TOWARD BETTER INDONESIA:
MAKING ADMINISTRATIVE REFORM WORK

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PARTNERSHIP FOR GOVERNANCE REFORM
Presentation Outline

- CONTEXTUALIZATION OF REFORM
- STRATEGY AND POLICY DIRECTION
- ACCELERATING REFORM
- RESULT OF REFORM
- LESSON LEARNED
CONTEXTUALIZATION OF REFORM: SOME FACTS OF INDONESIA
Common Indonesian Bureaupathology

- Low performance → 
- obesity Bureaucracy

Rule based Mindset

- Contradictive and ambiguity Regulations

- Improper Service Quality

- Incompetent Human Resource

- Overlapping of Function
Portrait of Indonesian Bureaucracy

- **Organization**
  - Big structure and many unfit in their functions

- **Law and Regulation**
  - Contradictive and many ambiguous regulations

- **Human Resource**
  - Overstaffed and Understaffed at the same time
  - Problem of integrity

- **Business Process in Public Service**
  - Unclear procedures, cost and time in public service
  - Improper service quality; many uncertainty and loopholes for corruption

- **Mindset and Culture Set**
  - No spirit and culture for producing innovation, creation, and invention
Some Problems of Indonesian Civil Service

Personnel recruitment is still viewed as an annual project and based on individual political interest, nepotism, collusive.

Very closed promotion and rotation system based on political affiliation.

Low level of salary and not related to the performance of civil servant.

Performance Management system has not yet developed.
CORRUPTION PERCEPTION INDEX INDONESIA BEFORE REFORM

Figure 1: Corruption Perception Index Score of Indonesia 2002-2009

Source: Transparency International, 2014
EASE OF DOING BUSINESS INDONESIA BEFORE REFORM

Source: World Bank, 2014
WHY DOES INDONESIA NEED ADMINISTRATIVE REFORM

**Politics**
- Various changes in the system of state governance
- Revitalizing high state institutions

**Economics**
- Bring better economic conditions
- Increase middle-income countries
- Successful through ASIA economic crisis.

**Government**
- Fighting corruption movement
- Accountability of financial management
- Improve standard Quality public service
STRATEGY AND POLICY DIRECTION OF REFORM
GRAND DESIGN ADMINISTRATIVE REFORM 2010-2025

Completion Nation Policy of Public Servant

Organization
Governance
Regulation
Human Resources

Controlling and Accountability

Change of Mind Set and Culture

Clean Bureaucracy and free of corruption, collusion and nepotism
Quality Services Improvement Capacity
Building and Accountability Performance

Public Trust

Bureaucracy Profile 2025

Quick Wins
Monitoring and Evaluation
Change Management
Knowledge Management
Law Enforcement
GOALS DAN OBJECTIVES OF ADMINISTRATIVE REFORM IN INDONESIA

End Goals
1. Corruption-free Government
2. Accountable and Capable Government
3. Excellent Public Service

- Effective and Efficient Government
- Open and IT Based Government
- Competent and Competitive Civil Servant
- Serving and Participative Governance
TRAJECTORY OF REFORM 2013-2025

2013: Rule based bureaucracy

2018: Vision and Performance based bureaucracy

2025: Dynamics Bureaucracy
### AREAS OF ADMINISTRATIVE REFORM

<table>
<thead>
<tr>
<th>Change Area</th>
<th>Expected Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>Proper function and right sizing</td>
</tr>
<tr>
<td>Governance</td>
<td>Clear procedures, efficient, effective, accountable</td>
</tr>
<tr>
<td>Regulation</td>
<td>Orderly regulation, not overlapping and conducive</td>
</tr>
<tr>
<td>Civil Servant</td>
<td>Professional and high performance</td>
</tr>
<tr>
<td>Controlling</td>
<td>Free from corruption, collusion and nepotism</td>
</tr>
<tr>
<td>Accountability</td>
<td>Increasing accountability and capacity</td>
</tr>
<tr>
<td>Public Service</td>
<td>Excellent and appropriate to the public needs</td>
</tr>
<tr>
<td>Mind/Culture set</td>
<td>Innovative and integrity</td>
</tr>
</tbody>
</table>
THE STRUCTURE OF ADMINISTRATIVE REFORM

Macro

Mezzo

Micro

National Policies/LAWS

Coordinating Macro and Micro Level

Organizational-level Reform (Agencies and Loc. Gov)

Areas of Change:
- Mindset & Culture Set
- Organization Restructuring
- Re-regulation and Deregulation
- Human Resources Development
- Government Process Reengineering
- Strenthening internal Oversight
- Strenthening Performance Accountability
- Public Service Innovation

Goals

• Creating Corruption-Free Government
• Enhancing Performance Capacity and Accountability
• Improving Quality of Public Service
LEVELING OF ADMINISTRATIVE REFORM

Macro Level Program
1. Organization Management
2. Good Governance
3. Improvement of Civil Service System
4. Controlling
5. Accountability and Performance Enhancement
6. Improvement of Public Service

Messo Level Program
1. Change Management
2. Assistance and Consulting
3. Monitoring, Evaluation and Reporting
4. Knowledge Management

Micro Level Program
1. Change Management
2. Structuring Regulation
3. Organization Management and Capacity Building
4. Good Governance
5. Improvement of Civil Service System
6. Controlling
7. Accountability and Performance Enhancement
8. Improvement of Public Service
9. Monitoring, Evaluation and Reporting
Implementing Strategy at Micro Level

Reform at Ministries/Agencies and Local Government Level

8 Areas of Reform

Based on preparedness and readiness of Ministries/Agencies and Local Government
9 ACCELERATING REFORM PROGRAMS

1. Organization Restructuring
2. Rightsizing of Number of Civil Service and Redistribution
3. Open Recruitment and Promotion System
4. Civil Service Professionalization
5. e-Government Enhancement
6. Improving service quality for better Trust and Investment Climate
7. Transparency and Accountability Enhancement
8. Compensation Reform
9. Efficiency of Resource and Budget
Steering Committee for National Bureaucracy Reform

Chair: Vice President

Member: Coordinating Ministry, Minister of PAN–RB, Minister of Finance, Minister of Home Affairs, Head of UKP4

**National BR Team**

**Chair:** Minister of PAN

**Members:** Several Ministers

**National BR Management Unit**

- **Independent Team**
- **Quality Assurance Team**
- **BR Team of Regional Government**
- **BR Team of Ministry/Agency**
• BR has been placed as the highest national priorities in National Mid-Term Development Plan (RPJMN) 2009-2014, and 2015-2019 due to its role as the backbone of the other priorities

• National BR Program addressed to create Indonesian government as the world-class government in 2025, with few mid-term targets

<table>
<thead>
<tr>
<th>Targets</th>
<th>Indicators</th>
<th>Baseline (2009)</th>
<th>Target (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating clean government (free from Corruption)</td>
<td>Corruption Perception Index</td>
<td>2.8</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Supreme Audit’s (BPK) Unqualified Opinion (WTP)</td>
<td>National</td>
<td>42.17%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-National</td>
<td>2.73%</td>
</tr>
<tr>
<td>Increasing Public Service Quality</td>
<td>National Integrity Index</td>
<td>National</td>
<td>6.64</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub-National</td>
<td>6.46</td>
</tr>
<tr>
<td></td>
<td>Ease of Doing Business Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing gov’t capacity and performance accountability</td>
<td>Gov’t Effectiveness Index</td>
<td>-0.29</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>Number of Accountable Gov’t Offices (LAKIP)</td>
<td>24%</td>
<td>80%</td>
</tr>
<tr>
<td>Objective</td>
<td>Excellent Quality of Public Services</td>
<td>Excellent Performance, Capacity and Accountability of Civil Services</td>
<td>Clean governance and corruption-free</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
<tr>
<td><strong>Target 2014</strong></td>
<td>Increasing the Efficiency of Government</td>
<td>Increase Open Government</td>
<td>Improve Competence and Capacities of Civil Services</td>
</tr>
<tr>
<td></td>
<td>Enactment of the Law on Nonprofit Services Agency</td>
<td></td>
<td>Enactment of the Law on Civil Service Ethics</td>
</tr>
<tr>
<td><strong>Target 2013</strong></td>
<td>Institutional audit for ministries / LPNK / LNS</td>
<td>Enactment of the law on Government Administrative</td>
<td>Complete report as the results of Job analysis, needs assessment and competency analysis for national Civil Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commissioning of One Stop Services Office effectively in the ministries/agencies and Local Governments</td>
<td>Issuance set of government regulations for the implementation of the State Civil Law Reform</td>
</tr>
<tr>
<td></td>
<td>Availability of guidelines institutional arrangements for the ministry, LPNK, and LNS</td>
<td>Partial implementation of GRMS in ministries, agencies and local governments especially on e-procurement</td>
<td>Enactment of the State Civil Law Reform</td>
</tr>
<tr>
<td></td>
<td>Availability of guidelines in supporting efficiency in governance</td>
<td>Availability of guidelines in supporting the Government Resources Management System (Government Resources Management System, GRMS)</td>
<td>Implementation of Reform Leaders Academy in Leading Sector (ministries/agencies) in BR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The availability of guidelines for restructuring human resource management system Apparatus</td>
</tr>
<tr>
<td>No</td>
<td>Program</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>1</td>
<td>Organizational Assessment of Ministries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>IT Based Recruitment System (National) (CAT System)</td>
<td></td>
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<tr>
<td>3</td>
<td>Open System Promotion for 6400 position (Assessment Centre)</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Public Service Monitoring System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>National Public Complain Handling System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Government Resource Management System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Reform the Reformers</td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>Public Campaign for Bureaucratic Reform</td>
<td></td>
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<tr>
<td>9</td>
<td>Competence Assessment for Civil Servant (National)</td>
<td></td>
<td></td>
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<tr>
<td>10</td>
<td>E-Integrated Competence Based Human Resource System</td>
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</tbody>
</table>
SOME ACHIEVEMENTS OF ADMINISTRATIVE REFORM
REORGANIZATION MINISTRIES AND AGENCIES

• ACTION PLAN

1. Organizational evaluation for ministries and agencies
2. Organizational evaluation for LPNK dan LNS;
3. Organizational evaluation for Local Governments

• RESULT

1. 3 ministries/agencies has been streamlined, 13 is in pipeline
2. 10 auxiliary bodies has been dissolved, 5 is in pipeline
3. Machinery of Government developed
4. Restructuring of Echelon III and IV in some ministries/agencies
CIVIL SERVICE REFORM

• ACTION PLAN
  1. Job necessity-analyze-evaluation at all ministries, agencies and local governments;
  2. Moratorium and Minus Growth Policy in receiving Civil Service;
  3. Redistribution and realocation of Civil Service
  4. New civil service system

• RESULT
  1. 4,261 Job Analyze Officer trained
  2. New Civil Service request/recruit must based on: job necessity-analyze-evaluation
  5. Law on Civil Service System
OPEN RECRUITMENT AND OPEN SELECTION

• ACTION PLAN

1. High quality of new Civil Service recruitment processes and free of CCN;

2. Promotion and Job rotation based on merit system:
   a. Ensure Open Promotion in the Ministerial Decree
   b. Incorporate Merit System in new Civil Service Law

• RESULT

1. Civil Service Recruitment Processes has been conducted transparent, objective and free of CCN in 2012–2014

2. Established CAT (Computer Assisted Test) at 12 BKN regional office

3. Open promotion mechanism has been used in more than 200 ministries, agencies and local governments
E-GOVERNMENT ENHANCEMENT

• ACTION PLAN

  • Integration of ICT from silo to resource sharing
  • Efficiency in ICT infrastructure spending

• RESULT

  1. Several ministries, agencies and local governments has integrating their ICT programs
  2. Draft law on National e-governent
  3. Grand design on e-governement
  4. 6 flagship of e-governement program
• ACTION PLAN
  • Improving public services quality in education, health and public administration
  • Evaluation and appreciation for public services by ministries, agencies and local governments
  • Improving excellent services to the public
  • Increasing Ease of Doing Business Program *Quick Wins* Nasional, K/L/Pemda
  • Managing Public Complaint

• RESULT
  1. ONE AGENCY ONE INNOVATION has created Innovation on public services (+500/2013 and +1000/2014)
  2. Ease of Doing Business rank slightly improved
  3. National Quick Wins programs established by GoI
ENHANCING TRANSPARENCY AND ACCOUNTABILITY

• ACTION PLAN

A. Developing Integrity Zone (WBK & WBBM) in Gov:
   • PNS Assets Reporting
   • Whistle Blower System
   • Public Disclosure
   • Gratification Control Program
   • Strengthening the Government Internal Monitoring System

B. Accountability
   • Integration of Systems Planning, Budgeting and Performance Management
   • Improving Accountability and Government Performance

• RESULT

1. + 150 ministries, agencies and local governments has launched its Integrity Zone programs
2. Whistle Blower system has been implemented in ministries
3. Clearance of assets and property
4. New law on Government Internal Monitoring System is drafted
## SOME INDICATORS OF ACHIEVEMENTS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Scale</th>
<th>Current status</th>
<th>Target</th>
<th>Result 2010</th>
<th>Result 2011</th>
<th>Result 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Realization of good governance</td>
<td>%</td>
<td>41</td>
<td>100</td>
<td>56</td>
<td>63</td>
<td>77</td>
</tr>
<tr>
<td>- Percentage of ministry or agencies with unqualified opinions from</td>
<td>%</td>
<td>2.68</td>
<td>60</td>
<td>3</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>ministry's/agencies' financial statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Percentage of local government with unqualified opinions from</td>
<td></td>
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<tr>
<td>local government's financial statement</td>
<td></td>
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<tr>
<td>2. Increasing the quality of public service</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>- integrity score of public service (center)</td>
<td>Score 0–10</td>
<td>6.64</td>
<td>8</td>
<td>6.16</td>
<td>7.07</td>
<td>6.86</td>
</tr>
<tr>
<td>- integrity score of public service (local)</td>
<td>Score 0–10</td>
<td>6.46</td>
<td>8</td>
<td>5.26</td>
<td>6</td>
<td>6.32</td>
</tr>
<tr>
<td>- rank of ease of business</td>
<td>rank 0–183</td>
<td>122</td>
<td>75</td>
<td>115</td>
<td>126</td>
<td>129</td>
</tr>
<tr>
<td>3. Increasing capability and accountability of bureaucracy performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- index of governance effectiveness</td>
<td>Score −2.5–2.5</td>
<td>−0.29</td>
<td>0.5</td>
<td>−0.19</td>
<td>−0.24</td>
<td>n.a</td>
</tr>
<tr>
<td>- percentage of accountable ministries/agencies</td>
<td>%</td>
<td>47.37</td>
<td>100</td>
<td>63.29</td>
<td>82.93</td>
<td>95.06</td>
</tr>
<tr>
<td>- percentage of accountable province</td>
<td>%</td>
<td>3.76</td>
<td>80</td>
<td>31.03</td>
<td>63.33</td>
<td>75.76</td>
</tr>
<tr>
<td>- percentage of accountable districts/cities</td>
<td>%</td>
<td>5.08</td>
<td>60</td>
<td>8.77</td>
<td>12.78</td>
<td>n.a</td>
</tr>
</tbody>
</table>
GLOBAL COMPETITIVENESS INDONESIA

2008-2009 To 2013-2014
- Less of Corruption
- Better Bureaucracy Efficiency
One Agency, One Innovation

Every ministry, agency and local government produce innovation for their public service through quick wins program of reform

= Disseminate and share the innovation the others
The Island of Innovation

- Government Resource Management System in Surabaya
- "LARASITA" Land Permit
- Civic service and Small Enterprises in Surakarta
- Drive Through Service for vehicle ID Extension in Surabaya
- Poverty Alleviation Unit in Sragen
- Complaint Handling System (UPIK) in a City Yogyakarta
- Electronic Voting System for Village’s Head in Jembrana Bali
- One-stop service in many local gov.
- Health Insurance In Jakarta
- Free of cost Education Jakarta and others
- Health Insurance In Jakarta
- Free of cost Education Jakarta and others
### Civic Service in Surakarta

<table>
<thead>
<tr>
<th>“Common Practices”</th>
<th>Surakarta Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takes 2 days to 1 week to create or re-register citizen ID</td>
<td>Takes 1 hour</td>
</tr>
<tr>
<td>Paper-based civic information system</td>
<td>Online civic information system</td>
</tr>
<tr>
<td>Ticket window system in service interface</td>
<td>Open counter system in service interface</td>
</tr>
</tbody>
</table>
LARASITA is an innovation created by National Land Agency (BPN) to improve the quality of service of certification of owned land using mobile office.

<table>
<thead>
<tr>
<th>“Common Practices”</th>
<th>LARASITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No service standard</td>
<td>Fulfilled service standard</td>
</tr>
<tr>
<td>Difficulty of access due to distance</td>
<td>Ease of access</td>
</tr>
<tr>
<td>Spoiled by Bribery</td>
<td>No bribery</td>
</tr>
</tbody>
</table>

LARASITA is an innovation created by National Land Agency (BPN) to improve the quality of service of certification of owned land using mobile office.
# Poverty Alleviation Program in Sragen Municipality

## “Common Practices”

<table>
<thead>
<tr>
<th>“Common Practices”</th>
<th>Poverty Alleviation Unit in Sragen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silo mentality of each organization in solving poverty</td>
<td>Integrated strategy in alleviating poverty</td>
</tr>
<tr>
<td>Difficulty for public in solving their poverty problem due to many offices in charge of the problems</td>
<td>Ease of access through single office</td>
</tr>
<tr>
<td>Poor people gets poorer due to tariffs and/or bribery to get government services</td>
<td>All services related to poverty are free</td>
</tr>
</tbody>
</table>
OUR PROSPECTIVE IN THE FUTURE

**Indonesia today …**

- 16th-largest economy in the world
- 45 million members of the consuming class
- 53% of the population in cities producing 74% of GDP
- 55 million skilled workers in the Indonesian economy
- $0.5 trillion market opportunity in consumer services, agriculture and fisheries, resources, and education

**… and in 2030**

- 7th-largest economy in the world
- 135 million members of the consuming class
- 71% of the population in cities producing 86% of GDP
- 113 million skilled workers needed
- $1.8 trillion market opportunity in consumer services, agriculture and fisheries, resources, and education
LESSON LEARNT FROM INDONESIA
**Leadership commitments to Change (bureaucracy reform)**

Commitment of all level/staff to Change (bureaucracy reform)

**Communications**

- Strategy
- Sender?
- Receiver?
- What is to communicate?

**Consistency**

- Characteristics
- Culture
- Resources

Managing the opponents of Change

Resistance to change will increase if the leadership's commitment to the change decreases

Change Strategy

- Incremental
- Radical
Leadership and political commitment
Lead by political Top Decision Maker
Grand Coalition (Multistakeholders)
Trajectory reforms must doable
Reform the reformers (critical mass reformers)
Comprehensive Roadmap, gradual implementation
Support from development partners
Obstacles of Reform

Difficulties in **convincing leaders to reform**

Lack of expertise to reform (know how to reform)

**Strong sectors-egoism** amongst government agencies

Resistance from status-quo bureaucracy

**Limitation of budget** financing reform programs

Reform Programs accepted as “**elites matters**”

**Sustainability of reform**
# Poverty Alleviation Unit in Sragen

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</table>
A. The government transition process has shown positive signs

B. The new President Joko Widodo has commitment to implement and continue bureaucratic reformation

C. President Joko Widodo’s new administration in future policy making on reform program:
   1. Bureaucratic reform program is not a short term program
   2. The new administration should conduct national review or comprehensive evaluation on the bureaucratic reform program
   3. Bureaucratic reform surely not only bureaucrat domain and responsibility but also concern of another important element in the country
THANK YOU