



# The narrative path of Indonesian public sector reforms 1998-2023

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## Abstract

*In response to political, economic, and social dynamics, the Indonesian public sector has continuously embraced reform initiatives, especially after the financial crisis severely hit the country in 1997. This article sheds light on the path of the Indonesian reform journey by employing a narrative analysis of enacted legislation and published reports on public sector reform from the period after the Asian financial crisis of 1998 until 2023. The path of reform was set off with state-level reform to arrange decision-making authority as part of the democratisation process, followed by intensive public financial management reforms that contributed to the sustainability of the reform. Market-type mechanisms are primarily adopted along with hierarchical mechanisms. This caused the initial effects of the reform to be heavily characterised by struggles for power and dominance among the units involved. The Indonesian experience highlights public finance as a critical priority in reform efforts, with its central role catalysing positive spillovers into other reform areas.*

## Keywords

*Public sector reform; Public Financial Management Reform; Organisational Reform; Human Resource Management Reform; Indonesia*

## Introduction

Public sector reform (PSR) is a complex and challenging task in both developed and developing countries. PSR refers to “deliberate efforts to change the structures, processes, and/or cultures of public sector organizations to improve their effectiveness” (Pollitt & Bouckaert, 2017, p. 2). PSRs have been the subject of extensive academic research that concentrates on examining the content and implementation of reforms with a broad range of practices and results. Moreover, reform ideas are often adapted to different local contexts, resulting in uncertain and divergent outcomes (Liguori et al., 2018). For example, Manning (2001) found that new public management (NPM) concepts and techniques have been widely applied in developing nations to address deficiencies in public-sector performance. Hood (1995) explained that NPM policy has not always been successful to the extent expected and promoted, but there is sufficient evidence to show that some of the central ideas in NPM have led to improvements in public service organisations or provisions across different organisational settings.

Success or failure of reform is influenced by the quality of design, leadership commitment, and implementation capability, which are interdependent and interact during the reform journey (Woolcock et al., 2018). Achieving and sustaining success in the reform process, requires several critical elements, including the maintenance of administrative capacity, fostering a supportive environment, shifting beyond single-loop learning, and incorporating double-loop learning (Argyris & Schon, 1978; Dan & Pollitt, 2015). While the goal of the reform remains stable, organizational methods undergo adjustments to incorporate the feedback and learning gained during implementation (Askim et al., 2010). As a result, fostering a learning culture within public organizations is crucial for the success of continuity administrative reforms.

Throughout the reform process, a project may encounter setbacks, necessitate modifications, or face conflicts with other competing priorities, ultimately leading to termination (Pollitt & Bouckaert, 2017). The constant flux of change, convergence of reform dynamics, and sedimentation of previous reforms contribute to the heightened complexity of reforms (Christensen & Lægheid, 2010; Streeck & Thelen, 2005). In addition, decentralised structure and coalition government can make the implementation of new reforms slow and difficult (Liguori et al., 2018). In low-income countries, leaders may face conflicting demands from domestic constituents and international organisations, which further complicates the process (Woolcock et al., 2018). The study indicated that government in developing countries has potential to harness constructive pressures resulting from globalization towards better public management and improved service delivery (Fuhr, 2001).

In Indonesia, the PSR, also known as bureaucratic reform, has emerged as a response to financial crisis and mounting public criticism of government performance by academics, civil society, and donors on politicians and public managers to implement necessary reforms (Gaus et al., 2017; Srithongrung, 2018; Turner et al., 2022). The shift from autocracy to democracy following the Asian financial crisis in 1997/1998 opened an opportunity to bring the reform agenda onto the table.

Indonesia has exhibited dynamic incorporation of external reform elements into the public sector. With one set of reforms often paving the way for the next, reforms appear to have evolved into routine activities (Brunsson, 2006). Prior to the reform, the Indonesian public sector adhered to Weber's ideal bureaucracy model (Turner, 2018; Turner et al., 2022), which emphasises

control through input monitoring and process compliance (Head & Alford, 2015). In the reforms process, the adoption of market-based or private sector management practices has become prevalent with a hierarchical approach (Turner et al., 2022). These reforms include decentralisation, accrual accounting, competitive tendering, performance management, outcome orientation, merit systems, and lean organisational structures (ADB, 2021; Harun et al., 2019; Srithongrung, 2018; Turner, 2018; Turner et al., 2022). However, the sedimentation of the authoritarian regime during Soeharto's era, coupled with the cultural ecology of the Indonesian bureaucracy, has impeded the government's capacity to effectively implement public sector reforms in a substantive manner (Harun et al., 2019). The succession of reform ideas is not simply displaced by another. Instead, the analysis indicates that reform trends are complementary and supplementary rather than alternatives. The complexity of these trends poses a heightened challenge to understanding and fully explaining country reforms (Greve et al., 2020). Therefore, the question remains as to whether these adjustments are sufficient for the success of the reforms, or if more fundamental changes in organisational forms are necessary (Askim et al., 2010).

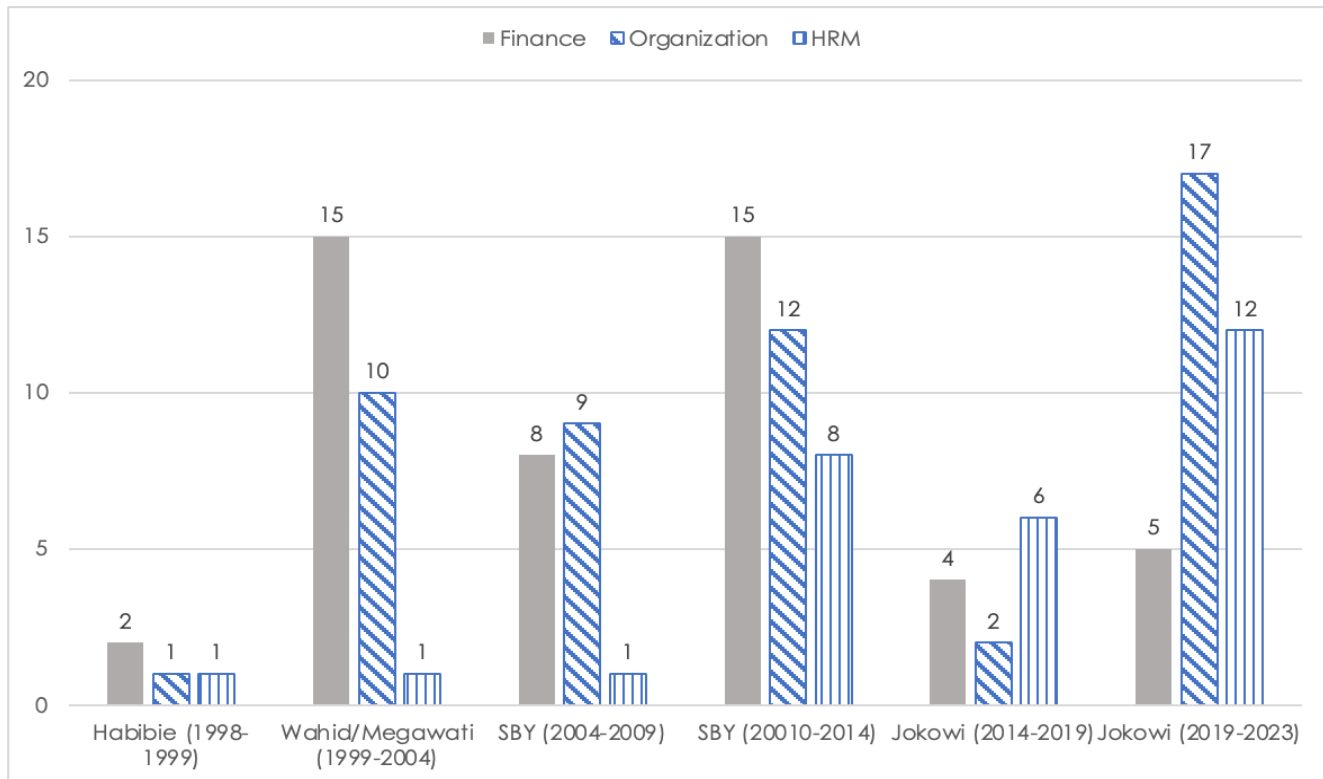
To gain a comprehensive understanding of a country's PSR, it is crucial to examine both short- and long-term implementation of reforms. Employing the narrative method and public management reform framework of Pollitt and Bouckaert (2017), this study aimed to map and compare socioeconomic forces, political systems, and administrative systems in the adoption of reform ideas in the areas of finance, organisation, and human resources management. The data used include laws enacted that represent decision-making on Indonesian PSR from 1998 to 2023, published reports at the central government level. The use of the Pollitt and Bouckaert framework enhances comparability with relevant studies and offer implications. Practically, understanding of current state PSR contributes to the countries in setting future reform agendas and for other countries with similar reform contexts and development stages.

In the next section, we explain the method employed and continue by mapping and analysing reforms to comprehend the core narrative. We conclude by drawing on the findings and implications of this study.

## Methods and data

This study employs narrative analysis from extensive laws and regulations related to PSR to trace the trajectory of Indonesia's reform process. Narrative analysis refers to a family of methods for interpreting texts that have in common in the format of stories (Riessman, 2008). Narrative analysis systematically presents the chronological path of reform initiatives to understand their links and causality, enabling researchers to build up a picture of the trajectory of Indonesian reform efforts. This method has recently gained modest prominence as a tool for understanding public and organisational affairs (Mintrom & O'Connor, 2020; Pollitt, 2013; Weiss, 2020). Pollitt (2013) used narrative method to examine the evolution of UK reforms over 40 years, highlighting a significant shift from internal to external orientation. This shift involved greater public participation and an increased focus on citizens, yet the reforms continued to lack clear targets for measuring reform success, solid evidence on proposed changes, and effective horizontal coordination, and organisational restructuring to enhance public sector effectiveness. A study of the case of NPM reforms in Germany between 1993 and the late 2000s shows how a reform narrative is shaped by reform actors and how it evolves through implementation (Weiss, 2020). More recently, Mintrom and O'Connor (2020) also conducted research on COVID-19 policy in USA with a narrative approach.

Figure 1: The number of laws and regulations analysed for each reform area and presidential period

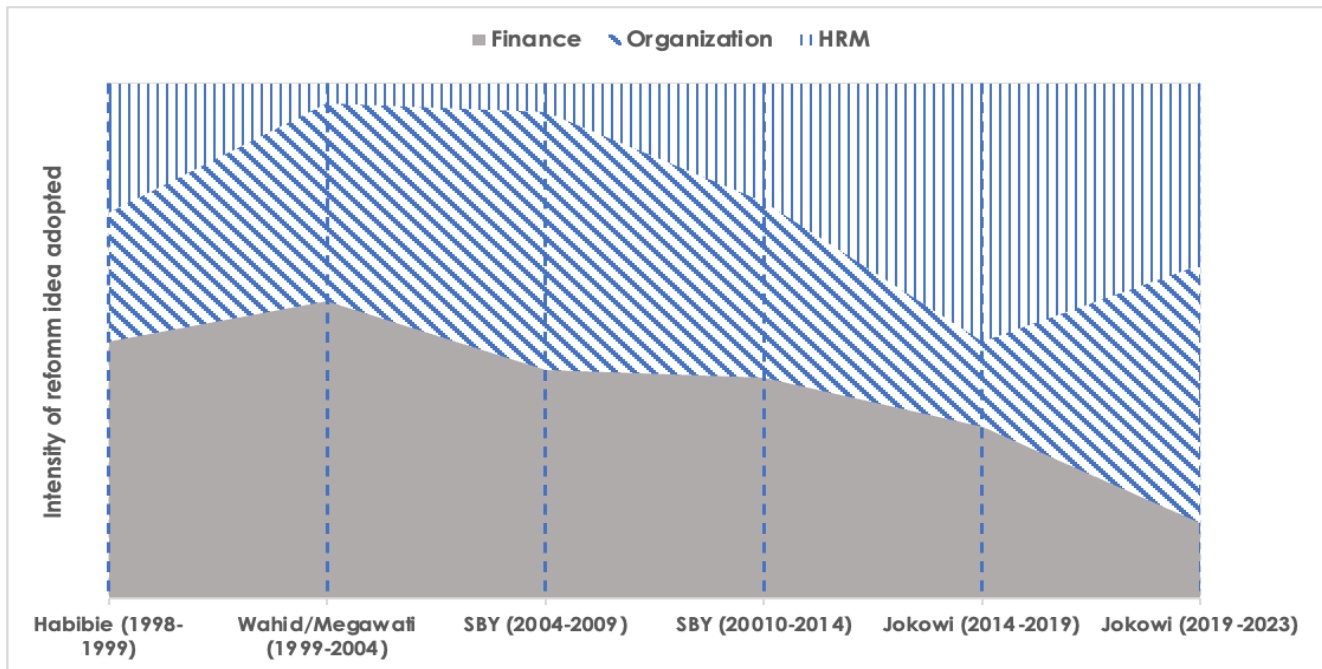


They underscored the importance of incorporating narrative development and management in policy advisory practices, which can lead to more effective policy development and implementation across various state levels.

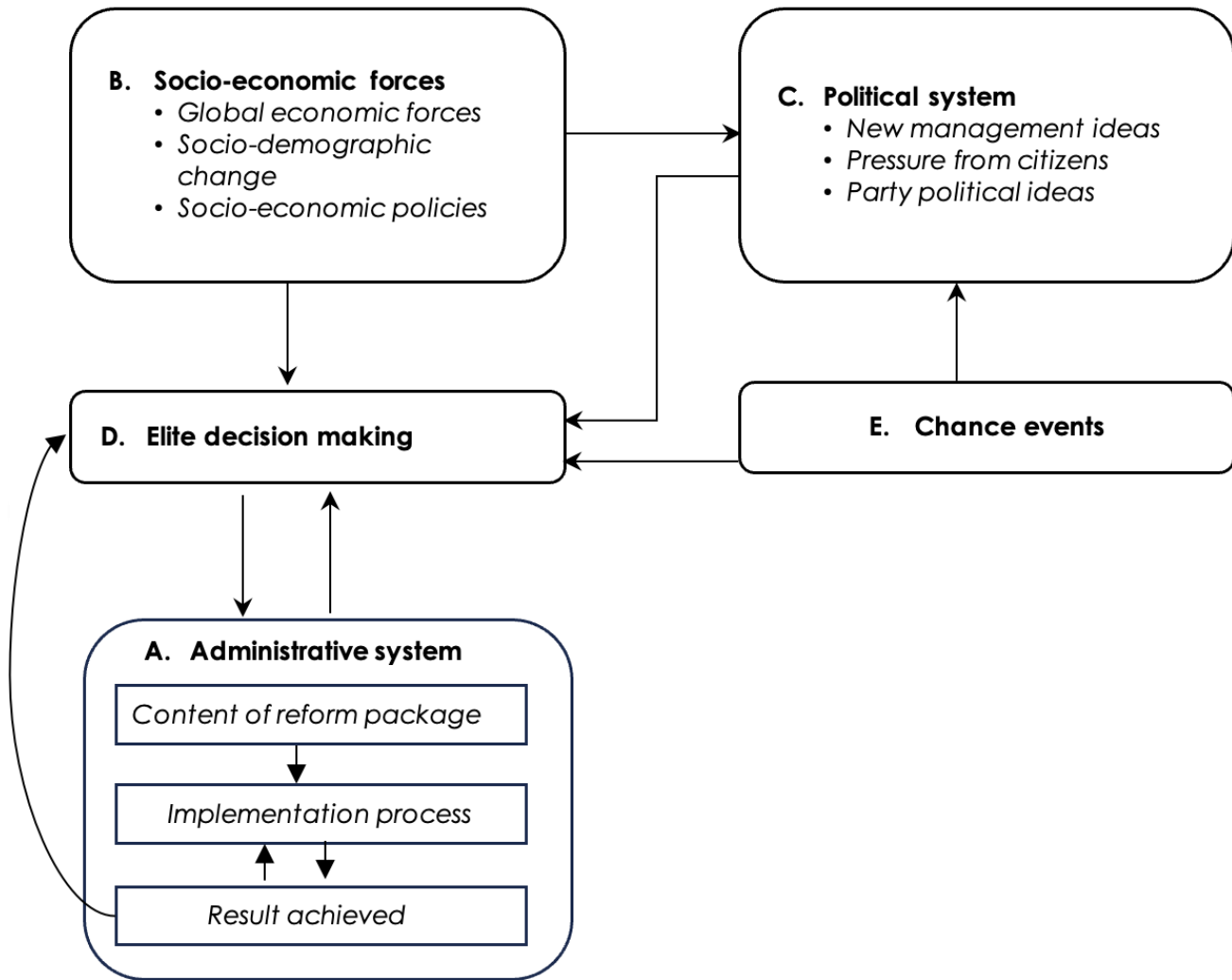
To gain a comprehensive understanding of Indonesian PSRs based on enacted legal frameworks, the first step is to identify those relevant from 1998-2023. The year 1998 or Habibie's period, was selected as the starting point because the major step of reform was promoted during this period. In the Indonesian bureaucratic context, the adoption of new reform initiatives formally begins with the issuance of regulations. These documents outline the background, adopted concepts, objectives, and operational aspects of new policies or amendments.

The regulations analysed were mainly sourced from JDIH (legal information data network), a system prepared by the Ministry of Law and Human Rights to integrate the law published in Indonesia. The system allows the public to search legal databases based on categorical factors, such as organisation, HRM, and finance. These regulations were then filtered to include those specifically related to the implementation of reforms enacted at the legislative, presidential, and minister levels responsible for PSR. To ensure the inclusion of key relevant laws, we consulted with the PSR specialists to validate the list. Despite efforts to ensure the inclusion of selected key relevant laws, it is conceivable that certain laws were missed, especially those that were not in the public domain. We analysed a total of 129 laws and regulations. Figures 1 and 2 show the number of laws and regulations incorporated in this study for each reform area and presidential period, respectively (for the summary analysis see Annex 1). In addition, this study integrates a white paper on Indonesian public sector reform prepared by the World Bank to describe the state of the public sector in the early stages of reforms.

Figure 2 : Public sector reform focus based on number of laws and regulations for each reform area and presidential period



To analyse the laws and regulations enacted and understand their context, we adapted Pollitt and Bouckaert (2017, p. 33) framework of public management reform (see Figure 3). This framework posits that the elite decision making, in this case through laws and regulations, represents both desirable and feasible reform ideas that are implemented. The reforms may be amended or adjusted based on the results achieved, or influenced by dynamic socio-economic forces, political systems, or the occurrence of chance events. The socio-economic forces encompass global economic shifts, socio-demographic changes, and socio-economic policies. Dynamics within the political system include the emergence of new management ideas, citizens pressure, and party-political ideologies. These factors have a less direct or straightforward influence on PSR. By following these steps, a more comprehensive understanding of the historical context and impact of PSRs can be obtained.



### Narrative path of Indonesian public sector reform

This section maps the path of the Indonesian PSR and how reforms have evolved, and highlights tensions at various stages of development by referring to the Pollitt and Bouckaert (2017) public management reform framework. The reform journey will be organised chronologically, commencing with President Habibie's tenure, and extended to the current administration of President Jokowi. It provides an overview of the socio-economic challenges and political and administrative systems as the basis for reform, the primary objectives of the reform, the reform's contents, the progress made, and the significant factors influencing its implementation as lessons learned.

#### **President Burhanuddin Jusuf Habibie (May 21, 1998-October 20,1999)**

The pivotal movement in the reform of the Indonesian public sector emerged during this transition period, marked by significant shifts in ideology, process, and structure. Indonesia underwent a period of transition confluence through a combination of economic recession, mounting government debt, and declining public trust in the public sector. The reform idea embraced in the early period represents realisation of public demand for power check-and-balance mechanism and donor countries programmes as part of loan agreements. The primary objectives of public sector reform were to improve governance, improve public sector performance, and increase accountability in budget allocation. The reform process was led by an elite which consisted of senior public servant, politicians and civil society entities such as religious mass organisations and academics. The military's support was also crucial in ending its dual function in both defence and politics. The government had sufficient legitimacy to implement the PSR supported by donor countries' assistance in introducing best practices. The amendment of several laws readjusted the balance of authority between the central and local governments. However, the decentralisation

process also posed the risk of engendering discrepancies between central and local government policies and creating additional layers of regulation that would further exacerbate problems and delay public services delivery.

The Indonesian economy was severely affected by the 1997 financial crisis, with a contraction of 13.7%, an inflation rate of 77%, and up to 185% depreciation of the Rupiah currency. This led to citizens' loss of trust in the government and culminated in a multifaceted crisis, particularly in the social and political spheres. A widespread civil society movement called for the resignation of President Soeharto. He resigned down from presidency on May 21, 1998 and was succeeded by Vice President Habibie.

Indonesia opted to accept an IMF loan and sign its first Letter of Intent in late October 1997. As a continuation of cooperation with the donor countries, the government signed a second agreement with the IMF in July 1998. The programme played a crucial role in sustaining economic agendas during the transitional administration period. Furthermore, the programme necessitated several measures to strengthen institutional frameworks, promote transparency and fair competition, and create a robust legal and regulatory environment (World Bank, 2001a). The initiative included upgrading the management of Indonesia's state finances and reducing the public debt balance through fiscal discipline. However, due to a lack of capacity to implement IMF proposals, the proposed reforms could not be fully executed. The implementation of some international best practices in economics and public administration was rejected because of conflicts with the values and interests of vested parties. The proposed reform concepts included market-oriented mechanisms aimed at making the government more efficient, effective, transparent, and accountable.

President Habibie was confronted with the demands of a clean government and greater autonomy for local governments. During his tenure, most of the reforms were related to establishing a clean government or eliminating corrupt practices. The commencement of the Indonesian reform era was marked by the issuance of a decree on the State Administration Clean and Free from Corruption, Collusion, and Nepotism which was followed by the enactment of the law on the implementation of a clean and free state from corruption, collusion, and nepotism. This requires that all government agencies be held responsible for their primary duties in serving public.

Moreover, as part of the reform to change the nature of authority relationship between central and local governments, the Habibie administration implemented laws governing the local government and fiscal balance. The central government delegated sizable government authority directly to district governments rather than to provincial governments. Provinces are granted only a few decentralized responsibilities and function as a coordinating layer without authority over the districts. The law on local government established the local level—comprising provinces, districts, or municipalities - as having broad autonomy, with the authority and responsibility to decide on all matters except foreign affairs, defense and security, justice, monetary and fiscal affairs, religion, and other selected matters. These "other matters" include macro-level planning, fiscal equalization, public administration, economic institutions, human resource development, natural resource utilization, strategic technologies, conservation, and national standardization. The law delineated the responsibilities of local governments, including public works, health, education and culture, agriculture, transport, industry and trade, investment, environment, land matters, cooperatives, and manpower.

In relation to HRM, Indonesia has implemented a division between political and civil services to prevent potential conflicts of interest during elections. The law on the Principles of State Employment emphasises the impartiality of public officials to political parties and interventions. Furthermore, to promote a more professional civil service, the government introduced a system of functional civil servants who carry out their duties based on their specific expertise and/or skills, operate independently, and are promoted based on a merit-based system that awards credits for job performance.

### **President Abdurrahman Wahid (October 20, 1999-July 23, 2001)**

Abdurrahman Wahid and Megawati Soekarnoputri were elected as the President and Vice President of Indonesia in the General Assembly of the People's Consultative Assembly (MPR) in 1999. He served in his position until 23 July 2001. The legislative members sit during the period they were elected in the democratisation era involving 48 political parties as contestants in 1999. The economic recovery agenda of the government prioritised restructuring the government's debt, revitalizing financial sectors, and ensuring stability of market prices. The third programme agreement with IMF was signed in 1999 covering the period from January 2000 until December 2002. In their country key recommendations to create good governance, World Bank demanded to establish a credible, independent, anti-corruption commission, prepare a comprehensive strategy to reform the justice sector and the civil service, and enact an improved version of PFM reform (World Bank, 2001a). Specifically, the World Bank (2001b) recommended introduction of performance-based budgeting by incorporating physical programme outputs and performance indicators, devolution of greater financial flexibility, and enhancement of line ministry budget management capacity.

The adoption of macro level public management reform had a broad impact on decision-making authority at the national level, including between the legislative and executive branches, as well as central and local governments. Following the election, several pieces of PSR related legislation were enacted. The Indonesian constitution (UUD 1945), which serves as the primary justification for reforms, was amended four times between 1999 and 2002. Two of them occurred during Abdurrahman Wahid's tenure. The first amendment (19 October 1999) enacted term limits for president and vice president, redefined the role of the House of Representatives (DPR), and granted the President and DPR the right to propose laws. Subsequently, the second amendment (18 August 2000) covered articles related to local government, establishment of a Regional Representative Council (DPD), and human rights enforcement.

In the PFM area, government revenue management was strengthened by the issuance of a law on general provisions and tax procedures. Enhancing revenue collection and ensuring its stability were critical requirements for implementing more sustainable reform programmes. The government also revised the state budget format from T-account to I-account in accordance with international standards and Government Finance Statistics (GFS). This change was critical in modifying the state budget structure. Previously, the use of loans to finance government development projects was considered as government receipts, which made the state budget appear to be in a balanced position. However, the new structure highlighted the financing size and expenditure attributed to debt repayment as part of government transparency.

In terms of organisational changes, the government took a major step by liquidating the Ministry of Social Affairs and the Ministry of Information due to widespread corruption. To supervise government institution services quality and manage public complaints regarding public services, the government established the Ombudsman Commission. Additionally, a joint team was created to eradicate corruption across LMAs, with a focus on improving coordination.

Overall, the progress of the reform agenda remained below the target mainly due to limited capacity and time to execute the programme. Major factors that contributed to this included lack of coordination among related ministers, unsynchronised programmes between central and local governments as early effects of decentralisation, and weak executive-legislative work relationship.

### **President Megawati (July 23, 2001—October 20, 2004)**

The Megawati period's reform efforts were mainly an extension of the reform agenda from the Abdurrahman Wahid era, which placed significant emphasis on combating corruption and implementing a system of checks and balances. She served as President from July 2001 to October 2004. The third and fourth state constitution amendments materialised in the period. The third amendment (9 November 2001) contained articles pertaining to the MPR, executive, state ministries, DPR, general elections, and supreme audit institutions. One important regulation that was changed pertained to the judiciary power. The segregation of functions aimed to improve oversight and control among the executive, legislative, and judicial institutions or within the organisations themselves. This was achieved by either establishing new units or empowering existing organisations with control or supervision functions. The fourth state constitution amendment (10 August 2002) involved articles on the second-round mechanism of the president and vice president election, presidential authority, exit clause when the president or vice president was absent, state finance and central bank, social security, education, and culture. The amendment changed the state management process by reinforcing legislative roles in state budget formulation, discarding GBHN as the key guideline for developing national development plans, and promoting regional autonomy and decentralisation.

To sustain the anti-corruption campaign, the government enacted a law to amend the Eradication of Criminal Acts of Corruption. The most significant action taken to address corruption was the establishment of the Corruption Eradication Commission (KPK), which is a part of commitment to donor countries (World Bank, 2001a). The KPK is an independent agency responsible for preventing and fighting corruption, including the establishment of a specialised court for corruption cases.

The Megawati administration witnessed a period of more stable economic development. By the end of her tenure, there were signs of recovery in the global economy, which had experienced a decline due to the Iraq War and the SARS outbreak. In response, the government utilised government expenditure as an economic stimulus instrument. In light of the debt

repayment timeline that followed the termination of the IMF programme, the fuel oil subsidy was reduced. Additionally, the last programme agreement between the Indonesian government and the IMF was signed in 2003, which focused on preparing an exit strategy. To ensure that donor countries' assistance was monitored and sustained, Presidential Instruction 5/2003 on the Economic Policy Package was issued before and after the end of the cooperation programme with the IMF.

During the previous era, certain PFM procedures and structures were a continuation of colonial practices. A lack of urgency, the absence of pressing challenges in government management, and a tendency to merely modify regulations in response to rising issues rendered these reforms less imperative. The PFM reform trajectory reached a significant milestone with the introduction of the State Finance law. This law serves as the legal foundation for the implementation of budgetary reforms in Indonesia, particularly the adoption of performance-based budgeting. The implementation of performance-based budgeting aims to establish a link between performance and budget, enhance transparency and efficiency, and ensure flexibility and accountability. Other principles such as accrual accounting were also adopted. Furthermore, the adoption of market-based ideas was facilitated by the issuance of a regulation on public good/service procurement. This regulation promotes effective and efficient procurement of goods and services through fair competition, transparency, and equal treatment for all parties involved. A year later, the State Treasury Law was issued, which outlined the principles for budget disbursement, cash management, and account management. Finally, the State Audit Law was enacted, which served as the basis for establishing an independent external audit function, which is a contemporary governance concept adopted during this period.

Local autonomy was implemented as a strategy to improve public services, empower communities, and promote participation as a means of advancing regional prosperity. The main objective of the law on regional governments is to improve the efficiency and effectiveness of local government management. In terms of revenue, the government modernised the tax system and organisational structure to improve revenue management and build trust with taxpayers. This was achieved through the introduction of special tax offices and the implementation of models for large, medium, and small tax offices. The public sector reform that resulted from the implementation of these changes served as a pilot project and showcased the success of delivering services and reducing vulnerability to corrupt practices. The success of this reform can be replicated in other sectors that have experienced dissatisfaction due to poor service delivery.

Other key events included the passage of the law on State Planning as a national development planning system to harmonise and synchronise three elements of the national development, the regional development, and the inter-regional development planning. The law replaced state central planning that had been adopted since independence of Indonesia. Politically, the five-year strategic plan reflected the administration's political campaign. The law outlines provisions relating to the government in ensuring linkages between strategic planning and budgeting at both the national level and the line ministry/agency level. The top-down and bottom-up planning technique relied on structural level organisation to gather and harmonize input. In the strategic planning, performance evaluation centred on the outcome of government programmes, including their impacts.

The bureaucratic reform initiatives taken tended to be unsystematic or sporadic. The primary objective of most of these efforts was to eliminate corrupt practices. These reform initiatives extended to the broader public sector, involving the distribution of decision-making authority and power between the legislative and executive branches of government at both the central and local levels. Additionally, there was a greater emphasis on reforming PFM practices. The implementation of these new governance policies had a significant impact on the behaviour of actors involved in public financial management. The reform efforts were facilitated by improved fiscal discipline, which involved both increased revenue collection and better management of government spending, leading to a reduced risk of debt.

### **Susilo Bambang Yudhoyono Period (2004-2009 and 2010-2014)**

Following the democratisation era, Susilo Bambang Yudhoyono assumed the presidency in 2004 through direct elections and was re-elected for a second term in 2009. In the absence of a single majority-winning party, he formed a coalition with other parties to provide support for his administration and ensure the establishment of a stable government. During his tenure, the reforms that had been introduced in the previous administrations were enacted through more specific regulations and put into effect. The government's primary programme focused on enhancing economic growth, creating job opportunities, providing cash transfers to the impoverished, and stimulating economic acceleration after the global financial crisis of mid-2007. The government was concerned about the external factors that affected the economy, such as rising oil prices and global financial market crises, including the US subprime mortgage crisis. Additionally, rehabilitation efforts after natural disasters and mandatory spending necessitated by the economic situation of the period placed extra pressure on government resource allocation.

In his period, bureaucratic reform policy was articulated in the National Long-Term Development Plan (RPJPN) 2005 – 2025. The RPJPN mandates the formulation of national policies and strategies of state apparatus development. The goal of bureaucratic reform stated in the document is to improve professionalism and achieve good governance. Moreover, as a policy direction for the execution of national bureaucratic reform, more detail about national policies and strategies is outlined in a grand design of bureaucratic reform. Grand Design of Bureaucratic Reform 2010-2025 introduced a more structured reform management approach. The document aims to achieve world-class government by 2025 and encompasses eight areas of

bureaucratic reform: organisation, business processes, human resource management, supervision, accountability, public service delivery, and culture. The primary objectives set for this period included establishing a clean, corruption-free government, improving the quality of public services, and enhancing the capacity and accountability of the bureaucracy.

The PFM law packages, in particular, mandated the implementation of performance budgeting, which was introduced in the budget architecture across all line ministries for the first time during the fiscal year 2011. Controlling and enhancing expenditure efficiency as well as linking budget allocation with the government's priority programmes, such as education, health, infrastructure, and agriculture, became an essential strategy. Additionally, the centralised planning system was replaced with Indonesia's Long-term Development Planning 2005-2025, which served as the national and local development programme's guide. To address local decentralisation and autonomy, the government has been enhancing the allocation quality to reduce gaps between regions and improve public service delivery. This effort includes a law mandated budget allocation for villages, as well as a regional government law that aims to improve public services, empower public participation, and enhance the efficiency and effectiveness of local government management.

The organisational reform adopted in the period includes a restructuring of the state ministerial position to better govern their duties, functions, organisational structure, and work procedures. The law stipulates the maximum number of line ministries at 34 or fewer to ensure sustainability and minimise disruptions from changes. The law also prohibits ministers from holding dual roles, including political party leadership positions, in alignment with broader bureaucratic reform efforts. The government strengthened the Ombudsman Commission's role as an oversight body responsible for monitoring public service delivery at both central and regional levels, including within state-owned enterprises.

To provide reasonable assurance regarding the achievement of organisational objectives through effective and efficient operations, as well as ensuring the reliability of financial reporting, the protection of state assets, and compliance with laws and regulations, a framework for the development of internal control systems within government agencies has been established. Starting from 2008, line ministries/agencies have been required to prepare financial reports and performance reports for government agencies, combining both financial and non-financial information in the report.

The government implemented a reward and punishment system to encourage line ministries and agencies to implement bureaucratic reforms, as outlined in the grand design. Based on the monitoring and evaluation results of an independent team that evaluates the implementation of bureaucratic reforms in organisational management, personnel, performance accountability, and public service quality, as well as the strategic impact of the reforms. To provide standardised assessments of reform implementation progress, the MBR has issued a decree on the guidance of self-assessment of bureaucratic reform implementation that adopts the Common Assessment Framework (CAF). The government also set the general principles of government administration, such as legal certainty, no power abuse, neutrality, openness, prioritisation of the public interest, and good services. In addition, Line Ministry/Agencies (LMAs) were required to implement a performance accountability system, which involved the regulation to prepare an annual accountability report based on financial and performance data.

A new model of organisation with greater flexibility in managing finances is being implemented to improve the performance of government units in delivering quality public services through the concept of Public Service Agency (BLU) financial management. BLU is a government agency that provides goods and/or services to the public while adhering to the principles of productivity and efficiency, without a strong emphasis on maximising profits. Financial management flexibility is granted to this type of agency. Public involvement in public services is also emphasised to ensure fairness, transparency, and accountability through the involvement of the public in the design, standards, monitoring/evaluation, and reward systems of public services.

The government made significant advancements in HRM by introducing a more objective and equitable performance evaluation system for public employees. This new system evaluate employees based on achievement of work performance targets specified in their contracts (60%) and their attitudes (40%). Additionally, the government established a standardised job evaluation system to assess government employees' positions based on factors such as tasks, responsibility, authority, and rights. This job evaluation system helps to determine job value, job class, job formation, career system development, performance management, rewards, and salary systems. The value of a position is measured based on an employee's contribution to internal or external organisational activities or programmes. The government implemented a zero-growth strategy for civil servant recruitment in 2012 to manage administrative spending and promote the professional development of civil servants. As part of this strategy, a new category of government employees with a working agreement was introduced, which allowed for the appointment of non-permanent professionals. The recruitment selection process was made fairer and more objective through the implementation of a computer-assisted test.

### **Joko Widodo Period (2014- 2019 and 2020-2024)**

The first presidency of Joko Widodo commenced at the end of 2014 and he served for the second term after being re-elected in 2019. He formed a coalition government with diverse cabinet member backgrounds, comprising politicians, military, professionals, academics, and religious organisation leaders. Bureaucratic reform is one of the government's top-priority programmes. The road map of bureaucratic reform 2015-2019, aimed to establish a bureaucracy that was clean and accountable,

efficient, and effective, and able to deliver quality public services, with a focus on performance-based bureaucracy. As President Jokowi entered his second term, the roadmap of bureaucratic reform 2020-2024 is called "Dynamic Governance" with focus on achieving a clean and accountable bureaucracy, a capable bureaucracy, excellent public services, streamlined business processes, and governance based on information and communication technology. His administration also targeted massive infrastructure projects as key agendas. Therefore, as part of the effort to create more budgetary space, the government redirected non-priority and non-productive spending, allowing for better resource allocation. The government targeted budget cuts from non-priority and non-productive spending, such as travelling costs, as sources of efficiency, besides promoting IT utilisation to generate greater savings. This period was distinguished by the successful reduction in fuel oil subsidies.

Preventing corrupt practices continues to be a government priority, and prominent efforts have been made to accelerate the development of corruption-free, clean, and service-oriented office zones, particularly those that deliver services directly to the public. Additionally, recent revisions to the statute governing the Corruption Eradication Commission (KPK) have resulted in changes to the employment status of KPK personnel, who are now part of the state apparatuses, as well as the establishment of a supervisory council to oversee the commission. These changes may have implications for the Commission's independence in its efforts to combat corruption.

In an effort to widen the fiscal space, increase productive spending, and reduce fiscal vulnerability from fluctuations in oil prices and exchange rates, the government implemented a fixed subsidy for diesel fuel and eliminated gasoline subsidies beginning in 2015. During this period, the allocation of funds for travel and meetings was reduced and government spending was refocused on more critical activities. On the expenditure side, the government continued to implement budget cuts and savings initiatives aimed at reducing less productive expenditure. A significant decline in commodity prices has a substantial impact on non-tax revenue. The final fiscal year of the 2015-2019 midterm government plan aimed to improve the quality of spending to make it more productive and effective. This goal was achieved by strengthening the value for money to support priority programmes, including education and health in 2019. The government has expressed a commitment to continuing budget reforms that enhance the productive allocation of funds. As part of the planning and budgeting process, the government redesigned the planning and budgeting system in 2020 to improve allocation priorities and to enhance output and outcome orientations.

The trend of low and slow budget disbursements at the local level, as well as the common practice of depositing transfer funds from the central government into a bank account, prompted the government to issue Law 1/2022 on Financial Relations Between Central and Local Government. The primary objective of this law is to transform the financial relationship between central and local governments. This effort was made to achieve effective and efficient resource allocation at the national level and optimise local government expenditures. The law covers taxes and compensation, transfers, loans, expenditure management, and fiscal alignment.

The government took immediate and extraordinary measures to counteract the Covid-19 outbreak and to recover the national economy. Extraordinary fiscal policies have been implemented by providing the government with flexibility to increase the budget deficit by more than 3% by 2022. The government's strategic policies include refocusing and reallocating the budget from non-priority activities and providing a stimulus for pandemic relief and national economic recovery. Additionally, the planning and budgeting system has been redesigned to adopt a spending better approach that prioritises implementing result-based programmes, efficiency in meeting basic needs, and anticipating various pressures (automatic adjustment).

To promote more effective and efficient public administration, the government has merged and liquidated several units to streamline government organisations. To avoid duplication, the functions of these organizations were either merged into existing line ministries/agencies or terminated altogether. A total of thirty-seven non-structural organisations were restructured from 2014 to 2020. Additionally, to simplify the organisation and streamline the administrative structure, the government has replaced structural positions with functional positions, which include civil servant career development, competency development, and mechanisms to handle public servants affected by bureaucratic simplification. The government conducts annual evaluations to assess the effectiveness of public organisations. Despite the improvement in the composite scores, the tool needs to be validated to provide a real picture of the organisation. Recently, to enhance the quality of public services and ensure that the government budget is channelled for public benefit, the government initiated a results-based bureaucracy.

To establish an overarching framework for the adoption of information technology in government services, presidential regulation on the implementation Electronic Based Government System was enacted. The objective is to increase spending efficiency, data integration, IT infrastructure integration, and service integration through shared applications. Government entities should consider the use of IT when adjusting their business processes. The widespread use of IT has led to increased productivity, facilitated collaboration among various entities, and improved the quality of public services. However, the Minister of Communication and Information Technology reported that in 2022, the central and local governments operate approximately 24,400 applications. To streamline the government programme, the number of applications will be significantly reduced and shared usage will be promoted to enhance efficiency and data integrity among government units.

The HRM reform strategy focuses on reducing the number of civil servants, implementing a merit-based system with an assessment centre, improving remuneration, and adopting performance contracts. The goal of HRM is to create professional civil servants who exhibit basic values and professional ethics, and are free from political intervention, corrupt practices, collusion, and nepotism. To achieve this, a minimum competency standard was introduced for technical, managerial, and sociocultural competencies, as required by the respective level or position of public officials. The government mandated that organisations create tailored talent management strategies to promote the implementation of talent management. The recruitment of top-level officials through competitive bidding has disseminated reform ideas drawn from private sector practices, thereby ensuring consistency in the reform agenda.

## Discussion and analysis

### **Forces influencing public sector reforms**

The influential factor in shaping public management reforms in Indonesia was pressures from socioeconomic forces. The trajectory of Indonesia's public sector reform has been shaped by several crises, including the Asian economic crisis of 1997-1998, the global financial crisis of 2008-2009, the taper tantrum of 2013, the global economic downturn of 2017-2018, and the COVID-19 pandemic of 2020-2022. For developing countries, PSRs were part of solutions to overcome economic crisis that led to substantial debt accumulation (Haque, 2007; Koike, 2013; Samaratunge et al., 2008). The crises revealed weaknesses in the public management system, pushing donor countries to call for reforms, including the adoption of market-oriented mechanisms and international best practices to modernise public financial management as condition. As part of aid schemes, international donor countries require as a pre-requisite public sector reform (Salman, 2021; Turner, 2018). In order to secure loan commitments from donor countries, the government was required to implement reforms. These reforms aim to enhance national competitiveness, meet public services demands, and legitimise political leaders (Turner, 2002), increase productivity (McTaggart & O'Flynn, 2015), and cutting costs (Lonti & Verma, 2004). In case of Indonesia, the reform objectives focused on achieving efficiency, effectiveness and accountability in the public sector.

Wihantoro et al. (2015) highlighted a significant oversight in the post-crisis reform proposals from donor countries, in that they often do not consider cultural aspects. They argued for the need to carefully adapt the promoted Western-style reforms to better align with the local cultural context of Indonesia, particularly in relation to management control and culture. In the initial phase, donor countries played a significant role by imposing debt requirements that made PSR mandatory. However, their role diminished significantly after 2004, when the government decided to end its collaboration with the IMF. Despite this, the government effectively bridged the necessary gap to continue its reform initiatives by developing a comprehensive reform roadmap.

### **Content of public sector reforms**

The content of the reforms has continually evolved in response to the changing context. During transition periods, to regain public trust, strengthening accountability became a priority of the reform agenda. Likewise, efforts to strengthen government revenue and expenditure management were essential to the reform's sustainability. Key concepts adopted included performance-based budgeting, public procurement, asset management and investment, state financing, accrual accounting and independent auditing. The PFM reform initiatives have catalysed broader PSRs in organisational, personnel, and information technology (Christensen, 2012; Mauro et al., 2021; Norman, 2001). Furthermore, as in other Asian countries, the eradication of corruption remains a policy priority since corruption leads to public sector failure, prime among which is patronage as a result of weak accountability, a hegemonic political regime, low wages, and bureaucratic dysfunctions (Turner, 2018). The reform was continued in more structured effort with introduction of a grand design of bureaucratic reform. For developing countries, it is essential to strategically allocate limited resources to reforming government sectors that significantly impact equality, poverty, and other pressing social issues (Andrews, 2008). Moreover, it is not feasible to reform all systems in all public organisations simultaneously due to scarce governmental resources (de Vries, 1999).

The PSR in Indonesia is largely inspired by the NPM model, which emphasises result orientation, efficiency, autonomy, and customer focus. However, the strict regulations restrict government officers' discretion in decision making, leading to inconsistencies within the core principles of NPM (Jones & Kettl, 2003; Prabowo et al., 2017). This detailed and rigid approach is mainly aimed at preventing corruption and not at improving efficiency and effectiveness. Turner (2002) identified NPM-style reforms in Indonesia as "slow and sporadic. Although Indonesian officials were cautious or even rejected NPM reform initiatives in the 1990s and the early 2000s, there was a growing interest in downsizing, performance management, budget management, and adopting private sector practices to boost economic competitiveness. This led to a more visible acceptance of the NPM-style reforms. Gaus et al. (2017) emphasised the challenges associated with integrating markets or quasi-markets within the context of traditional patrimonial values in Indonesia. The entrenched patrimonial values that dictate the behaviour of Indonesian bureaucrats and their systems have inhibited their capacity to embrace change and achieve reform objectives.

Compared to the President Soeharto era, when power was heavily centralised in the president, the current government's reliance on multiple actors, the lack of a single majority, and decentralisation have led to an inability to optimise the potential benefits of international best practices in diffusion reform initiatives (Gaus et al., 2017; Kim, 2009). In a centralised power setting, decisions are often made without viable discussion. Even when a selected group of experts and high-ranking officials is involved, significant discretionary power is typically granted to higher-level officials. The conventional public management patronage model inherited from the Soeharto era is challenging to change. Rigid hierarchical systems contribute to the silo mentality within government organisations. This results in poor coordination and collaboration, as numerous entities strive to fulfil overlapping mandates. The rigid hierarchical system also causes decision-making to be slow, risk-averse, and prioritising processes over performance (Turner et al., 2022). One of the significant challenges in implementing NPM reform components is the inability to effectively communicate values and objectives among stakeholders as well as the failure to anticipate potential contradictions (Mauro et al., 2021). Central and local entities often have opposing views on the required level of control and standardisation, with central entities favouring greater control and local entities prioritising autonomy (Askim et al., 2010; Christensen & Lægred, 2007). Consequently, a hybrid approach that balances these competing interests is commonly employed in practical applications.

### **The current state of public sector reforms**

According to the PEFA assessment report of the World Bank (2018), PFM reform has resulted in improvements in processes and has established a rigorous business process. Additionally, the external independent audit report of 2022 primarily focuses on financial compliance, showing that the percentage of line ministries receiving unqualified audit opinions has consistently increased, reaching 99%. However, in terms of performance accountability, the annual assessment by the Ministry of Bureaucratic Reform in 2022 indicated that a significant proportion of line ministries (77%) highlighted the issue of performance management quality across the organisation.

The construction of an extremely powerful anti-corruption agency after the regime change prompted excessive caution within the civil service. Corrupt practice eradication requires more effort, given that the current focus is more on prevention. Based on Transparency International (TI), the corruption perception index (CPI) of Indonesia ranked 110 out of 180 countries in 2022 with score 34. The World Bank report on EOB in 2020 ranked 73 of the 190 countries surveyed. The modernisation of organisations and HRM has gradually enhanced public service quality, which has slightly boosted government performance and public trust. The quality of public services, as reflected in the public services perception index, which measures public perception of public services, exhibited a slightly increasing trend from 3.21 in 2016 to 3.79 out of 5 in 2021. This trend is consistent with the results of the Ministry of Bureaucratic Reform's assessment of public sector reform, which demonstrated progress during the same period, as evidenced by the increase in the public sector reform index from 66.20 in 2016 to 75.13 in 2021. However, the bureaucratic reform programme was found to have a weak connection to the national development programme. The reform programme focused more on the internal organisational improvement of ministries than on national development programmes such as poverty reduction, education, and health.

Despite some significant changes, HRM administration and bureaucratic forms of organisation have still remained unchanged, characterised by strong central authority, a multitude of rules that hinder the attainment of objectives, and a corporate culture that prioritises compliance and loyalty over results. Turner et al. (2009) found the existence of bureaucratic HRM systems was only tangentially related to strategic concerns and organisation targeted performances. Furthermore, the implementation of performance-based payment is constrained by the difficulty of setting and measuring the target, vulnerability to manipulation, and capacity of management to operate the system (Eldridge & Palmer, 2009). The Indonesian civil service exhibits some global features, such as internal organisation, size, pay structure, and basic rule organisations (ADB, 2021). However, there are also issues that need to be addressed, such as the poor skills and competencies of civil servants and the lack of clarity between recruitment practices and job training programmes to meet the current and future needs of public services.

	<b>Burhanuddin Jusuf Habibie</b> ( <i>May 21, 1998—October 20, 1999</i> )	<b>Abdurahman Wahid</b> ( <i>October 20, 1999—July 23, 2001</i> )/ <b>Megawati</b> ( <i>July 23, 2001—October 20, 2004</i> )	<b>Susilo Bambang Yudhoyono</b> ( <i>2004-2009 and 2010-2014</i> )	<b>Joko Widodo</b> ( <i>2014-2019 and 2019-2024</i> )
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<b>Socio economic forces</b>	IMF loan to support economic recovery Market-type mechanism promoted by donor countries	Iraq war and SARS outbreak Debt restructuring and revitalization of financial sectors The termination of the IMF programme	Oil price volatility and commodity boom Middle income countries class	Massive infrastructure project Removal of fuel oil subsidy Seventy percent population in productive age Implementation of national health insurance
<b>Political system</b>	Transition from authoritarian system Presidential systems with representative election Three-party system with one ruling party Civil society pressure on resignation of Soeharto Centralised system	State Constitution amendment (four times) Democratic election process (multi parties) Presidential systems with representative election Multi-party system with no majority parties Coalition government Decentralised system	Presidential systems with direct election Multi-party system with no majority parties Coalition government Decentralised system	Presidential systems with direct election Multi-party system with no majority parties Coalition government Decentralised system
<b>Chance events</b>	Asian financial crisis		Natural disaster (Aceh tsunami and DIY and North Sumatera earthquake) Global financial market crisis (US subprime mortgage)	COVID-19 Pandemic Global economic slowdown
<b>Contents of reform package: a) PFM</b>	Public debt management Fiscal decentralisation to local government	Adoption of unified budget and changing state budget format from T-account to I-account Competitive procurement system Strengthen Supreme Audit Institution as independent external audit National development planning system to replace of centralised planning system	Implementation of performance-based budgeting system, accrual accounting, and cash management system Tax system modernisation to enhance voluntarily compliance, simplified administrative procedures, and service quality Mandatory 20% education budget Budget allocation for villages	Synchronisation planning and budgeting process More access and opportunities for small-scale businesses to participate in government tenders Tax amnesty programmes Elimination of fuel price subsidy
<b>b) Organisation</b>	Issuance of Decree on State Administration that is Clean and Free of Corruption, Collusion, and Nepotism (KKN) of Decentralisation of central power to local government	Liquidation of the Ministry of Social Affairs and the Ministry of Information Establishment of Ombudsman Commission Mandatory report on Wealth and Treasures of the State Officer	Limits the number of line ministries to 34 and classify into three types, coordination minister, department, and state minister Establishment the Financial Services Authority Reinstate status of	Liquidation of thirty-seven non-structural organizations Simplifications of process business and e-government Embraced outcome-oriented bureaucratic approach Flexible working

		(LHKPN) and establishment of free corruption zone office (particularly office directly deliver public services) Establishment special and modern tax offices	Ombudsman Commission Public service agency model (with HRM and financial flexibility) Performance accountability report covers financial and non-financial performance information Reward mechanism in implementing bureaucratic reforms	arrangement
<b>c) HRM</b>	Division of political and civil service and emphasise on the impartiality of public officials in relation to political parties and intervention Introduction of a system of functional civil servants	Piloting remuneration system for civil servant working in special and modern tax offices	Objective and equitable individual performance evaluation system for civil servant Standardised job evaluation system to assess government employees' positions based on factors such as task, responsibility, authority, and rights Implementation a zero-growth strategy for civil servant recruitment in 2012 Computer Assisted Test (CAT) in the recruitment process	Adoption merit system Civil servant individual performance contract Individual performance evaluation based on target achievement and expected attitude, and the utilisation of the result for employee career development as well as rewards mechanism. Adoption talent management systems Professional public official recruitment
<b>Implementation process (in general)</b>	Top-down	Top-down	Top-down Piloting	Top-down
<b>Key development progress</b>	Democratisation process in facilitating further reform process. IMF programme not fully executed because lack of capacity. Role of top civil servant in preparing reform agenda before window of opportunity open (PFM law package)	Most of the programme below target due to limited capacity in programme execution Weak coordination among involved ministers, unsynchronised central and local government programme, and weak executive-legislative work relationship.	The importance of roadmap in structuring reform process and facilitating reform coordination. Fiscal constraint in impeding reform programme	Linkage with government development priority programme to realise impactful bureaucratic reform Varying level of implementation progress due to diverse organisations capacity. Reward mechanism for achieving reform progress. Linking reform strategy to budget

## Conclusions and implications

Indonesia's reform process was initiated at the state level with the amendment of constitutions that fundamentally reshaped decision-making process and altered the power dynamics between central and local governments. This caused the initial effects of the reform to be heavily characterised by struggles for power and dominance among the institutions involved. However, these reforms established the political foundation for Indonesian democracy and paved the way for other areas of public-sector reform. The introduction of grand design bureaucratic reform ensures continuity and provides legitimacy for reform. Moreover, alignment of the reform policy-setting process with the budgeting process ensures that the line ministry prioritises and allocates budgets to support reform agendas.

This study underscores the importance of prioritising reform agendas and adapting reforms to fit contexts, especially in developing countries where resources and capacity of constraints are common. The legacy of strong hierarchical practices as well as pervasive patrimonial values has an impact in contextualising implementation of reform idea which is predominantly NPM practices. The Indonesian experience showed the role of the PFM as a key priority for reforms. The path of reform by pushing the PFM area generated a positive spill over to other areas of reform. PFM reform is expected to improve government's revenue management by collecting more revenue to support the reform. On the other hand, these reforms encourage line ministries to improve expenditures quality, ensuring that financial resources are utilised more efficiently and effectively. Although most reform initiatives are based on the NPM model, public management reform in Indonesia is generally a blended model. In addition to the factual criticism of the NPM model, the cautionary stance in implementing market-type mechanisms is part of the risk mitigation of refusal. The NPM model tends to be implemented with strict controls to balance the complexity of reform and capacity constraints.

This study has constraints associated with the subjectivity of the chosen regulatory framework and its highlighted content. Nevertheless, such limitations have been mitigated through validation obtained from experts specialising in public-sector reform. Due to the exploratory nature of this study, it is suggested that future research delve deeper into the consequences of implementing these reform concepts by concentrating on specific areas of reform.

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## Annex: Key events Indonesian public sector reform based on laws, regulations, and related published report 1998-2023

Period	General	Public Financial Management (PFM)	Organisation	Human Resources Management (HRM)
<b>1998-1999 (Habibie)</b>	1998 Monetary crises lead to loss of public trust in government. President Soeharto resigned as President of the Republic of Indonesia and was replaced by Vice President Habibie on 21 May 1998.	Letter of intent (LOI) with IMF: 1997 Indonesia government and IMF signed first LOI for loan programme at the end of October. 1998 The second programme agreement with IMF was signed (July 1998) during Habibie term.	1998 Issued MPR Decree XI/1998 on Clean and Free of Corruption, Collusion, and Nepotism (KKN) of State Management marked the beginning of the Indonesian reform era	1999 Issued Law 43/1999 on Amendments to Law 8 /1974 on the Principles of Government Employment which mandated neutrality of public servant from political party and its intervention.
<b>1999-2001 (Abdurrahman Wahid) 2001-2003 (Megawati)</b>	1999 Parliamentary election in democratisation era hold with 48 political parties as contestant. 1999 General Assembly of the People's Consultative Assembly elected Abdurrahman Wahid and Megawati Soekarnoputri as President and Vice President. Abdurrahman Wahid became president until 24 July 2001. 1999 First State Constitution (UUD 1945) amendment (19 October 1999) which includes limit terms of president and vice president, House of Representatives (DPR) and the right of President and DPR for proposing law. 2000 Second State Constitution amendment (18 August 2000) covered articles on local government, establishment of Regional Representative	Letter of intent (LOI) with IMF: 1999 Third programme agreement with IMF was signed (January 2000 until December 2002) 2003 Issued Presidential Instruction 5/2003 on Economic Policy Package Before and After the End of the Cooperation Programme with the IMF. 1999 Issued Law 25/1999 on Fiscal Balance of Central and Local Government 2000 Issued Law 16/2000 on Second Amendment of Law 6/1983 on General Provisions and Tax Procedures to provide fairness and improve service quality to tax payer as well as legal certainty. 2000 Changed budget format from T-account to I-account follow international standard (IMF) or Government Finance Statistics (GFS) 2002 Issued Presidential Decree 42/2002 on Guidance on State Budget Execution which regulates technical and operational of budgeting process. The decree	1999 Issued Presidential Instruction 7/1999 on Accountability of Government Agencies, which stipulates that every government agency, as a component of government administration, must be accountable for the performance of primary duties, therefore it is mandatory to report on the accountability of government agencies' performance. 1999 Issued Law 22/1999 on Regional Government which adopted decentralisation principle of local government management (autonomy). Corruption eradication: 1999 Issued Law 28/1999 on Implementation of Clean and Free from Corruption, Collusion and Nepotism. 1999 Issued Law 31/1999 on Eradication of Criminal Acts of Corruption. 2000 Established Joint Team for the Eradication of Corruption Crimes based on Government Regulation 19/2000	1999 Issued Presidential Decree 87/1999 on Clusters of Functional Positions for Civil Servants

	<p>Council (DPD), and human rights.</p> <p>2001 Megawati was elected as President by People Consultative Assembly until end of the president term to replace Abdurrahman Wahid</p> <p>2001 Third state constitution amendment (9 November 2001) covered articles on MPR, executive, state ministries, DPR, general elections and supreme audit institutions. The important regulation change includes judiciary power.</p> <p>2002 Fourth state constitution amendment (10 August 2002) covered articles on second round of president and vice president election, president authority, exit clause when president or vice president absent, state finance and central bank, social security, education, and culture.</p>	<p>mentioned several budget concepts such as classification of routine and development budget; input cost standard; expenditure classification based on organization, activities/project, and types of spending; cross sectoral programme and mechanism for coordinator appointment.</p> <p>2002 Starting modernization of tax office</p> <p>2003 The last programme agreement between Indonesia government and IMF was signed (exit strategy preparation)</p> <p>2003 Issued Law 17/2003 on State Finance. The law provides a legal foundation for Indonesia's implementation of budgetary reforms, particularly adoption of performance-based budgeting. The purpose of implementation performance-based budgeting in Indonesia is to create linkage performance and budget, enhance transparency and efficiency, and more flexibility and accountability.</p> <p>2003 Issued Presidential Decree 80/2003 on Procurement Public Goods/Services to create effective and efficient procurement under principle of fair competition, transparent, open, and equal treatment for involving parties.</p>	<p>2001 Issued Law 20/2001 on Amendments to Law Number 31/1999 on Eradication of Criminal Acts of Corruption</p> <p>2002 Issued Law 30/2002 on Corruption Eradication Commission as basis for establishment an independent anti-corruption commission with main task preventing and fight corruption, includes separated court for corruption case.</p> <p>2000 Issued Presidential Decree 44/2000 on Ombudsman Commission</p> <p>2001 Issued Presidential Decree 103/2001 on Positions, Duties, Functions, Authorities, Organizational Structure and Work Procedures of Non-Ministerial Government Institutions</p> <p>2003 Issued Law 24/2003 on Constitutional Court to ensure legal product in the corridors of constitution and protect citizen constitutional right.</p>	
<p><b>2004-2014 (Susilo Bambang Yudhoyono)</b></p>	<p>2004 Susilo Bambang Yudhoyono was elected as President for his first term (through the first presidential direct election).</p> <p>2009 Susilo Bambang Yudhoyono was elected as President for his second</p>	<p>2004 Issued Law 1/2004 on State Treasury. The law outlines principles for budget disbursement, cash management, account management.</p> <p>2004 Issued Law 15/2004 on State Audit. Enactment of State Audit Law to strengthen role and position</p>	<p>Regional government:</p> <p>2004 Issued Law 32/2004 on Regional Government</p> <p>2014 Issued Law 23/2014 on Regional Government</p> <p>Corruption eradications:</p> <p>2004 Issued President Instruction 5/2004 on Acceleration of</p>	<p>2011 Issued Government regulations 46/2011 on Assessment of public servant based on work performances introduced more objectives public servant assessment based on achievement of targeted performance contract</p>

	<p>term.</p>	<p>of supreme audit institution in Indonesia. The audit on state finance audit and accountability includes financial audit, performance audit, and specific purpose audit. Strategic planning: 2004 Issued Law 25/2004 on State Planning. The law outlined the role of National Development Planning Agency in formulating economic development plans for one, five and twenty years period, provisions relating to government in ensuring linkage between strategic planning and budgeting, national level and line ministry/agency level. 2006 Issued Government Regulation 40/2006 on National Development Planning Preparation Guidelines 2007 Issued Law 17/2007 on Indonesia Long-term Development Planning 2005-2025. Performance-based budgeting: 2004 Issued Government Regulation 21/2004 on Line Ministry/Agency Work plan and Budget Preparation. Implemented consolidated budget document, merging routine budget and development budget. Expenditures in the line ministries are broken down by function and programme. Line ministries/agencies were asked to provide performance targets (outputs) and budget details (inputs) in their work plan and budget documents. 2006 The introduction of cost standard for selected input cost and option to propose output cost standard. 2010 Issued Government regulation 90/2010 on Line Ministry/Agency</p>	<p>Corruption Eradication. 2014 Issued Ministry of State Apparatus and Bureaucratic Reform Regulation 52/2014 on Guidelines for Integrity Zone Development in Government Agencies. State ministry: 2005 Issued Presidential Regulation 9/2005 on Position, Duties, Functions, Organizational Structure, and Work Procedures of the State Ministries of the Republic of Indonesia. 2008 Issued Law 39/2008 on State Ministry 2009 Issued Presidential Regulation 47/2009 on Establishment and Organization of State Ministries 2014 Issued Presidential Regulation 13/2014 on Fifth Amendment to Presidential Regulation 47/2009 on the Establishment and Organization of State Ministries</p> <p>Public service agency: 2005 Issued Government Regulation 23/2005 on Public Service Agency (BLU) Financial Management. BLU is a government agency established to serve public by delivering goods and/or services without a strong emphasis on maximising profit and by adhering to the principles of productivity and efficiency 2012 Issued Government Regulation 74/2012 on Amendment Government Regulation 23/2005 on Public Service Agency (BLU) Financial Management</p>	<p>(60%) and attitude (40%). 2011 Issued Ministry of State Apparatus and Bureaucratic Reform Regulation 34/2011 on Job Evaluation explains class of position as basis for giving performance allowances 2011 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 63/2011 on Guidelines for Structuring the Civil Service Performance Benefit System 2011 Moratorium of civil servant recruitment as part of zero growth strategy and professionalism development of civil servant through functional positions 2012 Issued Presidential Regulation 97/12012 on First Amendment Presidential Decree 87/1999 on Clusters of Functional Positions for Civil Servants 2013 Implemented Computer Assisted Test (CAT) in the civil servant recruitment selection process. 2014 Issued Law 5/2014 on the State Apparatus Civil which regulates Neutrality of public servant on general election Recruitment governance New category of government employees with working agreement (PPPK) which can be used to appoint a professional on a non-permanent basis. The assessment of job</p>
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<p><b>2014-2024(Joko Widodo)</b></p>	<p>2014 Joko Widodo was elected as President for his first term.</p> <p>2020 Joko Widodo was</p>	<p>2015 Implementation accrual basis accounting principle as part of the implementation of government regulation 71/2010 on Government Accounting Standard (GAS)</p>	<p>Corruption eradication:</p> <p>2015 Issued Law 10/2015 on the Stipulation of Government Regulation in Lieu of Law Number 1/2015 on Amendments to Law</p>	<p>2017 Issued Government Regulation 11/2017 on Management of Civil Servants with the objectives to creates civil servants who are</p>

	<p>elected as President for his second term</p>	<p>Performance-based budgeting:          2015 Issued Ministry of Finance Decree 143/2015 on Work plan and Budget Preparation and Deliberations. Outline improvement of the architecture and performance information quality using logic model concept in the work plan and budget document to present better link between input-output-outcome.          2017 Issued Government Regulation 17/2017 on Planning and Budgeting Synchronisation to strengthen coordination and improve task clarity between Minister of Finance and Ministry of Planning in preparing strategic planning, annual work plan and budget document. Introduction concept money follow programme as replacement of money follow function.          2020 Issued Ministry of Finance and Ministry of Planning guidance on implementation of re-design performance-based budgeting system for fiscal year 2021 to improve performance information architecture in the planning and budgeting document, especially at programme and output level.          2021 Issued Ministry of Finance Decree 22/2021 on Measurement and Evaluation of Budget Performance on Work Plan dan Budget Line Ministry/Agency to strengthen monitoring and evaluation process and reward and punishment mechanism.</p> <p>2015 Launched piloting implementation of Integrated Financial Management System (SAKTI) as integrated state finance</p>	<p>Number 30 of 2002 concerning the Corruption Eradication Commission to become a Law.          2019 Law 19/2019 on the Second Amendment to Law 30/2002 Corruption Eradication Commission. The law changed the employee status as state apparatus and establishment of supervision council to monitor the commission which adjust independent authority of the commission in eradicating corruption.          2021 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 90/2021 on the Development and Evaluation of Integrity Zones Towards a Corruption-Free Area and a Clean and Serving Bureaucratic Area in Government Agencies.</p> <p>Organisation re-structuring:          2014 Presidential Regulation 176/2014 on Liquidation of ten Non-Structural Institutions          2015 Presidential Regulation 16/2015 Liquidation of two Non-Structural State Institutions          2016 Presidential Regulation 116/2016 Liquidation of nine Non-Structural State Institutions          2017 Presidential Regulation 124/2016 and 21/2017 Liquidation of two Non-Structural State Institutions          2020 Presidential Regulation 82 /2020 Liquidation of four Non-Structural State Institutions          2020 Presidential Regulation 112/2020 Liquidation of ten Non-Structural State Institutions          2021 Establishment of National</p>	<p>professional, have basic values, professional ethics, free from political intervention, free from corrupt practices, collusion, and nepotism.          2017 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 38/2017 on Competency Standards for State Civil Apparatus Positions.          2018 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 38/2018 on Measurement of the Professionalism Index of the State Civil Apparatus which incorporate performances in evaluation professionalism of public servant (30%), besides competency, qualifications, and discipline.          2018 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 40/2018 on Guidance of Merit System in Civil State Apparatus which introduced merit system based on qualification, competency and performance.          Civil servant performance management:          2019 Issued Government Regulation 30/2019 on Public Servant Performance Evaluation which assess performance based on individual performance and organisational performance. Especially for high level public servant/head of organisation, their</p>
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		<p>management applications to some line ministries/agencies (rolled-out to all line ministries/agencies for transaction 2022 fiscal year)</p> <p>Tax amnesty programme : 2016 Issued Law 11/2016 on Tax Amnesty. The period of Tax Amnesty Volume I from 28 June 2016 to 31 March 2017). 2021 Tax Amnesty Volume II based on Law 7/2021 on Harmonised Tax Regulation and detailed in the Minister of Finance Regulation 196/PMK.03/2021 on procedures for the implementation of the taxpayer voluntary disclosure programme (PPS)</p> <p>2018 Issued Presidential Regulation 16/2018 on Procurement Public Goods/Services. 2020 Issued Government Regulation in Lieu of Law (Perpu) 1/2020 on State Financial Policy and Financial System Stability for Managing the Corona Virus Disease 2019 (COVID-19) Pandemic and/or Threats to the National Economy and/or Financial System Stability. 2022 Issued Law 1/2022 on Financial Relations between Central Government and Local Government</p>	<p>Research and Innovation Agency to merge four Non-Ministry Government Institutions research related</p> <p>Electronic Based Government System: 2018 Issued Presidential Regulation 95/2018 on Electronic Based Government System. Introduction of electronic based government system is expected to enhance budget and spending efficiency, data integration, service integration with common apps, and efficiency on IT infrastructure. 2020 Issued Ministry of State Apparatus and Bureaucratic Reform 59/2020 on Monitoring and Evaluation of Electronic Based Government System Simplification of organization and business process: 2018 Issued Ministry of State Apparatus and Bureaucratic Reform 18/2018 on Preparation of Business Process Government Institutions 2021 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 25/2021 on Simplification of organization structure in government agencies to streamline bureaucracy. Bureaucratic reform evaluation: 2018 Issued Ministry of State Apparatus and Bureaucratic Reform 20/2018 on Evaluation Guidance of Government Institution 2020 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 26/202 on</p>	<p>performance contract have to considers strategic plan and annual work plan. 2021 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 8/2021 on Performance Management System for Civil Servant 2022 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 6/2022 on Performance Management System for Civil Servant</p> <p>2020 Issued Government Regulation 17/2020 on Amendment Government Regulation 11/2017 on Management of Civil Servants. 2020 Issued Ministry of State Apparatus and Bureaucratic Reform Regulation 3/2020 on Talent management direct government organization to develop their own tailored talent management strategy. 2023 Issued Ministry of State Apparatus and Bureaucratic Reform Decree 1/2023 on Functional Staff</p>
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