence to express their intolerance. Many people of these minorities have been killed in these attacks and hundreds of others injured. Failures on the part of the state apparatus mean that civil rights protection is not ensured. Indeed, concerns about the state's capacity to provide public protection led to the cancellation of a sold-out Lady Gaga pop concert in Jakarta after threats were voiced by hardline Muslim groups.

Although there is a National Human Rights Commission (Komnas HAM), it does not always fulfill its own mandate. For instance, cases of torture carried by the military in Papua were assessed to be less serious offenses (i.e., not a serious violation of human rights), which resulted in these crimes being subject to disciplinary offense in military courts rather than being brought to an ordinary court. Justice does not always prevail because some offenders of the most serious violations have not been brought to justice.

In practice, an often corrupt judiciary means that equal access to the law is limited and equal treatment by the law is not always guaranteed. There have been several cases in which poor people were handed hefty jail sentences for petty crimes while politicians engaged in corruption have received comparatively lenient sentences. This has offended Indonesians' sense of justice.

### To what extent does the state concede and protect political liberties?

Political liberties constitute an independent sphere of democracy and are a prerequisite of political and civil society. They aim at the possibility of the formulation, the presentation and the equal consideration of citizens' preferences and are embodied in the codification and unlimited validity of every individual's right to speak, think, assemble, organize, worship, or petition without government (or even private) interference or restraints.

All state institutions concede and effectively protect political liberties. **10**   
**9**

---

All state institutions for the most part concede and protect political liberties. **8**   
There are only few infringements. **7**   
**6**

---

State institutions concede political liberties but infringements occur regularly in practice. **5**   
**4**   
**3**

---

Political liberties are unsatisfactory codified and frequently violated. **2**   
**1**

In general, political liberties and the conditions for an active civil society have improved somewhat in recent years. Freedom of assembly is usually granted. Demonstrations and other peaceful protests are common in Jakarta and throughout the archipelago. However, clashes between police units and demonstrators sometimes result in deaths. Two protestors were killed by the police in December 2011 while trying to disperse a crowd of people protesting a local ferry port in Bima/Sumbawa.

Particularly in conflict prone areas such as Papua, freedom of assembly rights have been limited in an attempt to curb separatist movements. Although assembly rights officially apply to religious minorities, religious gatherings of Christians and other non-Muslim religions have often been violently interrupted by Muslim radicals. In February 2011, three people were brutally killed during a mob attack on members of the Ahmadiyya movement in Cikeusik, Banten when police units failed to provide adequate security. Instead of improving protections for minorities, local politicians in some provinces and districts banned the Ahmadiyya movement, citing it as a source of public unrest. President Susilo Bambang Yudhoyono frequently calls for religious tolerance and condemns violence, but in the eyes of many local and international observers, his policies on these issues are too reluctant.

Nonetheless, the Indonesian government generally tries to guarantee political liberties and does protect them in many cases.

## S 3 Civil Rights

### S 3.3 Non-Discrimination

#### **How effectively does the state protect against discrimination based on gender, physical ability, ethnic origin, social status, political views or religion?**

This question evaluates policies of state institutions aimed at preventing discrimination. Such an evaluation should refer to the measures taken by these institutions and their impact. The extent of observable discrimination may be used as an indicator for the efficacy of anti-discrimination policies.

Please note that this question also includes an assessment of how effectively the state protects the rights of disadvantaged persons or persons belonging to minorities by positive discrimination measures, special representation rights or autonomy rights.

- |  |    |                                     |
|--|----|-------------------------------------|
| State institutions effectively protect against and actively prevent discrimination.                        | 10 | <input type="checkbox"/>            |
| Cases of discrimination are extremely rare.  | 9  | <input type="checkbox"/>            |
| <hr/>  |    |                                     |
| State anti-discrimination protections are moderately successful. Few cases of discrimination are observed. | 8  | <input type="checkbox"/>            |
|  | 7  | <input type="checkbox"/>            |
|  | 6  | <input type="checkbox"/>            |
| <hr/>  |    |                                     |
| State anti-discrimination efforts show limited success. Many cases of discrimination can be observed.      | 5  | <input type="checkbox"/>            |
|  | 4  | <input type="checkbox"/>            |
|  | 3  | <input checked="" type="checkbox"/> |
| <hr/>  |    |                                     |
| The state does not offer effective protection against discrimination.                                      | 2  | <input type="checkbox"/>            |
| Discrimination is widespread in the public sector and in society.  | 1  | <input type="checkbox"/>            |

Despite a legal framework providing legal protections for minorities, religious and other minorities in Indonesia are frequently subject to discrimination, intimidation and violence. Religious minorities such as Christians or social minorities such as LGBT (lesbian, gay, bisexual and transgender) must be afforded greater protection against physical attacks and discrimination in various areas. The police do not always take the necessary precautions to ensure these groups' safety. Non-Islamic groups are often treated by authorities in a discriminatory way in cases such as approval procedures for new churches or temples.

As explained under "civil rights," the Islam-related community of Ahmadiyya as well as other religious minorities have recently become targets of abuse and discrimination. In August 2010, the national minister of religion demanded the dissolution of the Ahmadiyya community for allegedly disturbing public order. More than 10 people have been sent to prison under the charge of blasphemy or even atheism in recent years.

Another case of discrimination includes the effects of the so-called anti-pornography law and numerous edicts by local governments, purportedly inspired by Islamic law, which aim to regulate women's dress and behavior. Those who do not dress or behave in accordance with Arabic tradition are frequently harassed in conservative Muslim areas.

Similarly, discrimination against people considered pro-communist (e.g., labor activists) is still common.

## S 4 Rule of Law

### S 4.1 Legal Certainty

#### To what extent do government and administration act on the basis of and in accordance with legal provisions to provide legal certainty?

This question assesses the extent to which executive actions are predictable (i.e., can be expected to be guided by law).

- |   |                                       |
|---|---------------------------------------|
| Government and administration act predictably, on the basis of and in accordance with legal provisions. Legal regulations are consistent and transparent, ensuring legal certainty.                               | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Government and administration rarely make unpredictable decisions. Legal regulations are consistent, but leave a large scope of discretion to the government or administration.                                   | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Government and administration sometimes make unpredictable decisions that go beyond given legal bases or do not conform to existing legal regulations. Some legal regulations are inconsistent and contradictory. | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Government and administration often make unpredictable decisions that lack a legal basis or ignore existing legal regulations. Legal regulations are inconsistent, full of loopholes and contradict each other.   | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

In general, Indonesia's national government and administration act predictably and in accordance with the constitution and other legal provisions. According to the World Bank's governance indicators, the rule of law is increasingly respected throughout the country.

Given that contemporary Indonesia has several features of a consensus democracy, government decisions are usually the result of time-consuming compromises made by several political forces in the administration and political parties in parliament. Actions taken by the national government are in most cases very predictable. Decentralization has weakened the central government's influence and power while strengthening that of many local politicians. At the same time, decentralization has exacerbated (un)predictability in decision-making. Members of the domestic and international business community as well as ordinary citizens complain frequently of erratic behavior on the part of government institutions at various levels.

Legislation is sometimes flawed and in conflict with other regulations. This is particularly true of local regulations (peraturan daerah), but also with regard to various national ministries' decrees and regulations.

## S 4 Rule of Law

### S 4.2 Judicial Review

#### To what extent do independent courts control whether government and administration act in conformity with the law?

This question examines how well the courts can review actions taken and norms adopted by the executive. To provide effective control, courts need to pursue their own reasoning free from the influence of incumbent governments, powerful groups or individuals. This requires a differentiated organization of the legal system, including legal education, jurisprudence, regulated appointment of the judiciary, rational proceedings, professionalism, channels of appeal and court administration.

Independent courts effectively review executive action and ensure that the government and administration act in conformity with the law. **10**   
**9**

---

Independent courts usually manage to control whether the government and administration act in conformity with the law. **8**   
**7**   
**6**

---

Courts are independent, but often fail to ensure legal compliance. **5**   
**4**   
**3**

---

Courts are biased for or against the incumbent government and lack effective control. **2**   
**1**

Indonesia's third constitutional amendment (2001) provides for the formal separation of the judicial system from the executive branch of government. However, decisions made by the traditional Supreme Court (Mahkamah Agung) were generally seen as biased, leading to the creation of a Constitutional Court (Mahkamah Konstitusi) in 2004. Its main tasks include carrying out judicial oversight of acts of government, settling disputes between state institutions, serving the final decision on impeachment processes against a president, and conducting oversight of electoral and party legislation. The Constitutional Court, which issues reform-oriented decisions, has thus far been a valuable contribution to the democratization process and has demonstrated its independence in various cases. A law passed by parliament in June 2011 places some limits on the Constitutional Court, including restrictions on its ability to decide on issues not requested by a plaintiff.

The judges of the Supreme Court are appointed by a commission comprised of members of the government, the national parliament and the Supreme Court. So far, this selection process has not been politicized by political parties or influential politicians.

In contrast to other judicial bodies in Indonesia which are generally considered highly, the Constitutional Court enjoys a good reputation.

## S 4 Rule of Law

### S 4.3 Appointment of Justices

#### **To what extent does the process of appointing (supreme or constitutional court) justices guarantee the independence of the judiciary?**

This question regards supreme or constitutional courts' sufficient independence from political influence as a prerequisite of a functioning democratic system. The appointment process is a crucial factor which determines judiciary independence. The prospect of politically "neutral" justices increases accordingly with greater majority requirements and with the necessity of cooperation between involved bodies. A cooperative appointment process requires at least two involved democratically legitimized institutions. Their representative character gives them the legitimacy for autonomous nomination or elective powers. In an exclusive appointment process, a single body has the right to appoint justices irrespective of veto points; whereas in cooperative procedures with qualified majorities independence of the court is best secured.

When answering the question take also into account whether the process is formally transparent and adequately covered by public media. If your country does not have a supreme or constitutional court, evaluate the appointment process of the appellate court that is responsible for citizens' appeals against decisions of the government.

Justices are appointed in a cooperative appointment process with special majority requirements.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Justices are exclusively appointed by different bodies with special majority requirements or in a cooperative selection process without special majority requirements.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Justices are exclusively appointed by different bodies without special majority requirements.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
All judges are appointed exclusively by a single body irrespective of other institutions.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

According to article 24c of the constitution, the Constitutional Court (Mahkamah Konstitusi) consists of nine judges. Three are nominated by the Supreme Court, three by the House of Representatives, and three by the president, without special majority requirements. The Constitutional Court's chief judge is elected by the nine appointed judges. These provisions, which endow three state institutions with the right to appoint a certain number of judges, were intended to provide the judges sufficient independence from political influence. However, unlike the life-tenure appointments or fixed retirement ages seen in many other countries, a regular term of a Constitutional Court judge is only five years. As a result, the Court's judges must remain mindful of their re-election chances and are therefore less independent in their decisions.

Justices to the Supreme Court are appointed by the president on the recommendation of the national parliament DPR. Once appointed, the judges are formally independent of the other branches of government, though the Supreme Court has a reputation of not being entirely free of government influence.

## S 4 Rule of Law

### S 4.4 Corruption Prevention

#### To what extent are public officeholders prevented from abusing their position for private interests?

This question addresses how the state and society prevent public servants and politicians from accepting bribes by applying mechanisms to guarantee the integrity of officeholders: auditing of state spending; regulation of party financing; citizen and media access to information; accountability of officeholders (asset declarations, conflict of interest rules, codes of conduct); transparent public procurement systems; effective prosecution of corruption.

- |  |                                       |
|--|---------------------------------------|
| Legal, political and public integrity mechanisms effectively prevent public officeholders from abusing their positions.                  | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Most integrity mechanisms function effectively and provide disincentives for public officeholders willing to abuse their positions.      | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Some integrity mechanisms function, but do not effectively prevent public officeholders from abusing their positions.                    | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input checked="" type="checkbox"/> |
| <hr/>  |                                       |
| Public officeholders can exploit their offices for private gain as they see fit without fear of legal consequences or adverse publicity. | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Many mechanisms against corruption were introduced or expanded following the end of Suharto's rule. Among them were the auditing of state spending by an independent Audit Agency (BPK; Badan Pemeriksa Keuangan); the limitation of party financing by a party law; the duty of officeholders to declare their assets and the passing of codes of conduct for nearly all state agencies.

Despite all these efforts, corruption is still endemic throughout Indonesia's political and economic system.

President Yudhoyono, who highlighted the fight against corruption as a major point in his election campaigns in 2004 and 2009, established a special Corruption Eradication Commission (KPK) in an attempt to restore investors' confidence in the rule of law in Indonesia. In the last two years, however, the presidential anti-corruption policy has lost some steam. The KPK was weakened and some of its leading figures faced censure. KPK chairman Antasari Azhar was dismissed from his office in October 2009 following allegations of his involvement in the murder of businessman Nasrudin Zulkarnaen. In February 2010, he was sentenced to 18 years of imprisonment. Other leading KPK figures were openly criticized by parliamentarians and high-ranking police officials for alleged power abuse and corruption. As the KPK has weakened in recent years, allegations that the Yudhoyono administration gives little more than lip service to the fight against corruption have been on the rise.

Throughout Indonesia, cases of office abuse and corruption are identified nearly every day in all levels of government. Some of the more spectacular examples include that of ex-Democrat Party treasurer Muhammad Nazaruddin, who rigged tenders for an athletes' village built for the Southeast Asian Games and the case of bribes being taken by several parliament members during the election process of national bank deputy governor Miranda Goeltom.

The number of corruption scandals dealt with in the Indonesian courts illustrates not only the massive problem but also the government's progress in the fight against corruption.

# Status Index

## Policy Performance

### Economy and Employment

- S 5 Economy
- S 6 Labor Market
- S 7 Enterprises
- S 8 Taxes
- S 9 Budgets

### Social Affairs

- S 10 Health Care
- S 11 Social Inclusion
- S 12 Families
- S 13 Pensions
- S 14 Integration

### Security

- S 15 External Security
- S 16 Internal Security

### Resources

- S 17 Environment
- S 18 Research and Innovation
- S 19 Education



### How successful has economic policy been in providing a reliable economic framework and in fostering international competitiveness?

This question addresses the existence of a government's general strategy to support the future-oriented development of its economy through regulatory policy. Sound economic policy is expected to adhere to the following principles: clear-cut assignment of tasks to institutions, refraining from unnecessary discretionary actions, frictionless interlinkage of different institutional spheres (labor market, enterprise policy, tax policy, budgetary policy) and the coherent set-up of different regimes (e.g. dismissal protection, co-determination rights, efficiency of anti-monopoly policies, income taxation). Countries following these principles are able to increase overall productivity, become more attractive for internationally mobile factors of production and thus raise their international competitiveness.

When answering the question, focus on the use and interplay of different regimes with regard to the aims of economic policy.

Economic policy fully succeeds in providing a coherent set-up of different institutional spheres and regimes, thus stabilizing the economic environment. 10   
9   
 It largely contributes to the objectives of fostering a country's competitive capabilities and attractiveness as an economic location.

---

Economic policy largely provides a reliable economic environment and supports the objectives of fostering a country's competitive capabilities and attractiveness as an economic location. 8   
7   
6

---

Economic policy somewhat contributes to providing a reliable economic environment and helps to a certain degree in fostering a country's competitive capabilities and attractiveness as an economic location. 5   
4   
3

---

Economic policy mainly acts in discretionary ways essentially destabilizing the economic environment. There is little coordination in the set-up of economic policy institutions. Economic policy generally fails in fostering a country's competitive capabilities and attractiveness as an economic location. 2   
1

After losing its investment grade rating in 1997 during the Asian Crisis, Indonesia recovered its status in December 2011. This and other developments driven by domestic demand and accompanied by substantial institutional and economic reforms underscore the country's successful recovery and its sound prospects for becoming an economic powerhouse in the region. Nevertheless, output growth-rates – though stable and only mildly affected by the global financial and economic crisis (2007–2009) – lag behind regional peers. The major constraints for potential growth remain the rigid labor market, low enrollment numbers in secondary and higher education, infrastructural bottlenecks and the lack of social safety. The complex administrative and geographic structure of Indonesia as well as rampant corruption further impede the successful implementation of reforms targeting these obstacles. But the government has formulated ambitious targets in its Medium-Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional), a roadmap defining primary policy goals for the years 2010–2014. Targets include an annual economic growth rate of 6.3%–6.8%, a poverty rate below 10% by 2014, and a broad-based approach to good governance that achieves inclusive growth, enforcement of the law, preservation of the environment, as well as higher quality standards for education, health care and democracy. The plan also envisions a phase-out of subsidies for oil and energy by 2014, which has placed a heavy burden on the government's budget but will create fiscal room for necessary investments in education, infrastructure and health care.

The Yudhoyono administration's past efforts to set economic policy priorities and manage a response to the global financial crisis yielded remarkably good results. However, institutional cooperation across various policy areas (e.g., labor market, enterprise policy, tax policy, budgetary policy) continues to suffer from friction and the implementation of mechanisms such as dismissal protection, co-determination rights, efficient anti-monopoly policies and income taxation is far from being coherent.

### How effectively does labor market policy in your country address unemployment?

This question addresses a government's strategies to reconcile the following objectives: unemployment reduction and job security, and balancing supply and demand on the labor market by providing sufficient mobility of the labor force according to the needs of potential employers. To assess labor market policy comprehensively, special emphasis should be placed on the positive or detrimental effects resulting from labor market regulation (e.g., dismissal protection, minimum wages, collective agreements) and from the modus operandi of unemployment insurance.

- |  |                                       |
|--|---------------------------------------|
| Successful strategies ensure unemployment is not a serious threat.           | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Labor market policies have been more or less successful.                     | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Strategies against unemployment have shown little or no significant success. | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Labor market policies have been unsuccessful and unemployment has risen.     | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

According to various sources, informal labor comprises 60% to 70% of the Indonesian workforce. The resulting economic and social costs (i.e., lower tax revenues and inadequate coverage of social insurance), constitute major constraints on economic growth and social inclusion in Indonesia. The prevalence of informal labor is negatively correlated with lower levels of education, rural areas and gender, as women tend to be employed more often in the informal sector. Furthermore, about 45% of the Indonesian workforce is employed in the agricultural sector, which is generally based on informal labor and grew significantly after the Asian Crisis 1997–1998.

The high rates of informal labor in Indonesia is also a direct result of labor market policy. The formal labor market tends to be rather rigid and is characterized by protected forms of labor (e.g., minimum wage guarantees and severance payments). Although several regulations are under review, the current government has more or less continued the labor policies of its predecessors. Unemployment, in particular among young and unskilled workers, remains a crucial problem in Indonesia.

**How successful has enterprise policy been in fostering innovation, entrepreneurship and economic competitiveness, and in stimulating private investment?**

Private investment includes not only the acquisition of capital stock, but also entrepreneurial transactions aimed at investment, such as developing human capital, the restructuring of companies, establishing new companies, etc.

Enterprise policy has been successful in achieving the objectives of fostering innovation, entrepreneurship and economic competitiveness, and stimulating private investment. **10**

**9**

---

Enterprise policy has largely achieved these four objectives. **8**

**7**

**6**

---

Enterprise policy has partly achieved these four objectives. **5**

**4**

**3**

---

Enterprise policy has not achieved the objectives of fostering innovation, entrepreneurship and economic competitiveness, and stimulating private investment. **2**

**1**

More than 90% of overall employment, mostly women and youth, is provided by small and medium-sized enterprises (SMEs), which also represent about 90% of all enterprises in Indonesia. Given that businesses in Indonesia suffer from inadequate infrastructure, insufficient qualified human resources, red tape and a lack of capital and technology, only minor productivity gains are achieved in this area. SMEs in particular complain frequently of the absence of credit sources and other forms of assistance or incentives by local and national government branches.

Nevertheless, fears of substantial negative impacts due to international trade liberalization have thus far not come to fruition, since most Indonesian enterprises are not directly involved in the export business, and SMEs continue to constitute the primary pillar of the Indonesian economy. Although decentralization was meant to increase competition between local authorities and to spur productivity, the process yielded instead a regulatory patchwork system, insecurity and a lack of transparency regarding investments. As a result, the central government is now trying to undo regulations which conflict with higher-level laws and policies, such as the 2009 law on local taxes, which defines the list of levies local government can collect. The export sector and industries of strategic importance are still dominated by state-owned-enterprises (SOEs), a legacy of the Suharto regime. In many of these sectors private investment is heavily restricted. Nevertheless, the government made substantial gains in improving the investment climate, which is also indicated by the skyrocketing levels of FDI in 2010 and 2011. The investment laws of 2007 and 2009, in addition to simplified administrative procedures, new tax incentives and the (incremental) opening of closed sectors, have helped make Indonesia an even more attractive destination for private and foreign investment

**To what extent does taxation policy realize goals of equity, competitiveness and the generation of sufficient public revenues?**

The objectives of justice and allocative efficiency suggest that taxation policies do not discriminate between different groups of economic actors with similar tax-paying abilities, such as corporate and personal income taxpayers (horizontal equity). Tax systems should also impose higher taxes on persons or companies with a greater ability to pay taxes (vertical equity). Tax rates and modalities should improve or at least not weaken a country's competitive position. However, tax revenues should be sufficient to ensure the long-term financing of public services and infrastructure. "Sufficiency" does not assume any specific ideal level of public expenditure, but refers only to the relationship between public revenues and expenditures.

- |   |                                       |
|---|---------------------------------------|
| Taxation policies are equitable, competitive and generate sufficient public revenues.   | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Taxation policies fail to achieve one of the three principles.  | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Taxation policies fail to achieve two of the three principles.  | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Taxation policies fail to realize the following three principles: equity, competitiveness and the generation of sufficient public revenues. | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

About two-thirds of the government's revenues originate from tax collection and this contribution is continuously rising, thanks to several efforts targeting administrative restructuring and the simplification of tax forms. Nevertheless, tax administration and enforcement procedures remain weak. Thus, Indonesia's tax revenue-to-GDP ratio is the lowest among the emerging G20 countries, but is in line with Indonesia's real income position. The overall taxation framework is in accordance with international best practices and provides in theory vertical and horizontal equity, in the sense of progressive tax rates and similar taxation of corporate and personal income taxpayers. The 2009 law on local taxes and local levies addressed several competitive disadvantages that result from the partially self-autonomy status of taxation. The implementation of this law, however, is still in a preliminary stage.

Tax policy in Indonesia fails to achieve vertical equity. The tax system is not progressive enough, since the highest income tax rate, for example, is capped at a relatively low level of income. It also fails to generate as much revenue as it should because it is well known that tax evasion, personal and corporate, continues to take place at a high level.

**To what extent does budgetary policy realize the goal of fiscal sustainability?**

This question focuses on the aggregate of public budgets and does not assess whether budgets reflect government priorities or induce departments to manage efficiently. Sustainable budgeting should enable a government to pay its financial obligations (solvency), sustain economic growth, meet future obligations with existing tax burdens (stable taxes) and pay current obligations without shifting the cost to future generations (inter-generational fairness).

- Budgetary policy is fiscally sustainable. 10   
9 

---
- Budgetary policy achieves most standards of fiscal sustainability. 8   
7   
6 

---
- Budgetary policy achieves some standards of fiscal sustainability. 5   
4   
3 

---
- Budgetary policy is fiscally unsustainable. 2   
1

The government's efforts in achieving a sustainable fiscal policy are impressive. Gross government debt fell dramatically from 100% of GDP in 1999 to 25% in 2011. The fiscal deficit is narrowing slightly at about 2% of GDP annually, but is funded exclusively by domestic sources. A reduced interest burden has allowed for an increase in development spending. Subsidies still put distinct pressure on the budget, but according to the Medium Development Plan 2010–2014 subsidies on fuel and oil are planned to phase out by 2014, which will unlock further capital. Spending on secondary and higher education, health care and infrastructure need to be increased by a significant margin. Disbursement procedures must also be expedited.

### How effective and efficient are health care policies in your country?

Public health care policies should aim at providing high-quality health care for the largest possible share of the population and at the lowest possible costs.

Of the three criteria – quality, inclusiveness and cost efficiency – efficiency should be given less weight if the first two criteria can be considered fulfilled.

Health care policies provide high-quality health care for a majority of the population and services are efficiently organized. **10**

**9**

---

Health care policies provide high-quality health care for a majority of the population, but services are inefficiently organized. **8**

**7**

**6**

---

Health care policies provide poor-quality health care for a majority of the population and services are inefficiently organized. **5**

**4**

**3**

---

Health care policies provide poor-quality health care for a majority of the population. Health care services are underfinanced, overloaded, unreliable and inefficiently organized. **2**

**1**

Although health care received an additional 10% of funding in the 2011 national budget, health care expenditures remain low at just 2.3% of GDP. Health care in Indonesia is decentralized, with financial and administrative responsibilities split between the national and local levels. The resulting quality of the health care system is often poor and access varies widely across geographical regions and socioeconomic groups. Efforts to increase life expectancy, reduce maternal and child mortality, and improve overall nutrition among the population have been successful. Health care access for the poor rose from 36.4 million in 2005 to 76.4 million in 2009, though only 56% of the population have some form of health insurance. In addition to its low level of financing, the health care system suffers from inadequate infrastructure and a lack of qualified medical personnel.

The National Social Security System Law (SJSN), promising social safety coverage for all Indonesians, was initiated in 2004. However, disagreements between the government, employers and workers delayed the law's implementation for a long time. Eventually, in October 2011 the Social Security Organizing Body (BPJS) law was passed, creating a single state entity for health care in 2014 and mandating the state to take over the insurance expenses of poor people. In 2015 another entity responsible for life insurance, civil service pensions and old-age pensions is scheduled to be established.

**To what extent does social policy in your country prevent exclusion and decoupling from society?**

Reducing the various risks of social exclusion is a core task of social policy. The prevention of poverty and the provision of enabling conditions for equal opportunity in society are essential elements of such a policy. In addition to poverty, please take also into account additional dimensions of exclusion like the experience of marginalization and the desire to be appreciated when evaluating socioeconomic disparities.

- |  |                                       |
|--|---------------------------------------|
| Policies very effectively enable societal inclusion and ensure equal opportunities.                        | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| For the most part, policies enable societal inclusion effectively and ensure equal opportunities.          | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| For the most part, policies fail to prevent societal exclusion effectively and ensure equal opportunities. | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Policies exacerbate unequal opportunities and exclusion from society.                                      | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

According to the World Bank, Indonesia's poverty rate is falling continuously, from 16.7% in 2004 to 14.2% in 2009. As of July 2011, the national statistics agency classifies 12.4% of the population (30 million) as poor. In 2007, the government initialized two conditional cash transfer programs which are planned to cover 2.9 million households in 2013. Furthermore, several subsidies, tax exemptions and free access to health care have been granted to low-income households. These measures have thus far yielded mixed results. The government declared the alleviation of poverty as its primary policy goal, but consequently failed to meet its own ambitious targets (8.2% by 2009) and leaves some doubts about the objectivity of its national poverty statistics.

Deep regional and social inequalities, manifest primarily in terms of living conditions rather than the Gini coefficient, represent the biggest challenge to societal inclusion in Indonesia. Ethnic and religious minorities are also often denied equal opportunities. There are also distinct gender inequalities when it comes to accessing education and the labor market. Theoretically, social inclusion should be improved remarkably by the SJSN and BPJS laws (see "health policy"). However, the reform project has yet to be fully implemented.

**To what extent do family support policies in your country enable women to combine parenting with participation in the labor market?**

Traditional family patterns confine mothers to opt out of gainful employment and focus on household and child care work, a division of roles that has lost acceptance among an increasing number of women. This question is based on the assumption that an optimal system of family support should enable women to decide freely whether and when they want to remain full-time mothers or take up full- or part time employment.

- |  |                                       |
|--|---------------------------------------|
| Family support policies effectively enable women to combine parenting with employment.                         | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Family support policies provide some support for women who want to combine parenting and employment.           | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Family support policies provide only few opportunities for women who want to combine parenting and employment. | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Family support policies force most women to opt for either parenting or employment.                            | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

The social and economic situation of women is improving continuously. Female enrollments in higher education are increasing and decentralization has improved women's access to political office. Nevertheless, an increasing number of women, 6 million in 2010, left to work overseas for better pay. There is a Ministry for Women's Empowerment, which is committed to alleviating discrimination in society and the labor market. However, a policy focusing specifically on improving the compatibility of work and family, could not be identified. In general, women with greater financial means and educational status can easily afford to employ one or several persons (pembantu) to care for their children. Whereas combining parenting with participation in the labor market is no problem for these women, women with less wealth lack this opportunity.

**To what extent does pension policy in your country realize goals of poverty prevention, inter-generational equity and fiscal sustainability?**

An optimal pension system should prevent poverty among the elderly due to retirement and should be based on distributional principles that do not erode the system's fiscal stability. It should ensure equity among pensioners, the active labor force and the adolescent generation. These objectives may be achieved by different pension systems: exclusively public pension systems, a mixture of public and private pension schemes, or publicly subsidized private pension plans. Accumulating public and private implicit pension debt is undesirable.

- |  |                                       |
|--|---------------------------------------|
| The pension policy is fiscally sustainable, guarantees inter-generational equity and effectively prevents poverty caused by old age.       | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The pension policy fails to realize one of these three principles.   | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The pension policy fails to realize two of these three principles.   | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The pension policy is fiscally unsustainable, does not effectively prevent old-age poverty and fails to achieve inter-generational equity. | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Indonesia's pension system is severely underdeveloped. The consequences could be especially dire, since Indonesia's demographics are aging at an accelerated rate. Overall only about 12% of the working age population is covered and the replacement rate, the ratio between pre-retirement and retirement income (which indicates the living standard of pensioners) is at 19% and represents the lowest rate in the region. The framework for private-sector workers, JAMSOSTEK, covers only those in the formal sector, excluding about 90% of the total workforce, which are employed in the informal sector. In most cases, pensions are paid out in a lump-sum that according to a recent ILO report is only approximately equivalent to 8.5 months of the national minimum wage. The system suffers additionally from high administrative costs and widespread evasion, as employers can use several opt-out clauses. The pension system for civil servants, TASPEN, is in contrast fairly generous, granting a retirement age of 54 and a replacement rate relative to final salary that lies between 75% and 100%. Civil service pension costs are funded entirely by the government. Given that civil service employment increased significantly in recent years, this could inflict heavy budgetary liabilities. The BPJS law (see "health policy") might change the pension system in Indonesia dramatically, when and if implemented. However, to date the legal status of an entity tasked with providing private worker and civil servant pensions remains unclear.

### How effectively do policies in your country support the integration of migrants into society?

This question covers integration-related policies comprising a wide array of cultural, education and social policies insofar as they affect the status of migrants or migrant communities in society. The objective of integration precludes forced assimilation but favors integration by acquisition of nationality.

- |  |                                       |
|--|---------------------------------------|
| Cultural, education and social policies effectively support the integration of migrants into society.                  | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Cultural, education and social policies seek to integrate migrants into society, but have failed to do so effectively. | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Cultural, education and social policies do not focus on integrating migrants into society.                             | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Cultural, education and social policies segregate migrant communities from the majority society.                       | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Since Indonesia feature considerable out-migration rather than in-migration, this question is not highly relevant. Indonesian society has not been heavily impacted by migrants since independence in 1945. The integration of incoming migrants is thus not very high on the government's agenda and there are no reports of extensive discrimination or persecution regarding migrants.

As a multiethnic country with strong intranational migrant flows, integration policy is rather an internal issue. During the authoritarian Suharto era, millions of unskilled farmers from the highly populated islands of Java, Madura and Bali were transferred to less-developed outer islands, sometimes causing trouble with the indigeneous people. After the end of the Suharto rule in 1998, many of these inter-ethnic conflicts erupted violently. In all parts of Indonesia, the relatively high economic and administrative influence of Javanese migrants has been regarded with suspicion.

**How effectively does external security and defense policy in your country protect citizens against security risks and safeguard the national interest?**

This question rests on the assumption that the aims of protecting citizens against security risks and safeguarding the national interest can be achieved by many different ways and combinations of security and defense policies. In addition a combination of various domestic and external policies can achieve an effective protection against new security risks arising from threats like terrorism. On the one hand the effectiveness of these policies depend on the relation between the aims and strategies of the defence policy and the way the military forces are financed, fitted with high-tech and state-of-the-art equipment and supported by a national consensus on the desired defense policy. On the other hand the membership in collective security alliances/organizations/treaties, the internal integration of domestic intelligence communities and their cooperation with regional/international counterparts, the promotion of neighbourhood stability, conflict prevention and assistance/risk containment for failed states are necessary pre-conditions to a successful security policy. Whereas military expenditures alone say little about the effectiveness of external security policy, they have to be taken into account in order to assess the cost/benefit-ratio of these policies.

External security policy protects citizens against security risks and safeguards the national interest very effectively.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
External security policy protects citizens against security risks and safeguard the national interest more or less effectively.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input checked="" type="checkbox"/>
<hr/>	
External security policy does not effectively protect citizens against security risks and safeguard the national interest.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
External security policy exacerbates the security risks and does not safeguard the national interest.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Indonesia protects its citizens against external security risks by adopting a friendly neighborhood policy. After 1965–1966, Indonesia showed great commitment toward regional integration within the ASEAN framework. The ASEAN Charter, signed in November 2007, for the first time settles a schedule for a tariff union within ASEAN and has enhanced market integration. Having stagnated for several years, Indonesia’s military cooperation with the United States has resumed in recent years. Indonesia has not been involved in any external armed conflict in the last 30 years, and it is currently not subject to military threats by any outside force.

In Indonesia's white paper, the risk of military confrontation or invasion is seen as very low at the moment. In this context, international integration in particular plays a major security role. From Indonesia's perspective, the organized crime of non-state actors, such as terrorism and piracy, is a far greater threat to their own state. Therefore, the Indonesian armed forces play a major role in the international fight against terrorism. During the Suharto period, the Indonesian army was geared to deal with internal rather than external security threats, and it retains this institutional mindset. The Indonesian air force is small and ill-equipped. The Indonesian navy is also small and very ill-equipped considering the maritime nature of much of Indonesia. Neither of these are in any condition to deal with serious external security threats to the nation.

### How effectively does internal security policy in your country protect citizens against security risks?

This question rests on the assumption that the aims of protecting citizens against security risks like crime, terrorism and similar threats that are more and more internationally organized can be achieved by many different ways and combinations of internal security policies. For example, an effective policy includes objectives such as the internal integration of domestic intelligence and police communities and their regional cross-border cooperation with regional/international intelligence and police communities, the domestic strategy of intelligence and police communities and so on. Whereas expenditures on public order and safety alone say little about the effectiveness of internal security policy, they have to be taken into account in order to assess the cost/benefit-ratio of this policy.

- |   |                                       |
|---|---------------------------------------|
| Internal security policy protects citizens against security risks very effectively.         | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Internal security policy protects citizens against security risks more or less effectively. | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Internal security policy does not effectively protect citizens against security risks.      | 5 <input type="checkbox"/>            |
|   | 4 <input checked="" type="checkbox"/> |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Internal security policy exacerbates the security risks.                                    | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

After the end of Suharto's military-backed authoritarian rule, Indonesia faced a massive internal security problem. The rate of crime and violence has sharply increased since then. Indonesia has witnessed various regional interethnic and inter-religious conflicts in recent years. The state did not always successfully protect citizens against the effects of these violent clashes. While peace and a shared monopoly of power between central and provincial government could be firmly established in Aceh, the easternmost province of Papua is still subject to unrest. Here, and in other remote and outer islands, the official administration is often outplayed by local strongmen and military units stationed in the area. Additionally, religious-based violence still takes place throughout the country, particularly in the case of Christians and non-mainstream Islamic groups such as the Ahmadiyya movement. Similarly, ethnic-based conflicts still exist, as seen in the East Kalimantan city of Tarakan, where clashes between indigenous Dayak and Bugis migrants killed three people and resulted in the displacement of more than 32,000 people in 2010.

In former conflict areas such as Aceh, Central Sulawesi, South Kalimantan or the Moluccas, the state was able to regain its administrative power and contain violence. The relatively successful implementation of the decentralization process resulted in effective local autonomy.

The emergence of Islamic terrorist groups (e.g., Jemaah Islamiyah) carrying out various massive bomb attacks in recent years represents another huge problem for internal security. In these cases, the state apparatus demonstrated its capacity to identify most of the perpetrators and thus reduce the danger of Islamic terrorism.

The state apparatus has shown itself to be incompetent, however, in dealing with threats to minority groups such as the Ahmadiyya movement. The Islamic Defenders Front (Front Pembela Islam) and other militia/vigilante groups have in many cases terrorized various ethnic and religious minorities, while the state security organs effectively sat by and watched, doing nothing to prevent this violence. Since the police and, to a lesser extent, the military are often regarded as incompetent and corrupt, there has been a recent trend towards a privatization of security. Big companies, rich individuals or political parties employ their own private security staff, since they do not trust the capacities of the state's security organs.

**How effectively does environmental policy in your country protect and preserve the sustainability of natural resources and quality of the environment?**

This question covers a government's activities aimed at safeguarding the environment and thereby securing the prerequisites for sustainable economic development.

- |   |  |
|---|--|
| Environmental policy effectively protects, preserves and enhances the sustainability of natural resources and quality of the environment. | <b>10</b> <input type="checkbox"/>           |
|   | <b>9</b> <input type="checkbox"/>            |
| <hr/>   |  |
| Environmental policy largely protects and preserves the sustainability of natural resources and quality of the environment.               | <b>8</b> <input type="checkbox"/>            |
|   | <b>7</b> <input type="checkbox"/>            |
|   | <b>6</b> <input type="checkbox"/>            |
| <hr/>   |  |
| Environmental policy insufficiently protects and preserves the sustainability of natural resources and quality of the environment.        | <b>5</b> <input type="checkbox"/>            |
|   | <b>4</b> <input type="checkbox"/>            |
|   | <b>3</b> <input type="checkbox"/>            |
| <hr/>   |  |
| Environmental policy has largely failed to protect and preserve the sustainability of natural resources and quality of the environment.   | <b>2</b> <input checked="" type="checkbox"/> |
|   | <b>1</b> <input type="checkbox"/>            |

According to the Environmental Performance Index published by Yale and Columbia University, Indonesia ranks place 134rd of 163 countries. Deforestation and forest degradation are the main issues of environmental concern in Indonesia. The Indonesian government announced in 2009 that it will attempt to mitigate these environmental problems and reduce green house gas emissions by 26% by 2020. However, as Transparency International lined out in its 2011 Forest Governance Integrity Report for Indonesia, responsibility for logging legislation enforcement shifts back and forth between national and local levels of government, and the implementation of legislation is weak. Furthermore, since corruption is widespread, there are many cases of illegal logging and unlawful licensing. Economic interest groups, spearheaded by the extractive industries, often wage strong opposition to tighter environmental legislation. For these groups, stronger regulation represents a threat to their international competitiveness and Indonesia's overall economic development. Their influence is underlined by the slow progress of the government's efforts in fixing regulatory loopholes. In many statistics, Indonesia is described as the world's third-largest emitter of carbon dioxide, what the government denies. While emissions in industrialized countries derive primarily from industry and cars, Indonesia's CO2 emissions are a result of land-use change and forest fires.

**To what extent does research and innovation policy in your country support technological innovations that foster the creation and introduction of new products?**

This question comprises subsidies and incentives for research institutions conducting basic and applied research, as well as subsidies and incentives for establishing start-up companies that transfer scientific output into products and enhanced productivity. Bureaucratic impediments to research and innovation should also be taken into account.

- |   |                                       |
|---|---------------------------------------|
| Research and innovation policy effectively supports innovations that foster the creation of new products and enhance productivity.          | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Research and innovation policy largely supports innovations that foster the creation of new products and enhance productivity.              | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Research and innovation policy partly supports innovations that foster the creation of new products and enhance productivity.               | 5 <input type="checkbox"/>            |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Research and innovation policy has largely failed to support innovations that foster the creation of new products and enhance productivity. | 2 <input type="checkbox"/>            |
|   | 1 <input checked="" type="checkbox"/> |

According to World Bank data, R&D spending as a percentage of GDP in Indonesia is, at 0.07%, very low in contrast to other East-Asian and Pacific developing countries. There are also relatively few patent applications and scientific or technical articles published by Indonesian researchers. The few available funds for R&D activities flow primarily to public universities and government programs. There is little support for R&D activities outside of these programs. The lack of a strategic and effective R&D policy, which will likely translate into a loss in competitiveness compared with other countries in regional and global markets, could frustrate attempts to stabilize the current economic growth. In reaction to this situation, the government has pushed forward a national innovation plan. However, massive adjustments are required to improve policy coherence across national and local levels. Indonesia also lacks an effective institutional and regulatory framework able to support a productive R&D culture and back innovative startups. In addition, the educational system fails to provide sufficient number of highly skilled workers. The Internet access rate – about 10 users per 100 people (World Bank Data 2010) – is very low compared to other emerging countries.

### To what extent does education policy in your country deliver high-quality, efficient and equitable education and training?

This question assesses the extent to which a government's education policy facilitates high-quality learning that contributes to personal development, sustainable economic growth and social cohesion. Your response should focus on the following, irrespective of the education system's organization: the contribution of education policy towards providing a skilled labor force, the graduate output of upper secondary and tertiary education, and (equitable) access to education. While the latter pertains to issues of fairness and distributive justice, it also has implications for a country's international competitiveness as unequal education implies a waste of human potential.

- |   |                                       |
|---|---------------------------------------|
| Education policy effectively delivers efficient and equitable education and training.                   | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Education policy largely delivers high-quality, efficient and equitable education and training.         | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Education policy partly delivers high-quality, efficient and equitable education and training.          | 5 <input type="checkbox"/>            |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input checked="" type="checkbox"/> |
| <hr/>   |                                       |
| Education policy largely fails to deliver high-quality, efficient and equitable education and training. | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

In the last decade, Indonesia has made some progress in the area of education. According to the World Bank, public spending on education in percent of government expenditure rose to 17.9% in 2008. However, this figure remains below the suggested 20% target of the amended Indonesian constitution.

In 2008, youth literacy for those aged 15 to 24 was 99.5% and secondary level enrollment at 76%. Tertiary enrollment was also rising and reached 22.4% in 2009. These figures suggest a positive outlook, but there remain considerable shortages of skilled and educated laborers in the workforce. Indonesia must increase secondary and tertiary school enrollment, which remain lower than the regional average.

The ratio of female-to-male enrollment (2009 figures: primary: 95.9%; secondary: 99.1%, tertiary: 96.7%) reflects an almost equal access to education for boys and girls. However, the female-to-male ratio is considerably worse in rural areas than in urban areas and represents the main form of inequality in education. There is a similar gap between rich and poor; only 3.3% of students from the lowest income quintile – as opposed to 31% from the highest quintile – attend university.

# Management Index

## Executive Capacity

### Steering Capability

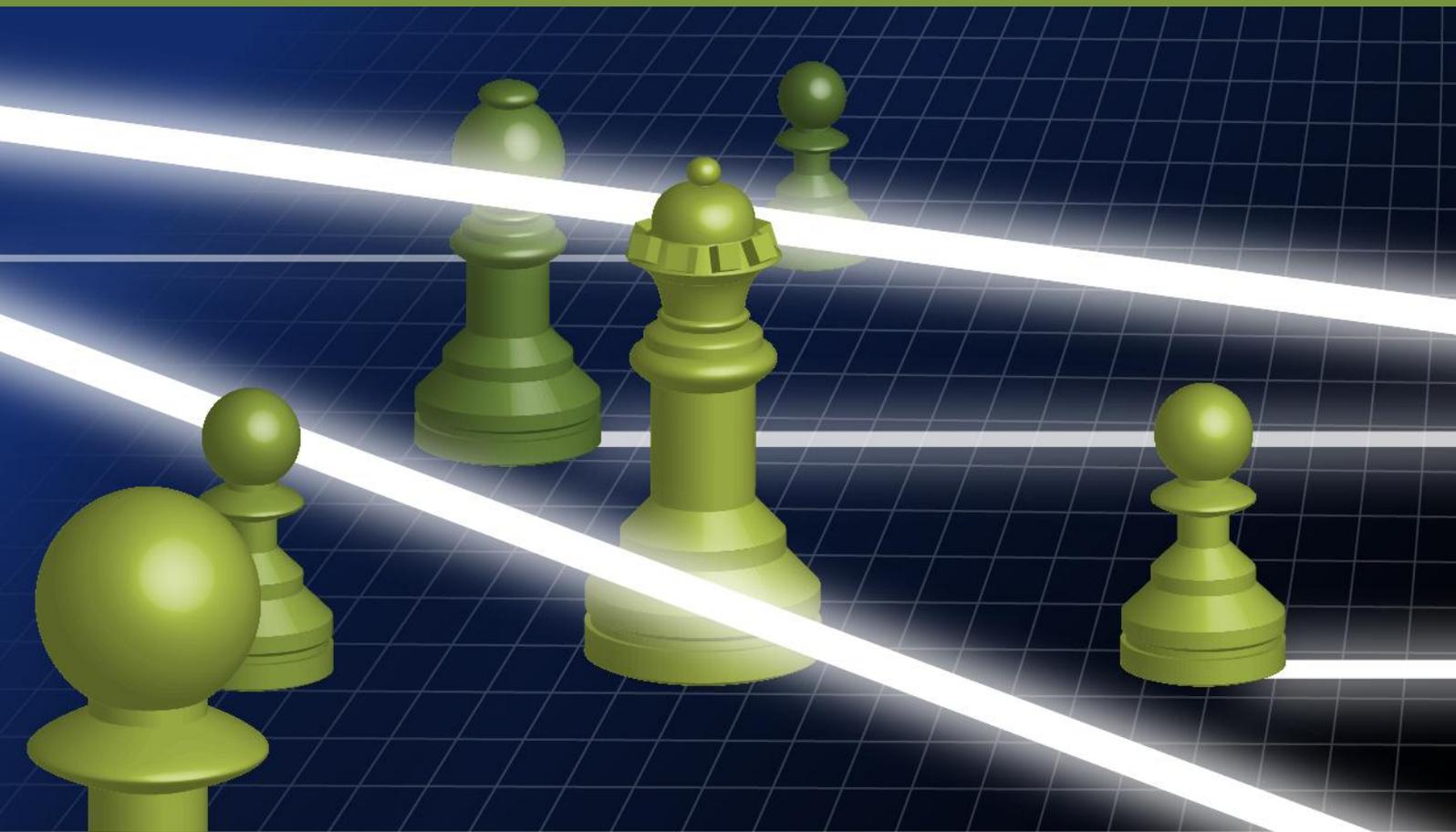
- M 1 Strategic Capacity
- M 2 Inter-ministerial Coordination
- M 3 Evidence-based Instruments
- M 4 Societal Consultation
- M 5 Policy Communication

### Institutional Learning

- M 7 Adaptability
- M 8 Organizational Reform Capacity

### Policy Implementation

- M 6 Effective Implementation



**How much influence does strategic planning have on government decision-making?**

Organizational forms of strategic planning include planning units at the center of government and personal advisory cabinets for ministers or the president/prime minister or extra-governmental bodies.

An indicator of influence may be the frequency of meetings between strategic planning staff and the head of government. Please substantiate your assessment with empirical evidence.

Dominant influence.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Considerable influence.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input checked="" type="checkbox"/>
<hr/>	
Modest influence.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
No influence.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Indonesia's strategic planning institution, the Bappenas (Badan Penasehat Nasional, State Ministry of National Development Planning) is accorded the status of a national ministry. Its staff includes well-educated technocrats, many of whom have trained abroad. Observations made by this evaluator suggest that the government meets frequently with the Bappenas and its recommendations are often reflected in the government's strategic plans. Several national ministries often hire external experts as advisors for strategic planning.

In Indonesia, all levels of government (national, provincial, municipal) must produce strategic planning papers every five years. The quality of these papers varies to a great extent.

### How influential are non-governmental academic experts for government decision-making?

An indicator of influence may be the frequency of meetings between government and external academic experts. Please substantiate your assessment with empirical evidence.

Dominant influence.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Considerable influence.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Modest influence.	5 <input checked="" type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
No influence.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

It is very difficult, if not impossible, to measure in Indonesia the influence of non-governmental academic experts on government decision-making in a general way. Interviews conducted by this evaluator (and his personal experience) suggest that scholars are well integrated into some of the national ministries (e.g., the Ministry of Finance and the State Ministry of Women's Empowerment), whereas other ministries (e.g., the Ministry of Home Affairs and the Ministry of Foreign Affairs) conduct their own assessments and do not rely on the input of outside experts.

## M 2 Inter-ministerial Coordination

Category: Steering Capability

### M 2.1 GO Expertise

#### Does the government office / prime minister's office (GO / PMO) have the expertise to evaluate ministerial draft bills substantively?

This question examines whether the government office (referred to in some countries as the prime minister's office, chancellery, etc.) has capacities to evaluate the policy content of line ministry proposals. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

The GO / PMO has comprehensive sectoral policy expertise and provides regular, independent evaluations of draft bills for the cabinet / prime minister. These assessments are guided exclusively by the government's strategic and budgetary priorities.

10

9

The GO / PMO has sectoral policy expertise and evaluates important draft bills.

8

7

6

The GO / PMO can rely on some sectoral policy expertise, but does not evaluate draft bills.

5

4

3

The GO / PMO does not have any sectoral policy expertise. Its role is limited to collecting, registering and circulating documents submitted for cabinet meetings.

2

1

The office of the Indonesian president, the Sekretariat Negara (Sekneg) has, with several hundreds of staff members, enough expertise to evaluate ministerial draft bills. Since several ministries are headed by top executives from rival political parties, the Sekneg and President Susilo Bambang Yudhoyono must review and in many cases reformulate ministerial draft bills.

## M 2 Inter-ministerial Coordination

Category: Steering Capability

### M 2.2 GO Gatekeeping

#### Can the government office / prime minister's office return items envisaged for the cabinet meeting on the basis of policy considerations?

Please assess whether the GO/PMO is de facto, not only legally, able to return materials on the basis of policy considerations. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

- |  |                                       |
|--|---------------------------------------|
| The GO/PMO can return all/most items on policy grounds.        | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO/PMO can return some items on policy grounds.            | 8 <input type="checkbox"/>            |
|  | 7 <input checked="" type="checkbox"/> |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO/PMO can return items on technical, formal grounds only. | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO/PMO has no authority to return items.                   | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

According to Article 3 of the law on the organization and duties of the office of the president (Sekneg), the office has the right to review and assess bills and other regulations coming from the various ministries. The Indonesian president can delay the whole process by holding on to the proposals for a long time, in some cases for several years, if doing so is in his interest. The Sekneg is also allowed to return various items such as draft bills if they do not comply with current policy. In July 2011, professor of law Jacob Elfinus Sahetapy from the Airlangga University in Surabaya criticized in a press conference the fact that because the Sekneg does not exercise enough oversight over ministerial drafts, too many interpretations of their content emerge. He also stated that ministerial proposals were subject to more thorough scrutinization under Suharto.

## M 2 Inter-ministerial Coordination

Category: Steering Capability

### M 2.3 Line Ministries

#### To what extent do line ministries have to involve the government office/prime minister's office in the preparation of policy proposals?

Please assess whether line ministries involve the GO/PMO de facto, not only legally, in the preparation of policy proposals. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

There are interrelated capacities for coordination in the GO/PMO and line ministries. 10   
9

---

The GO/PMO is regularly briefed on new developments affecting the preparation of policy proposals. 8   
7   
6

---

Consultation is rather formal and focuses on technical and drafting issues. 5   
4   
3

---

Consultation occurs only after proposals are fully drafted as laws. 2   
1

When it comes to important policy matters, the leading levels of line ministries stay in regular contact with the Sekneg but act more independently in routine legislation. Furthermore all line ministries in Indonesia fall under the jurisdiction of so-called coordinating ministries, which are in close contact with the president. For routine legislation, line ministries contact the Sekneg only with regard to important matters. They do, however, coordinate their policy proposals with the coordinating ministries and in some cases directly with the president's office.

### How effectively do ministerial or cabinet committees prepare cabinet meetings?

This question studies whether cabinet committees (composed exclusively of cabinet members) or ministerial committees (composed of several ministers and individual non-cabinet members) effectively filter out or settle issues so that the cabinet can focus on strategic policy debates.

Please assess whether ministerial or cabinet committees are de facto, not only legally, able to prepare cabinet meetings. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

- |  |                             |
|--|-----------------------------|
| The large majority of issues are reviewed and scheduled first by/for the committees.   | 10 <input type="checkbox"/> |
|  | 9 <input type="checkbox"/>  |
| <hr/>  |                             |
| Most of the issues are prepared by committees. Or: Issues of political or strategic importance are reviewed and scheduled by/for the committees. | 8 <input type="checkbox"/>  |
|  | 7 <input type="checkbox"/>  |
|  | 6 <input type="checkbox"/>  |
| <hr/>  |                             |
| There is hardly any preparation of cabinet meetings by committees.   | 5 <input type="checkbox"/>  |
|  | 4 <input type="checkbox"/>  |
|  | 3 <input type="checkbox"/>  |
| <hr/>  |                             |
| There is no preparation of cabinet meetings by committees. Or: There is no ministerial or cabinet committee.                                     | 2 <input type="checkbox"/>  |
|  | 1 <input type="checkbox"/>  |

There is no reliable and generalizable information available to answer this question for Indonesia.

## M 2 Inter-ministerial Coordination

Category: Steering Capability

### M 2.5 Senior Ministry Officials

#### How effectively do senior ministry officials prepare cabinet meetings?

This question examines whether senior ministry officials (leading civil servants or political appointees including junior ministers below the cabinet level) effectively filter out or settle issues so that the cabinet can focus on strategic policy debates.

Please assess whether senior ministry officials are de facto, not only legally, able to prepare cabinet meetings. In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

Most issues arrive in time to be reviewed and scheduled first by/for the senior ministry officials (i.e., more than 70 percent of cabinet agenda items are prepared). **10**   
**9**

---

Many of the issues are prepared by senior ministry officials (i.e., 50-70 percent of cabinet agenda items are prepared). **8**   
**7**   
**6**

---

There is some preparation of cabinet meetings by senior ministry officials (i.e., less than 50 percent of cabinet agenda items are prepared). **5**   
**4**   
**3**

---

There is no or hardly any preparation of cabinet meetings by senior ministry officials. **2**   
**1**

There is no reliable and generalizable information available to answer this question for Indonesia.

### How effectively do line ministry civil servants coordinate policy proposals?

This question refers to administrative coordination and examines to what extent civil servants of individual ministries effectively coordinate the drafting of policy proposals with other ministries so that political coordination bodies and the cabinet can focus on strategic policy debates.

In case this question does not fully apply to the structure of relevant institutions in your country, please answer this question according to possible functional equivalents.

- |   |                                       |
|---|---------------------------------------|
| Most policy proposals are effectively coordinated by civil servants.          | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Many policy proposals are coordinated by civil servants.                      | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| There is some coordination of policy proposals by civil servants.             | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| There is no or hardly any coordination of policy proposals by civil servants. | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

Regular consultation and consensus-building procedures are in place within the various ministries. In practice, however, the coordination is often time-consuming and ineffective. The different administrative levels are often absorbed by the agenda in their own ministry, which leads to long delays in the drafting of policy proposals. There are also sometimes rivalries between the ministries on questions of authority. In the specific case of the rivalry between the Ministry of Finance and the Ministry of Home Affairs, this can result in contradictory regulations regarding issues of autonomy and decentralization.

**How effectively do informal coordination mechanisms work?**

This question examines whether there are informal coordination mechanisms (examples: coalition committees, informal meetings within government or with party groups, informal meetings across levels of government) which effectively filter out or settle issues so that the cabinet can focus on strategic policy debates?

- |  |                                       |
|--|---------------------------------------|
| Most policy proposals are effectively coordinated by informal mechanisms.          | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Many policy proposals are coordinated by informal mechanisms.                      | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input checked="" type="checkbox"/> |
| <hr/>  |                                       |
| There is some coordination of policy proposals by informal mechanisms.             | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| There is no or hardly any coordination of policy proposals by informal mechanisms. | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

As is the case in other democracies, many policy proposals in Indonesia are initiated and coordinated in informal circles before discussed and decided upon in formal institutions. These informal circles usually include the president and his advisors as well as the leaders of the parties of the president's coalition in the House of Representatives.

In 2010, an informal so-called Coalition Joint Secretariat under the powerful Golkar chairman Aburizal Bakrie came into existence. Its main tasks were to coordinate the policies of the various government coalition parties and factions and garner support for these policies in the national parliament. The work of this non-constitutional institution shows the informal character of government politics. Many critics argue that Golkar chief Aburizal Bakrie, as chairman of the Coalition Joint Secretariat, acts like a prime minister, which does not exist in the formal structure of Indonesian government.

## M 3

# Evidence-based Instruments

Category: Steering Capability

### M 3.1

### RIA Application

#### **Does the government regularly assess the potential socioeconomic impact of the draft laws it prepares (regulatory impact assessments, RIA)?**

If RIA activities are not centrally registered, please try to obtain exemplary information that is representative of the situation in your country. \*\*Please Note: If RIA are not applied or do not exist, please give your country a score of “1” for this question AND for M3.2 and M3.3.

In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

- |  |                                       |
|--|---------------------------------------|
| RIA are applied systematically to new or existing regulations, but are limited to those matching defined criteria. | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| RIA are not applied systematically to study the impact of regulations.   | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| RIA are applied randomly.  | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input checked="" type="checkbox"/> |
| <hr/>  |                                       |
| RIA are not applied or do not exist.   | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Regulatory impact analyses have no long tradition in Indonesia. Supported by international donor agencies such as USAID, GTZ, SwissContact, and SENADA, the Indonesian Ministry of Industry and Trade conducted the first regulatory impact analysis in 2002. Since then, only a few Indonesian government agencies at national or local levels have made use of regulatory review methodology. A USAID report complained in 2011 that regulatory review and evaluation are absent from Indonesian bureaucracies' operations. In their regulatory decision-making, these bureaucracies generally do not take cost-benefit considerations into account and give little consideration to the best form of regulation.

### To what extent do RIA analyze the purpose of and need for a regulation?

This question seeks to assess the analytical depth of RIA. Please try to obtain exemplary information that is representative of the situation in your country. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

RIA define the purpose of and need for a regulation in a clear, concise and specific manner.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
RIA mention the purpose of and need for a regulation, but the specification is not sufficiently clear, concise and/or well-defined.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
RIA mention the purpose of and the need for a regulation, but do not specify.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
RIA do not analyze the purpose of and the need for a regulation.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

As noted in “RIA application,” RIA methodology is new to Indonesia. Accordingly, there are relatively few people that understand how it works and even fewer able to carry it out. Therefore, regulatory impact analyses tend to be diffuse and poorly targeted.

**To what extent do RIA analyze alternative options?**

This question seeks to assess the scope of RIA.

Please try to obtain exemplary information that is representative of the situation in your country. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

RIA analyze alternative options (including “do nothing”) and quantify the costs and benefits of the different alternatives.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
RIA highlight alternative options and consider the pros and cons of each option.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
RIA consider some alternative options.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
RIA do not analyze alternative options.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

As explained in “RIA application,” RIA are not a regular part of Indonesian administrative activities. Consequently, the quality of RIA varies to a great degree. In general, Indonesian associations and international donors complain of poor RIA quality, if and when it is conducted. For instance, a USAID report from 2011 notes that there are relatively few people that understand how RIA works and even fewer able to carry it out. Most generally RIA in Indonesia consists of considerations of some alternative policy options, but RIA do not explore details and possible outcomes.

## M 4

## Social Consultation

Category: Steering Capability

### M 4.1

### Negotiating Public Support

**To what extent does the government consult with trade unions, employers' associations, leading business associations, religious communities, and social and environmental interest groups to support its policy?**

This question assesses how successfully the government consults with economic and social actors in preparing its policy. Successful consultation is conceived here as an exchange of views and information that increases the quality of government policies and induces economic and social actors to support them.

- |   |                                       |
|---|---------------------------------------|
| The government successfully motivates economic and social actors to support its policy.   | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government facilitates the acceptance of its policy among economic and social actors. | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government consults with economic and social actors.                                  | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government hardly consults with any economic and social actors.                       | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

In general, the current Indonesian government tries to include economic and social stakeholders in the preparation process of its policies. As in other countries, business associations (such as INKINDO, the Indonesian Association of Consultants, GAPENSI, the Indonesian Contractors Association, and ARDIN (Association of Indonesian Suppliers) have much better access to preparatory meetings than do NGOs. Religious community leaders, particularly from the major Muslim organizations Nahdlatul Ulama and Muhammadiyah, are also quite frequently involved in consultations with government personnel on specific policy issues.

Anecdotal evidence from the Ministry of Home Affairs, however, reveals that not all high-ranking government officials support the inclusion of social actors in the policy preparation process. There are also officials and agencies that prefer to keep policy preparation within the administration.

In general, not all interest groups have equal opportunity in affecting government policy. For example, the labor movement must go to the streets to make its points, as it is not effectively engaged in consultation processes. Moreover, associations representing big business have greater informal access to government policymakers than do, for example, NGOs assisting peasants or workers.

## M 5

# Policy Communication

Category: Steering Capability

### M 5.1

## Coherent Communication

### To what extent does the government implement a coherent communication policy?

The government effectively coordinates the communication of ministries; ministries closely align their communication with government strategy.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
The government seeks to coordinate the communication of ministries through consultation procedures. Contradictory statements are rare, but do occur.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The ministries are responsible for informing the public within their own particular areas of competence; their statements occasionally contradict each other.	5 <input checked="" type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Strategic communication planning does not exist; individual ministry statements regularly contradict each other.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

In general, ministries are responsible for informing the public of issues that lie within their own particular areas of competence. However, there are problems in coordinating communication policies across various ministries and state agencies. In several cases since 2000, statements made by different ministries contradicted each other. In the area of decentralization, for instance, the Ministry of Home Affairs and the Ministry of Finance often interpret certain legal acts differently.

**To what extent can the government achieve its own policy objectives?**

This question seeks to evaluate a government's implementation performance against the performance benchmarks set by the government for its own work. The assessment should therefore focus on the major policy priorities identified by a government and examine whether declared objectives could be realized.

- |   |                                       |
|---|---------------------------------------|
| The government can largely implement its own policy objectives.   | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government is partly successful in implementing its policy objectives or can implement some of its policy objectives. | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government partly fails to implement its objectives or fails to implement several policy objectives.                  | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government largely fails to implement its policy objectives.  | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

After his re-election in 2009, economic growth was the top priority of President Susilo Bambang Yudhoyono. According to the five-year development plan (Pelita), the Yudhoyono administration and the State Ministry of National Development Planning (Bappenas) intend to achieve economic growth of 7% per year, lower the threshold of poverty to 8%, and reduce the unemployment rate to 5% by 2014. In this regard, the government has thus far come close to its policy objectives. Nevertheless, the poverty rate of Indonesia is still that of a developing country.

The current government has been less successful in targeting an other strategic priority: the fight against endemic corruption. The fact that several high-ranking politicians of Susilo's party were involved in corruption scandals has fostered the impression that government is no longer serious about combating corruption, or will do so selectively, because government or ruling party figures may be embroiled in corrupt practices.

Concerning another main objective of national politics, the decentralization process, the implementation of the government's policy objectives is, despite all negative consequences, now in good condition.

**To what extent does the organization of government ensure that ministers do not seek to realize their self-interest but face incentives to implement the government's program?**

Organizational devices providing incentives for ministers include prime ministerial powers over personnel, policies or structures, coalition committees, party summits, comprehensive government programs/coalition agreements and cabinet meetings. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

The organization of government successfully provides strong incentives for ministers to implement the government's program. **10**   
**9**

---

The organization of government provides weak incentives for ministers to implement the government's program. **8**   
**7**   
**6**

---

The organization of government partly prevents ministers from realizing departmental self-interests. **5**   
**4**   
**3**

---

The organization of government fails to prevent ministers from realizing departmental self-interests. **2**   
**1**

Indonesian president Susilo Bambang Yudhono has appointed many ministers from various parties in his coalition. This, and the fact that Indonesian ministries traditionally pursue their own departmental interests, makes it very difficult to stick to the agreed programs of the whole government.

Former high-ranking officials from ministries dealing with permits and licences for exploitation of natural resources have been accused (and some convicted) for personal enrichment and corruption. For instance, in April 2011, Wandojo Siswanto, special advisor to the Minister of Forestry and one of the negotiators for Indonesia's delegation at the 2009 climate talks in Copenhagen, has been sentenced to three years in prison for accepting bribes. In November 2011, Transportation Ministry director Soemino Eko Saputro was sentenced to three years in prison for a railway graft case. The Anti-Corruption Court found him guilty of directly appointing a Japanese company instead of making a selection by open tender.

These incidents are a clear indicator that the government structures do not effectively prevent ministers from acting single-handedly.

**How effectively does the government office / prime minister's office monitor line ministry activities?**

This question assumes that effective delegation from the core executive to ministries is reflected in the monitoring of line ministry activities by the administration of the core executive. While such monitoring is not sufficient to prevent line ministries from prioritizing sectoral over government interests, the presence or absence of monitoring is taken here as a proxy of effective delegation policies. In case this question does not fully apply to your country, please answer this question according to possible functional equivalents and substantiate your answer.

- |  |                                       |
|--|---------------------------------------|
| The GO / PMO effectively monitors the activities of line ministries. | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO / PMO monitors the activities of most line ministries.        | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO / PMO shadows the activities of some line ministries.         | 5 <input type="checkbox"/>            |
|  | 4 <input checked="" type="checkbox"/> |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The GO / PMO does not monitor the activities of line ministries.     | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

The president and its staff try to monitor activities in the 29 ministries and other state agencies. In practice, however, this is a very difficult task. The government has in particular difficulty keeping in line ministers from different parties within the coalition. In several cases, the president has, in order to preserve the coalition, refrained from criticizing ministers from other parties. Minister for Information and Communication Tifatul Sembiring and Minister of Religious Affairs Suryadharma Ali, both representing conservative Islamic parties, frequently make controversial Islamistic statements – despite government pronouncements about religious harmony and the equality of all religions. The Golkar ministers appear to take orders from their powerful chairman Aburizal Bakrie rather than from the president, leading to constant speculations about Bakrie efforts to undermine the authority of Susilo.

To demonstrate its leadership capacity, the president has decided at times to reshuffle his cabinet and bring in new leadership to certain ministries. In general, shadowing activities might best describe the Sekneg's de facto monitoring capacity.

### How effectively do ministries monitor the activities of executive agencies?

An effective implementation may be constrained by bureaucratic drift. To ensure that agencies act in accordance with government policies, this question assumes that ministries and their leading officials should monitor the activities of semi-autonomous executive agencies in their task area.

In federal states with few executive agencies at the central level of government, the assessment should also consider regional-level decentralized agencies acting on behalf of the federal government.

- |  |                                       |
|--|---------------------------------------|
| The ministries effectively monitor the activities of all executive agencies. | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The ministries monitor the activities of most of the executive agencies.     | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The ministries monitor the activities of some executive agencies.            | 5 <input checked="" type="checkbox"/> |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The ministries do not monitor the activities of executive agencies.          | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Whereas some executive agencies are closely monitored by the ministries, others are not. Concerning the relationship between the national ministries and the local governments, the national government has intensified its activities to better monitor local governments in recent years. The Ministry of Home Affairs as well as the Ministry of Finance in particular now scrutinize more closely local administrations and their actions than they did in the first years of decentralization.

**To what extent does the central government ensure that tasks delegated to subnational self-governments are adequately funded?**

A high or low degree of decentralization as such does not constitute a meaningful indicator of executive capacity. Rather, this question focuses on the delegation problem associated with decentralization.

If the central government delegates a public task to lower levels of government (as a rule: regional self-government and in unitary states without regional self-government, local self-government), the central government needs to ensure that such tasks are adequately funded. The absence of corresponding funding sources (“unfunded mandates”) indicates a lack of responsibility and strategic design. Funding may be provided through grants (shares of centrally collected taxes) from the central budget or by endowing subnational self-governments with their own revenues.

Please note that subnational self-government refers to directly elected subnational administrative authorities with considerable discretion. The broad concept of “delegation” applied here is taken from principal-agent theory and includes independent powers of subnational self-government enshrined in the constitution. Thus, no difference is made between independent powers and those central government powers that have been delegated by laws or executive regulations to subnational self-government.

The central government enables subnational self-governments to fulfill all their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers. 10   
9

The central government enables subnational governments to fulfill most of their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers. 8   
7   
6

The central government sometimes and deliberately shifts unfunded mandates to subnational governments. 5   
4   
3

The central government often and deliberately shifts unfunded mandates to subnational self-governments. 2   
1

Indonesia's decentralization legislation affords districts (kabupaten) and municipalities (kota) a high degree of autonomy. A vast range of responsibilities has been delegated to the local level. In return, district and municipal entities can now collect local taxes and retain a certain amount of revenues deriving from the extraction of natural resources. Given the abundance of industry and natural resources in most districts and municipalities, both generally have the financial means to carry out the administrative tasks delegated to them. However, poor districts, particularly those in eastern Indonesia, have difficulty delivering public services to their citizens. The Indonesian government has therefore introduced mechanisms for financial transfers (Dana Alokasi Umum, DAU and Dana Alokasi Khusus, DAK) via the Ministry of Finance. However, the gap between well-funded and insufficiently funded local governments could not be reduced and has widened in recent years.

## M 6.3b Constitutional Discretion

**To what extent does central government ensure that substantial self-governments may use their constitutional scope of discretion?**

As a high or low degree of decentralization as such does not constitute a meaningful indicator of executive capacity, this question takes the constitutional scope of regional self-government or, in unitary states without regional self-government, local self-government autonomy, as a point of reference.

Central government institutions are assumed to enable subnational self-governments to use this autonomy fully. Subnational autonomy may be curtailed by legal, administrative, fiscal or political measures of the central level. Such de facto centralizing policies may be deliberate or unintentional, unconstitutional or in accordance with the constitution.

- |   |                                       |
|---|---------------------------------------|
| The central government enables subnational self-governments to use their constitutional scope of discretion fully.                                    | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Central government policies inadvertently limit the subnational self-governments' scope of discretion.  | 8 <input checked="" type="checkbox"/> |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The central government formally respects the constitutional autonomy of subnational self-governments, but de facto narrows their scope of discretion. | 5 <input type="checkbox"/>            |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The central government deliberately precludes subnational self-governments from making use of their constitutionally provided autonomy.               | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

Despite some attempts to strengthen provincial and national powers of influence, local government units at the district or municipal level have considerable scope of discretion in nearly all policy areas. Nonetheless, poor regions with limited sources of local revenue often lack financial autonomy and are therefore de facto dependent on the central government. Years of discomfort within the central and provincial governments regarding local-level powers of autonomy have resulted in occasional efforts to enforce constraints on mayors and regents. For example, the position of the provincial governor has been strengthened in relation to nominally lower-level officials. Moreover, procedures are in place regarding large-scale investment applications that require approval from national-level institutions and agencies, which places some constraints on local governments' bargaining position vis-à-vis potential investors.

Some local governments have assumed powers to which they are not entitled, including, for example, local edicts based on Shariah which contravene decentralization legislation that places matters of religion under the mandate of the central state.

### To what extent does central government ensure that subnational self-governments meet national standards of public services?

This question seeks to assess how central government ensures that the decentralized provision of public services complies with standards (rules, performance figures, etc.) agreed upon and set on the national level.

Central government effectively ensures that subnational self-governments meet national standards of public services.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Central government ensures largely that subnational self-governments meet national standards of public services.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Central government ensures that subnational self-governments meet national minimum standards of public services.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Central government does not ensure that subnational self-governments meet national standards of public services.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

With the support of many international donor agencies, the Indonesian government tries to improve the operational capacities of subnational administrative units. The Ministry of Interior has defined the national minimum standards of public services and demanded these be implemented by district and municipal administrations in the forthcoming years. As mentioned under “task funding,” the Indonesian government has initiated financial transfers (DAU and DAK) to poorer district governments. In practice, the quality of public service delivery varies widely across regions in Indonesia. The government itself cites the higher qualifications of personnel in more developed areas as a reason for better service delivery. Nonetheless, the government must do more to ensure national minimum standards are enforced in remote and poor areas and thereby improve public services.

**To what extent does the government respond to international and supranational developments by adapting domestic government structures?**

Government structures include the organization of ministries, the cooperation among ministries and in cabinet, the center of government and relations with subnational levels of government. This question asks whether these structures have been adapted to address inter / supranational developments and their effects for policy formulation and policy implementation.

Please note that structural reforms are also studied in view of their role in institutional learning (question M 8.2).

- |  |                                       |
|--|---------------------------------------|
| The government has appropriately and effectively adapted domestic government structures to international and supranational developments. | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government has largely adapted domestic government structures to international and supranational developments.                       | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government has partly adapted domestic government structures to international and supranational developments.                        | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government has not adapted domestic government structures.   | 2 <input checked="" type="checkbox"/> |
|  | 1 <input type="checkbox"/>            |

The Indonesian government has so far not adapted its structures in response to international developments. Indonesia is a member of the Association of Southeast Asian Nations (ASEAN), but it is not a member of any supranational organization. The government therefore is not compelled to restructure its ministerial framework. All international affairs are still dealt with by the Ministry of Foreign Affairs. Within the ministries, however, some departments have been restructured to meet the needs of foreign donor organizations providing support for decentralization and democratization.

### To what extent does the government participate in the international coordination of joint reform initiatives?

This question evaluates whether the government actively collaborates in reform initiatives promoted by international fora or organizations. The underlying assumption is that – given the transnational integration of modern states – executive capacity increasingly depends on whether a government is able to actively participate in international institutions and in shaping international policies.

Joint reform initiatives concern challenges or problems that cannot be mastered unilaterally by an individual country and that aim to facilitate international cooperation in fields such as international security, economic development, social progress, human rights issues or environmental protection.

- |  |                                       |
|--|---------------------------------------|
| The government actively participates in the international coordination of joint reform initiatives as often as possible. | 10 <input type="checkbox"/>           |
|  | 9 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government often participates in the international coordination of joint reform initiatives.                         | 8 <input type="checkbox"/>            |
|  | 7 <input checked="" type="checkbox"/> |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government selectively and sporadically participates in the international coordination of joint reform initiatives.  | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The government does not participate in the international coordination of joint reform initiatives.                       | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

Indonesia coordinates its foreign policy with members of the ASEAN and, as an active member in this organization, it supported the drafting of the ASEAN charter.

The country also maintains close strategic and economic ties with the United States and Europe.

Since the Bali bomb attacks in 2002, the government has become more aware of the dangers of Islamic terrorism and has acted as a reliable partner in the so-called global war on terror.

In the last two years, Indonesia has gained considerable international prestige, becoming a member of the influential G20 and numbering among the very few members that managed to emerge relatively unscathed from the global financial crisis. Current Foreign Minister Marty Natalegawa, declaring Indonesia a new power on the international stage, has pursued a foreign policy demanding greater activism.

Indonesia is also an active member of the Asia-Pacific Economic Cooperation (APEC). In 2013, Indonesia will hold the APEC chairmanship and host the 21st APEC Summit on the island of Bali.

**To what extent do actors within the government monitor whether institutional arrangements of governing are appropriate?**

Institutional arrangements include the rules of procedure and the work formats defined there, in particular the cabinet, the office of the head of government, the center of government, the portfolios of ministries, the advisory staffs of ministers and the head of government as well as the management of relations with parliament, governing parties, ministerial administration and public communication.

The institutional arrangements of governing are monitored regularly and effectively.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
The institutional arrangements of governing are monitored regularly.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The institutional arrangements of governing are selectively and sporadically monitored.	5 <input checked="" type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
There is no monitoring.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Since democratization began in 1998, Indonesia has completely overhauled nearly all of its government structures. The rights and responsibilities of major state institutions (i.e., the presidency, parliament and the judiciary) have undergone considerable adjustment to meet democratic needs during a heavily negotiated constitutional amendment process that continued through 2005. In addition, the country's administrative framework underwent restructuring, moving from a highly centralized form of government to a highly decentralized form. Arguably, these government structures must be tested before new institutional arrangements can be adopted. Less basic institutional arrangements such as rules for procedures, the responsibilities of certain ministries or advisory staff matters are constantly being monitored and re-adjusted.

**To what extent does the government improve its strategic capacity by changing the institutional arrangements of governing?**

For a list of institutional arrangements, see question M 8.1. Strategic capacity is the capacity to take and implement political decisions which take into account the externalities and interdependencies of policies, are based on scientific knowledge, promote common goods and represent a long-term orientation.

- |   |                                       |
|---|---------------------------------------|
| The government improves considerably its strategic capacity by changing its institutional arrangements. | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government improves its strategic capacity by changing its institutional arrangements.              | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government does not improve its strategic capacity by changing its institutional arrangements.      | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The government loses strategic capacity by changing its institutional arrangements.                     | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

The Indonesian government under Susilo Bambang Yudhoyono did not change its internal structures, but rather its arrangement of governing. It did so by organizing rainbow coalitions with nearly all parliamentary factions of parliament, thereby enhancing the government's strategic capacities. The president was able to assuage resistance coming from the main factions in parliament by pursuing a consensual style of governing in which leaders from the major parties were given high-ranking government positions.

# Management Index

## Executive Capacity

### Steering Capability

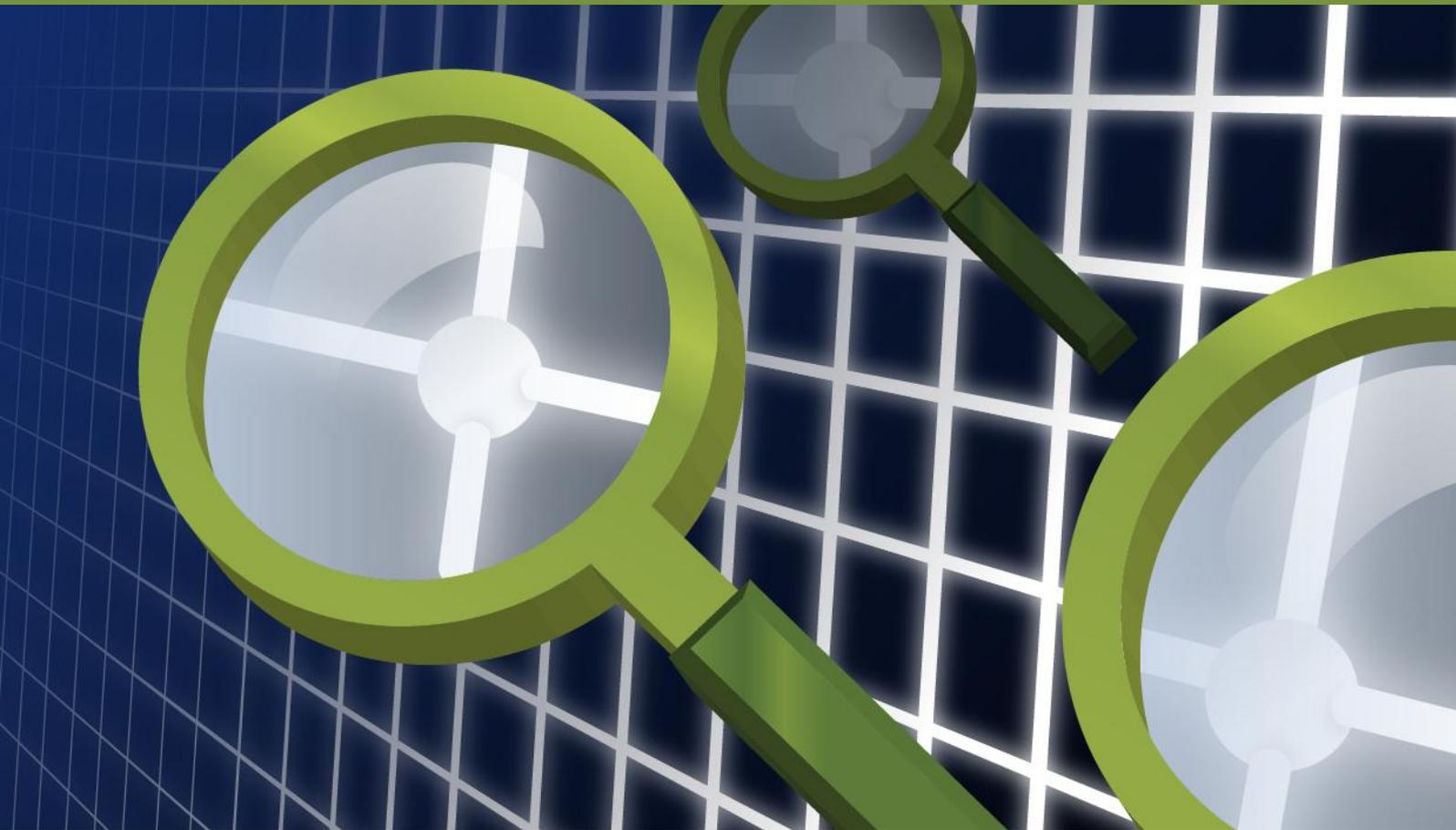
- M 1 Strategic Capacity
- M 2 Inter-ministerial Coordination
- M 3 Evidence-based Instruments
- M 4 Societal Consultation
- M 5 Policy Communication

### Institutional Learning

- M 7 Adaptability
- M 8 Organizational Reform Capacity

### Policy Implementation

- M 6 Effective Implementation



### To what extent are citizens informed of government policy-making?

This question assesses the extent to which citizens have information and knowledge enabling them to evaluate government policy-making adequately. The question focuses on policies, not the personnel or political composition of government or the power struggles that often dominate government. A high level of information about policies presupposes that citizens understand the motives, objectives, effects and implications of policies.

Please rely on local opinion survey data to substantiate your evaluation.

- |   |                                       |
|---|---------------------------------------|
| Most citizens are well-informed of a broad range of government policies.  | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Many citizens are well-informed of individual government policies.  | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| Few citizens are well-informed of government policies; most citizens have only a rudimentary knowledge of policies. | 5 <input type="checkbox"/>            |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input checked="" type="checkbox"/> |
| <hr/>   |                                       |
| Most citizens are not aware of government policies.   | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

As in most other countries, including established democracies, most people in Indonesia, many of whom lack secondary education, do not pay close attention to government policies. Few Indonesians follow national policymaking in journals and Internet resources. Despite a generally increased interest in politics following the onset of democratization, most Indonesians have little knowledge of political processes on the national level. Citizens are generally better informed when it comes to policies affecting them directly, such as social policies, and less so regarding foreign policy issues.

Decentralization, however, has raised awareness of local politics considerably.

The perception among ordinary citizens that democratic government has failed to stamp out corruption and improve governance has resulted in a growing sense of public apathy. According to recent polls, the national parliament and political parties are the least trusted institutions in Indonesia today.

# M 10 Structures and Resources of Legislative Actors

Category: Legislature

## M 10.1 Number of Committees

### How many parliamentary committees are there?

The underlying assumption is that a parliament with a sufficient number of committees is better able to discuss bills, whereas too many committees may lead to fragmentation. Based on comparative studies, 12 – 18 committees are considered optimal. Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Total parliamentary committees:

11

<i>No information available</i>
---------------------------------

## M 10.2 Committee Size

### How many members does a parliamentary (sub-)committee have on average?

It is assumed that parliamentary committees can best respond to their task of control if they have neither too many nor too few members. Based on comparative studies, 13-25 committee members are considered optimal.

Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Average number of committee members: 48

*No information available*

Where subcommittees exist, average number of subcommittee Members: 30

*No information available*

## M 10 Structures and Resources of Legislative Actors

Category: Legislature

### M 10.3 Pro-Government Committee Chairs

#### **How many committee chairpersons nominated by the governing party (or parties) are appointed?**

This question addresses the influence of governing parties in parliament. Please consider only regular parliamentary committees, not committees established ad hoc to investigate specific questions.

Total nominated / appointed committee chairpersons: 11

*No information available*

## M 10.4 Deputy Expert Staff

### How large, on average, is the deputy's expert support staff?

This question seeks to measure the capacities of parliamentary deputies.

Expert support staff size: 5

*No information  
available*

## M 10.6 Legislature's Expert Staff

**How many expert support staff members work for the legislature (including legislature's library)?**

This question seeks to measure the capacities of the parliament.

Total parliamentary expert support staff: 100

*No information  
available*



**Are parliamentary committees able to summon ministers for hearings?**

Please assess whether parliamentary committees are de facto, not only legally, able to summon ministers to committee meetings and to confront them with their questions. Please specify if you consider the rights of committees limited. This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

- |  |                                       |
|--|---------------------------------------|
| Parliamentary committees may summon ministers. Ministers regularly follow invitations and are obliged to answer questions.                                     | 10 <input type="checkbox"/>           |
|  | 9 <input checked="" type="checkbox"/> |
| <hr/>  |                                       |
| The rights of parliamentary committees to summon ministers are slightly limited; ministers occasionally refuse to follow invitations or to answer questions.   | 8 <input type="checkbox"/>            |
|  | 7 <input type="checkbox"/>            |
|  | 6 <input type="checkbox"/>            |
| <hr/>  |                                       |
| The rights of parliamentary committees to summon ministers are considerably limited; ministers frequently refuse to follow invitations or to answer questions. | 5 <input type="checkbox"/>            |
|  | 4 <input type="checkbox"/>            |
|  | 3 <input type="checkbox"/>            |
| <hr/>  |                                       |
| Parliamentary committees may not summon ministers.   | 2 <input type="checkbox"/>            |
|  | 1 <input type="checkbox"/>            |

It is a constitutional right of the national parliament to summon ministers and question them on government policies. Nearly every minister was “invited” by a parliamentary committee in recent years. If there are doubts regarding the political performance or the integrity of the minister, parliamentarians do not hesitate to grill ministers in public, as seen at the end of 2011 with the case of Sports and Youth Affairs Minister Andi Malarangeng in which a DPR committee investigated alleged financial irregularities concerning the organization of the 2011 Southeast Asian Games. However, not all government ministers prepare seriously for parliamentary questioning given the fact that many parliamentarians have limited resources.

### Are parliamentary committees able to summon experts for committee meetings?

Please assess whether parliamentary committees are de facto, not only legally, able to invite experts to committee meetings. Please specify if you consider the rights of committees limited. This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

Parliamentary committees may summon experts.	10 <input checked="" type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
The rights of parliamentary committees to summon experts are slightly limited.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
The rights of parliamentary committees to summon experts are considerably limited.	5 <input type="checkbox"/>
	4 <input type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Parliamentary committees may not summon experts.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

The relevant parliamentary commissions regularly consult experts for advice. These scholars are technical experts from universities and organizations of civil society who support parliamentary working groups and decision makers in formulating proposed legislation and developing implementation strategies. For example, the Ministry of Health instructed the University of Gajah Mada and the University of Indonesia to examine unjust activity carried out by local governments.

Each party or faction is afforded a specific number of experts depending on the share of seats the party holds in the House of Representatives. In addition, parliamentary commissions can benefit from joint work with research and professional staff.

### To what extent do the task areas of parliamentary committees and ministries coincide?

If the task areas of parliamentary committees match the task areas of ministries, each parliamentary committee may focus on monitoring the activities of its corresponding ministry, thereby increasing the control capacity of the legislature. There are two possible ill-fitting constellations between committee and ministerial portfolios. If there are fewer committees than ministries, the committees may be overburdened with monitoring ministerial activities. If there are more committees than ministries, control responsibilities are split and the parliament may act non-cohesively.

This question considers regular parliamentary committees only, not committees established ad hoc to investigate specific questions.

- |  |  |
|--|--|
| The task areas of parliamentary committees and ministries fully coincide.  | <b>10</b> <input type="checkbox"/>           |
| Parliamentary committees monitor ministries effectively.   | <b>9</b> <input type="checkbox"/>            |
| <hr/>  |  |
| The task areas of parliamentary committees do not fully correspond to the task areas of ministries. Parliamentary committees are largely capable of monitoring ministries. | <b>8</b> <input type="checkbox"/>            |
|  | <b>7</b> <input type="checkbox"/>            |
|  | <b>6</b> <input checked="" type="checkbox"/> |
| <hr/>  |  |
| The task areas of parliamentary committees do not correspond to the task areas of ministries. Parliamentary committees fail to monitor ministries effectively.             | <b>5</b> <input type="checkbox"/>            |
|  | <b>4</b> <input type="checkbox"/>            |
|  | <b>3</b> <input type="checkbox"/>            |
| <hr/>  |  |
| The task areas of parliamentary committees differ widely from the task areas of ministries. Parliamentary committees frequently fail to monitor ministries effectively.    | <b>2</b> <input type="checkbox"/>            |
|  | <b>1</b> <input type="checkbox"/>            |

Indonesia has 29 different state ministries, three additional coordinating ministries and several state agencies. On the parliamentary side, there are eleven permanent committees, whose task areas overlap with that of the state ministries and deal with legislative issues. Six additional parliamentary committees focus on internal administration affairs. Because the government coalition is comprised of nearly all parliamentary parties, there is no blockade between the ministries and committees. Instead, there is strong cooperation between the two, with top officials from ministries and agencies aiming to support the wishes of the respective commissions and committees. In addition to advising on legislation, commissions serve as forums in which parliamentarians comment on current issues, particularly with respect to the performance of the executive. Representatives from the executive make public presentations to parliamentary committees on a regular basis. Parliamentary committees monitor ministries effectively, but it is an open secret that shady deals and corruption take place at these common meetings.



**Does the parliament have an ombuds office?**

This question asks whether parliaments have institutions that listen to the concerns of citizens, publicly advocate the issues raised by citizens and initiate governmental action to address them.

The term “ombuds office” is used here as a label representing these functions and may be institutionalized in different organizational formats. Please also consider possible functional equivalents and substantiate your answer.

- |   |                                       |
|---|---------------------------------------|
| The parliament has an effective ombuds office.                                      | 10 <input type="checkbox"/>           |
|   | 9 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The parliament has an ombuds office, but its advocacy role is slightly limited.     | 8 <input type="checkbox"/>            |
|   | 7 <input type="checkbox"/>            |
|   | 6 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The parliament has an ombuds office, but its advocacy role is considerably limited. | 5 <input checked="" type="checkbox"/> |
|   | 4 <input type="checkbox"/>            |
|   | 3 <input type="checkbox"/>            |
| <hr/>   |                                       |
| The parliament does not have an ombuds office.                                      | 2 <input type="checkbox"/>            |
|   | 1 <input type="checkbox"/>            |

Since 2008, Indonesia has an ombuds office, consisting of nine members who perform the task of an ombudman. The president proposes candidates to the parliament, which has the final say on their nomination.

The ombuds office receives complaints from citizens related to state institutions and administrative actions. The ombuds office reports to the national parliament. They do not have any sanction possibilities, but they can send recommendations to the state institution concerned. Since its inauguration, the ombuds office tried its best to become a working and accepted institution. However, very few Indonesians are aware of its existence and the number of complaints per year is still very low. Therefore, the advocacy role of the ombuds office is slightly limited.

**To what extent do the TV and radio stations in your country provide substantive indepth information on decisions taken by the government?**

This question seeks to assess the extent to which the media provide contextualized information, analysis and background information that enables the broader public to evaluate the government's decisions. For reasons of comparability and simplicity, the question focuses on:

**(1)** your country's main TV and radio stations (excluding all other electronic and print media as well as pure news channels) and

**(2)** decisions taken by the government (and not political issues or the political process in general). A lack of in-depth information is not tantamount to a complete lack of information but to the dominance of "infotainment programs" framing government decisions as personalized power politics and diverting attention from the substance of decisions to entertaining events and stories.

The main TV and radio stations every day produce high-quality information programs analyzing government decisions. **10**   
**9**

---

The main TV and radio stations produce a mix of infotainment and quality information programs. Programs with in-depth information on government decisions comprise between five and seven hours a week. **8**   
**7**   
**6**

---

The main TV and radio stations produce many superficial infotainment programs. In-depth information on government decisions is limited to programs lasting between three and five hours a week. **5**   
**4**   
**3**

---

The main TV and radio stations are dominated by superficial infotainment programs. In-depth information on government decisions is limited to programs lasting between one and three hours a week. **2**   
**1**

Indonesia has a vibrant media sector and alongside to the public broadcasting stations a diverse and manyfold private media sector. In contrast to the vast quantitative opportunity to receive informations, there is less quality journalism. Many programs focus on sensationalism and emotions, for example, broadcasting of explicit crime news are common. Professional standards need improvement as fundamental principals as accuracy and objectivity in reseach and presentation is often lacking. Most TV and radio stations focus primarily on infotainment and have few programs with quality journalism on political issues.

# M 13 Parties and Interest Associations

Category: Intermediary Organizations

## M 13.1 Party Competence

### To what extent do the electoral programs of major parties in your country propose plausible and coherent policies?

This question seeks to assess the quality of parties' policy proposals by analyzing the electoral programs of parties. It is assumed that programs document a party's capacity to formulate policies and to engage in a programmatic competition with rival parties.

Two criteria of quality are given: a proposal is plausible if its underlying problem diagnosis, the suggested policy instruments/measures, policy objectives and expected policy impacts are reasonably linked with each other; a proposal is coherent if it does not contradict other proposed policies.

Your evaluation will imply an assessment about whether proposed policies are likely to work, although the question is more focused on the plausibility of policy proposals. Please avoid an assessment of objectives pursued by individual parties, their appropriateness, desirability etc. "Major" parties are conceived here as parties supported by more than ten percent of the voters in the last national elections.

Most electoral programs propose plausible and coherent policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many electoral programs propose plausible and coherent policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few electoral programs propose plausible and coherent policies.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most electoral programs do not propose plausible or coherent policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

The differences between the main political parties are usually relatively small and vary in their degree of stressing political Islam in their agenda. Therefore, the programmatic differences are rather limited. Party platforms and electoral programs are not taken too seriously by all political parties. Usually they contain similar slogans and demands, leaving detailed policy proposals aside.

Therefore, the plausibility of these policy proposals of the political parties have to be taken cautiously. The personalization of politics grew in recent years, not least due to the introduction of direct presidential election in 2004 and shortly later direct elections for governors, mayors and district heads. Consequently, the quality of policy proposals has even decreased, since people tend to vote for persons they trust and less policy proposals of political parties and candidates.

# M 13 Parties and Interest Associations

Category: Intermediary Organizations

## M 13.2 Association Competence (Business)

### To what extent do economic interest associations propose reasonable policies?

“Reasonable” policy proposals identify the causes of problems, rely on scholarly knowledge, are technically feasible, take into account long-term interests and anticipate policy effects. These criteria are more demanding than the criteria used to evaluate party programs as interest associations can be expected to represent a specialist, substantive policy know-how.

The assessment should focus on the following interest associations: employers’ associations, leading business associations, trade unions.

Most interest associations propose reasonable policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many interest associations propose reasonable policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few interest associations propose reasonable policies.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most interest associations do not propose reasonable policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Economic interest associations propose little in the way of reasonable policy ideas in Indonesia. In fact, policymakers seek information through their informal or personal networks that include individuals with economic expertise. However, this plays a secondary role to the strong influence waged by businessmen on the cabinet, government agencies, the parliament and other public sectors. Large companies often receive strategic or government contracts because of their capacity to influence high-ranking officials, both directly and indirectly. Reasonable policy suggestions are generally rather pragmatic and ad hoc.

# M 13 Parties and Interest Associations

Category: Intermediary Organizations

## M 13.3 Association Competence (Others)

### To what extent do non-economic interest associations propose reasonable policies?

“Reasonable” policy proposals identify the causes of problems, rely on scholarly knowledge, are technically feasible, take into account long-term interests and anticipate policy effects. These criteria are more demanding than the criteria used to evaluate party programs as interest associations can be expected to represent a specialist, substantive policy know-how.

The assessment should focus on the following interest associations: social interest groups, environmental groups and religious communities.

Most interest associations propose reasonable policies.	10 <input type="checkbox"/>
	9 <input type="checkbox"/>
<hr/>	
Many interest associations propose reasonable policies.	8 <input type="checkbox"/>
	7 <input type="checkbox"/>
	6 <input type="checkbox"/>
<hr/>	
Few interest associations propose reasonable policies.	5 <input type="checkbox"/>
	4 <input checked="" type="checkbox"/>
	3 <input type="checkbox"/>
<hr/>	
Most interest associations do not propose reasonable policies.	2 <input type="checkbox"/>
	1 <input type="checkbox"/>

Interest associations are a vital feature of Indonesian policy-making. Many social, environmental and religious communities try to influence the political agenda. The most influential organizations are large Islamic organizations with millions of members such as Nahdlatul Ulama or Muhammadiyah, which occasionally initiate policy proposals. However, it is generally very difficult to determine how reasonable these proposals are as they focus on specific issues rather than a comprehensive policy agenda. At the national level, non-profit interests groups face considerable difficulty in making their demands heard since the administration often resents the fact that they are often sponsored by foreign donor organizations. Many bureaucrats in the administration therefore do not believe these groups represent the interests of ordinary Indonesians.

## Address | Contact

Bertelsmann Stiftung  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh  
Germany  
Phone +49 5241 81-0  
Fax +49 5241 81-681999

Dr. Daniel Schraad-Tischler  
Program Shaping Sustainable Economies  
Phone +49 5241 81-81240  
[daniel.schraad-tischler@bertelsmann-stiftung.de](mailto:daniel.schraad-tischler@bertelsmann-stiftung.de)

Najim Azahaf  
Program Shaping Sustainable Economies  
Phone +49 5241 81-81411  
[najim.azahaf@bertelsmann-stiftung.de](mailto:najim.azahaf@bertelsmann-stiftung.de)

[www.bertelsmann-stiftung.de](http://www.bertelsmann-stiftung.de)

[www.sgi-network.org](http://www.sgi-network.org)