



## Shaping Social Development from Overseas?

### NEW DIRECTIONS IN SOCIAL POLICY IN INDONESIA

The history of international development cooperation has often been tarnished by the unintended negative consequences of aid agencies' policies. But Indonesia's notable progress in social policy reform—in which many bilateral and multilateral donors have also been deeply involved—represents a departure from this trend. What makes the Indonesian case different? This case study, part of the UNRISD research project *New Directions in Social Policy: Alternatives from and for the Global South*, investigates the innovative approach of international aid agencies to social reform processes in Indonesia, and their impact on domestic institutions and actors.

#### The New Role of the State in Social Service Provision

With 6,000 inhabited islands, Indonesia is the largest archipelago and the fourth most populous country in the world, where 1,340 ethnic groups of diverse origins coexist. In this context and until quite recently, social services for the poor and vulnerable were mainly provided by communities and religious organizations in a highly fragmented fashion. The state played a relatively limited role in providing social protection to civil servants and some formal sector workers.

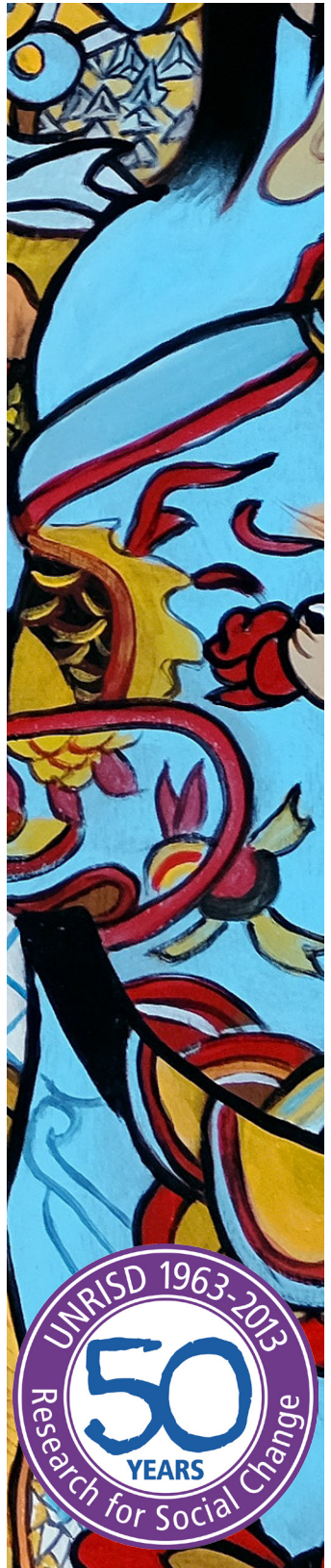
Since the Asian financial crisis of 1997, three major structural transformations in Indonesia have brought significant change in the system of social service provision: democratization, decentralization, and the country's strong economic growth and transition to middle-income status. All three have contributed to the increased role of the state in service provision, and represent initial moves towards universalism in social policy.

A couple of examples demonstrate these trends. In 2004 the Indonesian government created a national social security system—System Jaminan Sosial Nasional (SJSN)—that established a comprehensive network of social security schemes and sought to expand coverage to the entire population. And in 2014, the Indonesian government declared the ambitious goal of achieving universal health coverage by 2019, continuing the process of reforming its health care system that had begun in the wake of the Asian financial crisis. While these reforms do not reflect a complete change in the nature of social policy in Indonesia, which in some significant ways remains residual in nature, they nonetheless represent an important shift in Indonesian social policy away from covering a small group of formal workers towards a more inclusive system.

#### International Influences on Domestic Social Policy

A key factor shaping the evolution of Indonesian social policy has been the strong involvement of international agencies—global financial institutions, regional development banks, bilateral aid agencies, international non-governmental institutions and United Nations agencies—all of which have actively engaged with domestic policy actors in various ways.

Globally, the legacy of international involvement in domestic policy is largely one of policy prescriptions and one-size-fits-all interventions with little attention to local capacity or policy priorities, the negative effects of which have been widely studied. The nature and impact of international agencies' engagement with state-led social policy reform processes at the national level are less explored. As such, there is much to be learned from the Indonesia case, where the international support for the expansion of the role of the state in social provisioning points to a new model of international engagement.



#### Case study information

Indonesia is one of the seven country and cluster cases for the UNRISD research project *New Directions in Social Policy*. For more information on the overall project, see [www.unrisd.org/ndsp](http://www.unrisd.org/ndsp)

**Methodology:** The research provides a cross-sectional analysis of the political economy and policy dynamics of global actors and bilateral actors engaging with Indonesia's social policy. The project uses documentary research, data collection, and textual analysis of a variety of sources such as government reports, public survey data, media documents, publications by international organizations, and in-depth first-person interviews.

**Outputs:** The Indonesia case study is composed of three papers. Each paper addresses transnational policy making at a different level of governance: global, bilateral and national.

**Research team:** Alexandra Kaasch, Mulyadi Sumarto and Brooke Wilmsen.

## Themes and Questions

This case study analyses the political economy and policy dynamics of interactions between national actors and supranational actors (global/multilateral and bilateral) in order to better understand how international influences have affected social policy reform in Indonesia. It aims to draw out lessons from this experience that can be shared among countries in the Global South and inform their social policy reforms. Overall, it asks how international actors have engaged with social policy reform in Indonesia, and what the impacts of their involvement have been. What lessons can be drawn for development cooperation actors engaged in social policy reform in other contexts?

### Translating global social policy ideas

The ILO's Social Protection Floors Recommendation (R202) and the United Nations resolution on universal health coverage (A/67/L.36) are two recent examples of ideas and norms elaborated at the global level urging steps towards providing all people with access to affordable, quality health care services. At the same time, the responsibility for designing and implementing the social policies that give substance to such ideas and norms lies at the national level. How have global social policy ideas contributed to shaping Indonesia's social policy programmes and reforms?

### Interactions between national and global social policy actors

The Indonesia case study analyses how the interactions between global and national actors and institutions have influenced domestic social policy in various dimensions, including policy design, financing and implementation. The analysis pays particular attention to the following questions: How do domestic institutions and actors mediate global factors in the process of Indonesian social policy development? What key factors help strengthen the role of the Indonesian government in social policy making?

## ODA and bilateral social policy actors

Bilateral influences, in the form of official development assistance (ODA), are also an important determinant of the trajectories of domestic social policy making in aid-dependent countries. The case study focuses on the role of Australian ODA, which is particularly important in the Indonesia context, and explores the challenges involved in development cooperation related to social policy and social protection systems. It aims to better understand the strategies used to negotiate ODA investment and the decision-making processes around aid allocation in the social sector. How does ODA influence the development of social protection systems? How can the "ownership" of recipient countries be strengthened as social policies are designed and as social systems are reformed? And what lessons can be drawn from this experience for other bilateral donors and aid-receiving countries?

### New Directions in Social Policy

By examining the emergence, nature and effectiveness of recent developments in social policy in selected emerging economies and low-income countries, this three-year research project (2015-2017) aims to contribute evidence and analysis that will improve understanding of alternative policies for social development 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.

**UNRISD Research Team:** The Research Coordinator for this project is Ilcheong Yi, and Kelly Stetter is the Research Analyst.

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## About Project Briefs

UNRISD Project Briefs pose questions, flag ideas and contribute knowledge that can improve the quality of development debates, policy and practice. They provide a concise summary of an UNRISD research project, situating it within wider social development debates; outlining its focus, objectives and methodology; and highlighting interim findings.

This project brief was prepared by Kelly Stetter and Aida Lizbeth Becerra Garza.

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