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Global Social Policy Actors and Factors in Indonesian Social Policy Making

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Introduction to Working Papers for New Directions in Social Policy: Alternatives from and for the Global South

This paper is part of a series of outputs from the research project New Directions in Social Policy: Alternatives from and for the Global South.

The project examines the emergence, nature and effectiveness of recent developments in social policy in emerging economies and developing countries. The purpose is to understand whether these are fundamentally new approaches to social policy or welfare systems which could offer alternative solutions to the critical development challenges facing low- and middle-income countries in the twenty-first century. This research aims to shed light on the policy options and choices of emerging/developing countries; how economic, social, political and institutional arrangements can be designed to achieve better social outcomes given the challenges of the contemporary development context; how the values and norms of human rights, equity, sustainability and social justice can be operationalized through "new" social policies; and how experiences, knowledge and learning about innovative approaches can be shared among countries in the South. For further information on the project visit www.unrisd.org/ndsp.

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Abstract

This paper explores the transnational dimension of social policy by examining the case of Indonesia, where social policy systems have shifted from community-based schemes for social protection and targeting of the poor to more centralized but broadly national coverage. Focusing on the health care system in particular, it draws on in-depth elite interviews and relevant policy documents to demonstrate how global policy diffusion pushed Indonesia towards universal health care provision. It argues that global actors, such as AusAid, WHO and various UN agencies, played an important role in this transformation, and they have done so in different ways. It further argues that this was made possible by qualitative changes in the relationship between the Indonesian government and global actors, especially AusAid, that broke away from earlier models of foreign intervention.

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Acronyms

AusAID	Australian Aid
AUD	Australian Dollar
BPJS	Badan Penyelenggara Jaminan Sosial (Social Security Administrative Body for Health)
BSM	Bantuan Siswa Miskin (Scholarships for the Poor)
CCS	Country Cooperation Strategies
CGI	Consultative Group of Indonesia
DFAT	Department of Foreign Affairs and Trade
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Corporation for International Cooperation GmbH)
GoI	Government of Indonesia
IDA	International Development Assistance
IGGI	Intergovernmental Group on Indonesia
ILO	International Labour Organization
IMF	International Monetary Fund
JICA	Japanese International Cooperation Agency
JPS	Jaring Pengaman Sosial (Social Safety Net)
MDGs	Millenium Development Goals
ODA	Overseas Development Assistance
OOP	Out-of-Pocket
PKH	Program Keluarga Harapan (Family Hope Program)
PRSF	Poverty Reduction Support Facility
RPJMN	Rencana Pembangunan Jangka Menengah Nasional (National Medium Term Development Plan)
SAPs	Structural Adjustment Programmes
SBY	Susilo Bambang Yudhoyono
SJSN	Sistem Jaminan Sosial Nasional (National Social Security System)
SDGs	Sustainable Development Goals
TNP2K	National Team for the Acceleration of Poverty Reduction
UHC	Universal Health Care
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development
WHO	World Health Organization

Introduction

Social inequalities are of major concern within national and global policy debates. The discussion on the state of global inequality and appropriate measures for capturing inequality at various levels that arose around Piketty's *Capital in the Twenty-First Century* (2014) is only one example of the wide-spread contention concerning appropriate ways to move towards a more just world. One issue of concern, in this context, is economic adjustment without cushioning the social impact of economic transition in emerging economies. These countries in particular are subject to high levels of social stratification and income inequality, which have a significant impact on overall development and the well-being of their populations.

The development of social policy institutions is a key mechanism for addressing social inequalities, as such institutions aim to protect people in all situations of vulnerability—including old-age, illness, unemployment and so on. However, in emerging economies, especially in times of economic transformation, social policies tend to either privilege formal sector workers or merely focus on the very poor. Instead of employing universalist approaches that would include the needs of the middle classes, social policy responses to economic transformation in these contexts tend to favour certain groups within the population. This often means that even a short period of inability to work can lead to long-term impoverishment or that an unexpected health care expenditure for one family member might require cuts in other areas, such as school fees for younger members of the household.

National government responses to social issues and inequalities tend to be directed within their borders. It is primarily these national institutions which, in their preoccupation to formally address social inequalities from within, overlook the transnational dimensions of these issues. Not only is social policy development transnational in character, but it is subject to prescriptions and conditionalities from global social policy actors, which reflect the evolving goals and ideas of these actors. Thus, social policy is also the concern of overseas development actors who can be key drivers of social policy reform. In this respect, addressing social inequalities through social policy is considered to be a more socially responsible approach to development assistance than other forms of foreign investment.

This paper focuses on the case of Indonesia as one of the world's largest emerging economies. With a population size of an estimated 258 million, a complicated territory composed of thousands of islands and a diverse population, building comprehensive social policy in Indonesia is challenging. Thus, Indonesia is a particularly interesting case for understanding national and global perspectives on social policy development. Historically, the country's social policy system has shifted from community-based schemes for social protection to targeting the poor and to more centralized but broadly national coverage (Sumarto 2013). As we argue in this paper, global actors and factors played an important role in this transformation, and they have done so in different ways.

The research reported here is based on a qualitative approach to data analysis. To gather information, we conducted in-depth elite interviews and collected policy documents. Publicly accessible documents—including government reports, project documents of international organizations and media outputs (for example, relevant newspaper articles, governmental and international organizations' websites, and so on) —were used for analysis.

The organizations we studied include the World Bank, the United Nations Development Program (UNDP), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the International Labour Organization (ILO). For the AusAID case study, interviews were conducted with staff of the Australian Department of Foreign Affairs and Trade

(DFAT) in Jakarta and Canberra and with GRM International (now Palladium). Supporting interviews were also conducted with the Japanese International Cooperation Agency (JICA), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and Indonesia's National Team for the Acceleration of Poverty Reduction (TNP2K).

The following section describes the historical progression of social policy development in Indonesia in order to familiarize the reader with the context within which external actors have intervened. In the subsequent main section, we explore three distinct forms of influence on Indonesian social policy making by global actors:

1. The ideas and prescriptions of international organizations on social policy in Indonesia
2. Concrete cases of engagement by providers of overseas development assistance (ODA), part of which was intended to facilitate national social policy advancements
3. Global development goals, namely the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs), as an important contextual as well as ideational factor in guiding national social policy development

We focus particularly on the development of the health care system. To conclude, we discuss the progress made so far with the universalization of health care in the context of multiple global actors and factors influencing the national social policy-making processes in Indonesia. We argue, among other things, that while the quantity of foreign actors is likely to be reduced for the future, there is a qualitative change in the role of global agencies. While the Government of Indonesia (GoI) now directs the involvement of global agencies much more than it did in the past, the impact of global policy diffusion is clearly visible in that Indonesia, in many ways, abides by mainstream global discourses on appropriate social policy development, design and reform.

Social Policy Development in Indonesia

The national historical, societal, economic and political context within which Indonesian social policy development has taken place over the past decades is complex. Given the country's immense population, its diverse ethnic composition, wide range of education levels and a variety of formal and informal employment sectors and activities, it is a challenging environment for social policy. Moreover, the effects of colonization by the Dutch and the Japanese still reverberate today. During the Japanese occupation of the Second World War, Indonesia suffered severe economic hardship, when agricultural production declined sharply, leading to a food shortage in rural areas (Van der Eng 1992; Booth 1998) and bringing about considerable social problems. After independence from the Netherlands, in the years 1950–1959, the Soekarno Administration sought to support economic rehabilitation by restoring the devastated natural environment and infrastructure and pursuing intensive industrialization with import substitution and the nationalization of formerly Dutch enterprises (Booth 1998; Dick 2002).

In the following decades, the economic fortunes of Indonesia waxed and waned. In the first half of the 1960s, Soekarno radically reformed the political-economic system through the establishment of a socialist economic system, which was termed "guided democracy" Serious inflation led to the government increasing the supply of cash into the economy, which then led to a period of hyperinflation. During this period of economic austerity, Soekarno promoted anti-western sentiment and, in 1965, withdrew Indonesia from the UN, the IMF and the World Bank (Dick 2002; Thee 2002, 2007). In response some foreign governments pulled out their foreign

direct investment,[1] which caused the inflation rate to increase further (Grenville 1981). Due to civil and political unrest, in 1966, Soekarno was compelled to transfer power to Suharto.

During the Suharto government, Indonesia's economic fortunes began to recover. Indonesia rejoined the UN, the IMF and the World Bank, which attracted prolific financial aid from international donors, such as the Paris Club (Engel 2010) and the Inter-Governmental Group on Indonesia (IGGI),[2] which was replaced by the Consultative Group on Indonesia in 1992 (Thee 2002). During that time (1965–1997), Indonesia achieved high growth rates of around 7.0 percent (Thee 2007) and came to be regarded as part of the "East Asian miracle" (Stiglitz 1996).

When Indonesia was hit by the Asian economic crisis in 1997, however, the growth rate declined significantly—reaching negative 6.4 percent—and the political situation changed dramatically, leading to severe sociopolitical problems and economic collapse. Many urban workers lost their jobs, particularly in the manufacturing, construction and service sectors (Thee 2002) and food prices soared, provoking protests. Eventually, Soeharto was forced to resign.[3]

The post-Soeharto period was characterized by a number of economic adjustment, including Structural Adjustment Programmes (SAPs) calling for price liberalization, privatization and decentralization. These adjustments were to be facilitated through reduced subsidies, including those for fuel. The decentralization component of these adjustments became particularly prominent in the late 1990. During this period, the provision of health services, for example, was explicitly included in the decentralization strategy and process, placing the responsibility to provide and govern local health services directly with local governments.

Since the beginning of the twenty-first century, with the Asian Financial Crisis behind it, Indonesia has begun to develop and expand its institutional capacity to deliver social protection, which has been increasingly regarded as a right Starting from a limited programme for civil servants, the social security system has evolved into a national social security system called Sistem Jaminan Sosial Nasional (SJSN). This system encompasses various social security schemes and represents a move towards universality and coverage of the entire population (see Sumarto 2013; Suryahadi et al. 2014). However, there remains a large informal sector that is not well covered by formal social protection programmes, which only covers around 60 percent of the total population.

The increasing realization of a right to social security, together with institutional changes and adjustments, reflects the commitment of the GoI to set up more comprehensive social protection. On one hand, universal health insurance has been developed, and on the other, targeted social protection schemes in the fields of old-age pensions and insurance against work injury and death of the breadwinner have been expanded. At the same time, however, there remains a lack of coordination between complex and often overlapping national agencies developed to form an all-encompassing system of social protection, thus preventing them from working together to meet their objectives.

[1] Former Minister in Soeharto administration, interview 29 September 2015
[2] Booth 1998; Hill 2000; Thee 2002
[3] O'Rourke 2002; Robinson and Hadiz 2004; Matsumoto 2007

Global Social Policy Actors and Their Prescriptions on Indonesian Social Policy

External factors and actors have played an important role in Indonesian social policy development from the 1990s onwards, and since the Suharto government in particular, external agencies have been involved in expanding social policy in the country. In this section we discuss the prescriptions imposed by a number of international organizations on the social policy in Indonesia. The messages and influences of these organizations are, of course, closely connected to their respective mandates. In order to stay within the scope of this paper, we focus on a specific aspect of the development of universal social protection: the health care system. For this aspect of social policy, we illustrate the ideas and policy advice of three international organizations: WHO and the World Bank, and the ILO. Such knowledge is by itself an important transnational context within which national social policy making takes place (Deacon et al. 1997).

World Health Organization (WHO)

Indonesia became a full member of the United Nations and joined WHO in 1950. As the primary agency responsible for international health within the United Nations system, WHO was central to the process of improving the health of the Indonesian people. In the first decade, the primary focus was on control of communicable diseases. Later, regional WHO programmes started to focus on the provision of basic needs as well (WHO SEARO 1999:26). WHO has provided technical, financial and coordinative support for the GoI in developing health policies, including the development of a health care system, first by supporting rural health activities such as rural health centres (WHO SEARO 1999:47), and later, by promoting health throughout the life-course, health systems, preparedness, surveillance and response, and emergencies.[4] The GoI strategy of focusing on Universal Health Care (UHC) has been supported by WHO. This support took the form of capacity-building, monitoring and evaluation, training and the provision of guidelines for improving the quality of the health system, among others.[5] WHO and the GoI have had a comparatively long history of working with so-called Country Cooperation Strategies (CCS). In 2016, the third CCS was agreed upon and published, defining five strategic priorities until 2019, including the achievement of UHC (WHO 2016:vii). The report stresses there is still a need for WHO support to improve, among other things, the quality of services and UHC. This includes issues about the appropriate role of the private sector and the rationalization of the health system, as well as decentralization (WHO 2016:xii). Part of WHO's technical support is also in the monitoring, evaluation and assessment of UHC implementation, advising the GoI on strengthening governance and providing guidelines to improve the quality of the health services. [6] Furthermore, WHO supports the collection of data and pushes for stocktaking exercises on health inequalities in Indonesia. A recent report published by WHO and the GoI highlights the need for "increased attention to the reduction of inequalities in health" and that "optimally, all health care activities should be equity oriented" (WHO and Indonesia 2017:xvii-xviii). Key WHO ideas were formally adopted in Indonesia, and the role of WHO has changed, and diminished over time (Mahendradhata et al. 2017:33).

World Bank

The role of the World Bank in Indonesia became significant in the mid-1960s when it became a dominant external actor in the development of Indonesia's social policy programmes. In the

[4] http://www.searo.who.int/indonesia/areas-of-work/en/, accessed 14 January 2016.
[5] http://www.searo.who.int/indonesia/topics/hs-uhc/en/, accessed 14 January 2016.
[6] http://www.searo.who.int/indonesia/topics/hs-uhc/en/, accessed 14 January 2016.

following section, we discuss its role in supporting development through conditional loans in further detail. However, the World Bank is also an influential knowledge provider (Stone 2003), and offers prescriptions for the making of national social and health policy independently of specific conditionalities (Kaasch 2015). From World Bank documents, we can see that even with its focus being on the health system, it is, like WHO, concerned about the increasing inequality in the country (see World Bank 2015). World Bank documents emphasize that social spending benefits the ric,h while there are so many poor people present for whom any spending would make a difference (World Bank 2015). More specifically on health, there are concerns that there is too little public spending on those programmes that are most effective in reducing inequality and the World Bank argues that low levels of health spending have negative implications for reducing inequality (World Bank 2015:5). Another report explains that one function of health financing is to make progress towards a more equitable society and to assess "how equitably and efficiently resources are raised, pooled, and allocated to make progress towards UHC" (World Bank 2016:2). In this report the World Bank claims that, among other things, the GoI generates too little revenue and does not prioritize health (Marzoeki et al. 2014; World Bank 2016:4). There is too much Out-of-Pocket (OOP) spending, which is "a generally inefficient and inequitable modality" and furthermore it "reduce[s] the potential redistributive capacity of the health-financing system and [is], therefore, undesirable" (World Bank 2016:4). The report recommends, among other things, defining a benefit package, improving supply-side readiness, strengthening primary health care and reducing OOP payments (World Bank 2016:6). A similar assessment of problems and challenges can be found in the GoI's report on the Indonesian strategy to achieve the SDGs (Republic of Indonesia 2017). It is likely that such analyses are known to the staff of the Indonesian government and ministries and thus used by them as a source of information and as references.

International Labour Organization (ILO)

The ILO is another international organization that has engaged with Indonesian policy makers to implement international standards of labour rights and ILO conventions regulating labour relations. The ILO is concerned with improving the inclusion of young people in the labour market. It has also formulated policies for social security reform and promoted specific approaches to better social protection. With regard to health issues, it has suggested preventative safety measures against HIV/AIDS in the workplace and pressed the GoI to adopt international labour standards[7]. The work of the ILO in Indonesia also shows some reference to the health system in the context of the extension of the social protection floor. Here, it even claims that the extension of health care to the entire population and the movement towards a UHC system is a result of "following the ILO Social Protection Recommendation 202 (2012)" (Chowdhury et al. 2016:1). However, similar to the World Bank report mentioned above (World Bank 2015), ILO experts also highlight the insufficient budgetary allocation to the health sector and the presence of serious administrative challenges (Chowdhury et al. 2016:3). A closer look at the ILO Office in Jakarta (ILO 2016), though, reveals that the main focus is on workers' issues. Though some of these workers' issues are health related, in general, the expansion of social protection through the health system is not among the major tasks of ILO's Jakarta country office.

Each of these organizations (and others that could not be discussed here) have engaged individually in the processes of Indonesian social policy development and reform in the field of health care. Nevertheless, it is also important to consider these simultaneous and often inter-connected activities of numerous international agencies as processes in their own right, which

[7] Caraway 2004; Rupidara and McGraw 2010; ILO 2015

led to the emergence of a complex governance situation in which external actors contributed to Indonesian social policy processes. Apart from overlapping mandates, there have been coordinated processes within the UN family (Kaasch 2015), which were initially channelled through the Intergovernmental Group on Indonesia (IGGI). This group, which was chaired by the Netherlands from 1966 to 1991, included 20 countries and 13 multilateral agencies and was used to direct foreign aid in Indonesia. In 1992, the World Bank became the Chair under a new iteration of the group called the Consultative Group of Indonesia (CGI) (Winters 2012). The World Bank chaired the CGI until 2005 when the GoI took over (although the World Bank continued to exert its influence over proceedings) (Infid 2007).

Regarding health policies, there was an organized exchange between several UN agencies including WHO, the World Bank, UNICEF and UNDP. The aim was to bring experts from the finance and the supply side of health services together, but perceptions of the relevance of these meetings differ (Kaasch et al. 2018). Furthermore, in generating appropriate prescriptions for Indonesian health policy making, international organizations have also acted in a wider context of external agencies, including GIZ and JICA (Kaasch et al. 2018).

In general, looking at the specific recommendations, one can say that there is an appreciation of the health system reform in Indonesia by external policy actors. Even if systemic reform is regarded as coming "late" and remaining incomplete,[8] our interviews and many documents express a sense of being impressed by the speed and determination of the GoI to move towards UHC. This includes a set of specific UHC targets to be achieved by 2019 and the contribution-based health insurance scheme for formally employed workers (ILO 2015:xvii). Therefore, to conclude this section on the ideas and prescriptions of global actors, it can be said that we can identify both appreciation of what has been achieved in terms of universalizing health care, as well as serious concerns regarding equity in the system and claims to the GoI to invest more in the health care system.[9]

Influencing Indonesian Social Policy Development through Development Finance: The Role of the World Bank and AusAid

Global social policy actors in the form of development aid providers have also been influential in shaping Indonesians social policy development. Through the IGGI and then the CGI, lenders directed their donations to sectors that would benefit their own economies, often imposing heavy conditionalities and raising the debt burden of Indonesia (Winters 2012). Allocation of foreign aid to these sectors was largely driven by the preferences of CGI members who favoured profitable endeavours that required imported capital goods over initiatives geared towards generating longer-term social benefit. However, the Asian Financial Crisis shifted priorities. Rising unemployment, a reduction in workers' incomes, a sharp decline in GDP per capital growth rate and the doubling of the number of poor in Indonesia forced a sectoral shift in aid allocations (Harvie 1999; Kim 2015). In the face of this social crisis improved distribution, employment, education programmes and health initiatives were urgently needed (Harvie 1999).

World Bank and International Monetary Fund (IMF)

Support from the World Bank and the IMF largely came in the form of international development assistance (IDA) credit. These soft loans imposed heavy conditionalities, such as

[8] Interview at the UNDP Indonesia, 7 October 2015.
[9] For more detail, see Kaasch et al. 2018

structural adjustment (privatization, liberalization and political-economic decentralization over a short period) which exacerbated the country's fiscal deficit (Harvie 1999; Infid 2007). For a short time, Indonesia became one of the most aid-dependent countries in the region, and by 1998-99 the World Bank classified Indonesia as a "severely indebted country" (Chowdhury and Sugema 2005:189). However, one important condition of the World Bank's assistance was the formulation of a social safety net.

From 1998 to 2004, social protection for the poor was expanded through the Jaring Pengaman Sosial (JPS) programme, supported by the World Bank. Since 2007, the World Bank (partly in collaboration with UNICEF) has provided technical assistance in the field of health, among other things. This occurred within the context of the conditional cash transfer programme Program Keluarga Harapan (PKH). In addition, the World Bank requested a social safety net for the poor (particularly in the informal sector), as part of the structural adjustment programme for Indonesia.

AusAid

As the debt to the World Bank was paid off, its role in supporting the country gradually weakened and other important development actors emerged. In particular, the governments of Australia, Germany and Japan played a notable role in the development of Indonesia's health care system. Japan has a long history of involvement in Indonesia's development and it remains its largest bilateral donor. Through its development institute JICA, it has supported the Indonesian social security system, particularly in the field of health care (JICA 2016). In the past, Japan supported Indonesia with technical cooperation projects on health security,[10] but it has curtailed many initiatives in the social sectors and now provides the majority of its assistance in the form of loans for hard infrastructure (OECD 2014). The German GIZ has also provided Indonesia with technical expertise on social health insurance, organizing numerous expert-led workshops for Indonesian policy makers and administrative staff.[11]

Beginning in 2009, Australia raised its aid contribution to become Indonesia's second largest bilateral donor behind Japan. Although Australia's contribution was only half of that of Japan[12] in dollar terms, Australia became Indonesia's donor of choice (Ashcroft 2015). Australia differentiated itself through its commitment to social development, which included a focus on social protection. It was on this count that other bilateral donors fell short and continue to do so. Australia's commitment has seen a considerable rise in its aid contribution linked to social development and social protection.[13]

In the past few years, Australia has become the most important contributor to the expansion of social protection schemes in Indonesia in financial terms. Interestingly, its engagement was a timely coincidence. As the expansion of social policy became an important political platform for the continued leadership of Susilo Bambang Yudhoyono (SBY) in 2009, Australia was expanding its aid programmes and, given its strategic regional importance, Australia was particularly interested in working with Indonesia (Brown et al. 2012; Ashcroft 2015). At the national level in Indonesia, the GoI had established a National Team for Accelerating Poverty Reduction (TNP2K), yet there was still need of a donor partner (Brown, Rudland et al. 2012). In late 2009, the Office of the Vice-President of Indonesia approached AusAID about broadening its support for social welfare and poverty alleviation. Fortuitously, AusAID had the

[10] JICA Interview, 8 October 2015.
[11] Interview at GIZ Jakarta, 6 October 2015.
[12] Even in 2014 Australia only provided USD 563 million against Japan's USD 1.13 billion (Piccio 2014).
[13] For more details, see Wilmsen et al. 2016

resources and expertise in place to respond decisively and affirmatively. Within six weeks of the Vice-President's request, AusAID had set up a new institution–the Poverty Reduction Support Facility (PRSF)–to support TNP2K. This marked a significant shift for the Australian government within the social protection space of Indonesia.

The key feature of Australia's engagement in Indonesia's social protection reform was 'partnership'. There was a general willingness on both sides to enter into policy dialogue rather than a traditional donor-recipient model. In this regard, the Australian aid programme to Indonesia evolved from an "imposed response" to a "partnership of equals" (Indonesia 2015). Between 2010 and 2015, Australia invested AUD 30 million per year into social protection in Indonesia and the GoI invested more than AUD 5 billion annually (DFAT 2015). Although Australia's contribution is but a fraction of the GoI's funding, its relative value was raised by its flexibility and accessibility (DFAT 2015). This partnership approach set the tone for AusAID's work with TNP2K through the PRSF and was a significant departure from Australia's previous engagement via the IGGI and CGI.

The structure of the PRSF is also important to its functioning. The organizational structure of the PRSF is complex. The TNP2K Secretariat is headed by the Deputy Minister who reports directly to the Vice-President, whereas all other staff are contracted by the PRSF, which acts as a support facility providing technical, managerial and financial support services to the TNP2K (Ashcroft 2015). Using an international managing contractor, the PRSF generates knowledge to inform social protection programmes and to provide high quality monitoring and evaluation services (Ashcroft 2015). This means that the Australian government employs all the staff and manages the facility (Ashcroft 2015). As the PRSF is under Presidential Regulation, the effective use of DFAT funds requires a great degree of trust between the Australian and Indonesian governments.

In supporting the TNP2K, the PRSF has contributed to the improvement of a number of Indonesia's social protection programmes. The Bantuan Siswa Miskin (BSM) (scholarships for the poor), has been the most effective of these improvments, both in terms of financial commitment and coverage. Its budget extends to 21 million poor students–from around 25 percent of the poorest households[14]–which is a significant improvement upon its 2012 coverage of 6.3 million (ILO 2013; Larasati and Howell 2014). This expansion is due to the efforts of the TNP2K, which included using the BSM as a compensation measure for the fuel subsidy reduction in 2013.[15] Moreover, despite challenges, such as the take-up of insurance coverage and the transition to JKN, the health insurance programme Jamkesmas now covers 86.4 million of the poorest people in Indonesia,[16] which includes around 47 percent of poor or near-poor households (WB 2014).

This kind of partnership meant a considerable change to traditional donor-recipient relationships in development aid, even for Australia and Indonesia. Instead of being faced with detailed conditionalities for the direction of social protection reform, Australia has taken a mostly non-interventionist approach to the management of its investment in social protection programmes, leaving the GoI to determine its effective use. This is reflective of the broad shift in the discourse of ODA provision from one of conditionality to one of ownership (Whitfield and Fraser 2009). Additionally, although governance reform is a high ODA priority for the Australian government, it did not push such reform on Indonesia. Instead, it facilitated the work

[14] Identified using the TNP2K Unified Database.
[15] DFAT–Jakarta, personal communication, 15 June 2015
[16] DFAT–Jakarta, personal communication, 15 June 2015

of the TNP2K by formulating the PRSF as a flexible supporting structure. The GoI could determine its reform agenda and then seek additional advice and funding through the PRSF to fast track programmes. This was an important change from earlier approaches, such as those embedded in the IGGI and CGI, which imposed donors' priorities on the GoI. It is an example of donors and recipient countries working in tandem rather than the patrimonial practices that are so common.

In conclusion, although the engagement of international organizations in Indonesia is important to social policy change, recently, the Australian government has stepped up its role in supporting the development of social policies in Indonesia, particularly in the area of social protection. This bilateral relationship is unique and illustrates a more general shift in the way in which external agencies are engaging with the GoI.

Indonesian Social Policy Development in the Context of Global Development Goals

The post-2015 development agenda and the Sustainable Development Goals (SDGs) provide an important context for the future of Indonesian social policy development. For the previous MDGs, Indonesia started rather late in developing a strategy, mostly because the first years of the MDGs were during the aftermath of the Indian Ocean Tsunami and the Asian Financial Crisis. Nevertheless, the GoI took the MDGs very seriously, located the MDG secretariat under Bappenas, the Indonesian Ministry of National Development Planning, and was one of only two countries with a Special Envoy managing the MDGs from within the government. The PKH—a conditional cash benefit pilot programme—was initiated in the context of the MDG process. It aims to improve socioeconomic, health and child educational outcomes in very poor households (ILO 2015:24). Kwon and Kim (2015:4) argue:

> Although cash transfers were used as policy instruments for other purposes … they became important catalysts for change in the development of the social protection system in Indonesia… cash transfer programmes in Indonesia brought about new institutional infrastructure for social protection and a reframing of the issue of poverty and social protection.

Overall, in our interviews, the MDG process was regarded as supportive towards social policy development, but not the reason for the recent changes in Indonesia.[17]

Engagement with the post-2015 development agenda had a timely start in Indonesia. There have been, however, challenges due to the broad agenda of the SDGs, which involves potentially contradictory goals and targets. The implementation process has also been related to the national public administration in the sense of "who should govern the SDGs?" The MDG secretariat used to be situated at Bappenas, and therefore operated more or less as a technical secretariat. There are, however, many political issues to be sorted out in developing strategies to achieve the SDGs. Concerning SDG 16 on governance, Indonesia has been chosen to be a pilot country and there are related initiatives undertaken by UNDP in collaboration with Bappenas to conduct this study.[18] It was also Bappenas that chaired a national steering committee on the institutionalization of SDG implementation. A SDG secretariat supervised by Bappenas is overseeing and monitoring the SDG implementation in four separate 'pillars': a

[17] Interview at UNDP Indonesia, 7 October 2015
[18] Interview at UNDP Indonesia, 7 October 2015

social pillar, an economic pillar, an environmental pillar and a governance pillar. SDG3 on health and well-being will be dealt with by a special secretariat within the Ministry of Health (ADB 2016).

Indonesia took part in the 2017 voluntary national review of the High-level Political Forum on Sustainable Development,[19] for which it presented a report about achievements, plans and aims regarding a number of SDGs, including SDG 3 on health. Instead of designing entirely new plans to reach the SDGs, the GoI is following the already established planning process—a planning system with a long-term plan (20 years), a medium-term plan (five years) and a short-term plan (one year). The Rencana Pembangunan Jangka Menengah Nasional (RPJMN) (National Medium Term Development Plan), currently from 2015-2019, is particularly relevant in this context. Social development is mentioned as one of four important development perspectives.[20] There is a specific poverty alleviation strategy connected to it, comprised of comprehensive social protection, the provision and improved access to services and sustainable livelihoods. Among the challenges and improvement measures regarding SDG 3 on health, lives and well-being, the report by the GoI calls for the expansion of coverage to informal and formal workers, better collaboration between the Badan Penyelenggara Jaminan Sosial (BPJS) social security administrative body for health and private first-level health facilities, and better access to quality health facilities and personnel (Republic of Indonesia 2017:40).

Therefore, there is reference to and engagement with global development goals in Indonesia. However, the GoI considers its own development strategy as already being broadly in line with the global goals. Thus, it has preferred to discuss its own plans in the context of MDG or SDG processes rather than give credence to the suggestion that theMDGs and SDGs pushed the GoI to make these particular changes.

Conclusion: The Future of Indonesian Social Policy

Despite Indonesia being a typical case of an Asian emerging economy with a focus on economic development, the most recent period of social policy development has provided an example of development and post-crisis situation with a clear strategy of developing social policies and tackling inequality. Particularly in the field of health care, major efforts have been made to universalize social protection, provide health insurance to the poor and gradually extend coverage to other groups of the population.

While all the major political decisions–over the direction, form and extent of social policy measures–were taken by national policy makers, numerous global social policy actors played a part in the process by providing analyses and prescriptions, and offering development aid with the explicit aim of expanding social protection for the Indonesian people. Policy ideas and conditionalities, as well as other global factors facilitated the diffusion of global social policy discourses among Indonesian policy makers and administrators and thus have had an impact on the path taken by Indonesian social and health policy. This was facilitated by many of international agencies being present in the country for decades, as Indonesia had joined several UN organizations in the late 1940s and early 1950s.

Accordingly, we find that the recent changes in Indonesian social policy correspond to global ideas about ideal social policy and social security. Yet, instead of stressing the influence of their

[19] https://sustainabledevelopment.un.org/memberstates/indonesia, accessed 20 December 2017.

[20] Along with economic development, environmental development, and the provision of access to justice and good governance.

own expertise, representatives from international organizations are keen to emphasize the key role of the GoI in devising these recent changes to Indonesian social policy. International organizations' offices in Indonesia are in the process of redefining their old roles or searching for new ones (for example, by identifying groups of the population not yet covered by the existing schemes of social protection). Thus, the success and implementation of a global discourse on social policy has in many ways led to a reduced role for the international agencies in Indonesia. Indonesia is being stylized by international organization) as a role model for other countries in terms of social policy reform.[21]

At the same time, for all international organizations we studied, the increasingly strong and independent role of the GoI was a key issue to be considered. All interviewees considered the GoI to be in the drivers' seat and saw their own role and continued relevance in the country to be critically dependent on the specific relationship they were able to set up and maintain with government ministries. At the same time, it is difficult to determine who initiated and pushed for ideas—such as reducing the fuel subsidy—that are now broadly shared between national and transnational actors. The following quote is indicative of that:

> The Australian government was never telling the Indonesian government what they should do but was very, very supportive of the plan to cut the fuel subsidy and was very supportive in helping them with the compensation measures to make it happen.[22]

Moreover, our case study on AusAID has shown how the Australian government could function as a very important contributor to the expansion of Indonesian social policies, while still engaging in a modern form of partnership agreement that gave the GoI considerable leeway in allocating the provided money.

Whether or not there are grounds for generalizing on the Indonesian case in terms of external actors' involvement in national social policy making is a difficult question. On the one hand, Indonesia is in several ways typical for a south-east Asian country. The government's focus was initially strongly on economic rather than social policy development. But the health sector played a central role in expanding the social protection system and the Asian Financial Crisis resulted in more emphasis on expanding social policies (also from the side of IOs) rather than an automatic retrenchment of already limited social benefits and services. For example, when the World Bank demanded the social safety net programme to accompany SAP after the crisis, this meant a considerable social policy reform, translating particularly into increased coverage.

In conclusion, what we see in Indonesia is a qualitative change in the impact that global agencies and donors have on the field of social policy: the GoI is increasingly able to "use" these agencies and global development goals to fit its interests. But that happens through first having (informally) adopted a globally shared idea of appropriate systems of social protection and social policy institution building.

[21] For more details, see Kaasch et al. (2018)
[22] DFAT, Canberra, personal communication, 10 November 2015

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