

Research in Progress in 2008

Doing corporate social responsibility in Indonesia: options and constraints

Dr Raymond Atje from the Centre for Strategic and International Studies, Dr Andrew Rosser from the University of Adelaide and Mr Donni Edwin from the University of Indonesia.

Over the past few years, a scholarly and policy-oriented debate has emerged in Indonesia about what corporate social responsibility means in an Indonesian context and how it can best be implemented. The purpose of this research is to contribute to this emerging debate by outlining the different approaches that can be taken to corporate social responsibility. It will assess the likely implications of these different approaches for Indonesia's attempts to reduce poverty, and identify the main political and social obstacles to Indonesia's adoption and implementation of approaches that promise maximum benefit in terms of poverty reduction.

Linking pro-poor development agriculture policy and the oil palm boom: governance arrangements for landowners in outer island Indonesia

Dr John McCarthy and Mr Piers Gillespie from the Australian National University and Dr Zahari Zen from the University of North Sumatera.

Currently, 'outer island' Indonesia is undergoing a rapid agrarian transition as farmers move away from older, extensive systems of agriculture, as forest depletion continues, and as large areas of land are allocated for mono-cultural crops. With the high global demand for oil palm products, coupled with the policies that aim to cut greenhouse gas emissions by promoting biofuels, there is an enormous surge in palm oil demand, ensuring that the pace of this transition is intensifying. At the same time there is a pressing need for better governance processes for land tenure, to provide more equitable institutional arrangements for landowner engagement with oil palm production, to address rural poverty, and to diminish the increasing number of land-related conflicts occurring during this rapid agrarian transition. Via a comparative analysis of two areas experiencing unprecedented agrarian change, this research will analyze how recently reformed governance processes can be improved to generate better pro-poor outcomes for landowners.

Economic governance and public financial management for climate change policies in Indonesia

Mr Kurnya Roesad from the World Bank, Dr Frank Jotzo from the Australian National University and Dr Efa Yonnedi from Andalas University.

Indonesia has signaled its willingness to commit to policies to mitigate and adapt to climate change. Currently, Indonesia is thought to be the largest global emitter of carbon dioxide from deforestation. Emissions from energy use are about the same size as those of Australia and rising fast. Indonesia could attract significant financial flows for climate change mitigation and adaptation. A crucial factor underpinning such future financial flows will be actual change in policies at the central and regional level. This project will examine how the central government can improve its economic governance framework to tap into international financial investments flowing into climate change projects. It will also consider how to assure that financial flows reach the regions (provinces and districts), and that they are used at the local level for climate related purposes.

Investigating the effectiveness of a deregulated electricity market

Dr Ly-Fie Sugianto from Monash University and Dr Moeljono Widjaja from the Agency for the Assessment and Application of Technology (BPPT).

Competitive energy pricing is a central factor for a nation's social, industrial and commercial success. This project aims to explore the effectiveness of electricity market structure in Indonesia. Researchers will build a simulation platform for assessing alternative trading arrangements for the electricity industry. The simulation platform is a useful tool for designing an efficient market that leads to lower electricity price, higher availability level of electricity, and lower Green House Gas emission.

Research findings will be available in December 2008.

See the AIGRP website:
www.crawford.anu.edu.au/AIGRP



Governance reform initiative in the transport sector

Professor Danang Parikesit, Dr Purwo Santoso and Ms Restu Novitarini Djarwoningrum from Gadjah Mada University, Mr Harya Setyaka from Urban and Regional Development Institute and Professor John Black and Professor John Lea from the University of Sydney.

This project aims to provide directions for government policy guidelines and recommendations for regulators, project developers and academics to promote more transparent and accountable transport infrastructure delivery and services. The project will focus on land transport. The following themes are investigated: (a) Subsidy policy and public service obligation in transport services; (b) Concession agreements for private sector-financed projects in transportation infrastructure and service provision (including the role of government subsidies); and (c) Policy and regulatory frameworks for contracting and procurement of transport projects, especially sustainable strategic planning and transparent guidelines for private finance initiatives.

Urban management and the informal economy: the role of participatory governance in achieving balance

Dr Elizabeth Morrell from Flinders University, Australia and Dr Hetifah Sjaifudian Sumarto from Bandung Trust Advisory Group for Local Governance Reform.

Thirty-two per cent of Indonesia's poor now live in urban areas. The number of people working in the urban informal economy has increased, and informal employment growth has exceeded that in the formal sector. To attract investment by improving infrastructure and providing conducive business environments, local governments are formulating new town planning policies. Many of these impact negatively upon workers in the informal economy, prompting calls to reduce the 'anti-poor bias' in urban management. This study will be a comparative analysis of approaches to reconciling the often conflicting demands of assisting the urban poor whilst simultaneously developing well-functioning towns and cities.

Farming at the forest frontier: non state regulation of environmental practices in Indonesian agriculture.

Dr Jeff Neilson and Associate Professor Bill Pritchard from the University of Sydney and Professor Bustanul Arifin and Dr Hanung Ismono from the University of Lampung.

This research will develop institutional models for smallholder decision-making processes at the forest frontier in Sumatra and Sulawesi, where coffee expansion continues to drive forest loss. In doing so, this collaboration will identify the potential for incorporating varied modes of informal (non-state) institutional regulation within formal environmental policy in Indonesia. The informal modes of regulation referred to include product certification, payments for environmental services schemes, corporate codes of conduct and local trust-based conventions.

Capacity building for the Islamic microfinance providers for the development of small and medium sized enterprises in Indonesia

Dr Minako Sakai from the University of New South Wales and Professor Kacung Marijan from Airlangga University.

Islamic micro-credit cooperatives (Baitul Maal Wat Tamwil or BMT) are emergent microfinance providers in Indonesia. They are grass-root developments supported by the funds from Islamic community members to support petty traders in their vicinity. Islamic microfinance in Indonesia has much potential for a further expansion. Yet, the development is hampered by their legal and administrative ambiguity. Reflecting this situation, our project firstly examines what sort of capacity building is needed to encourage the development of Islamic microfinance effectively. This project secondly considers how Islamic microfinance can support the growth of small and medium sized enterprises (SMEs) in Indonesia. It will thirdly articulate how the Indonesian government can effectively support the growth of Islamic microfinance. Successful microfinance schemes are important component in the development of Indonesia's SME sector, which accounts for 50 per cent of Indonesia's gross domestic product because it will assist in alleviating poverty in Indonesia.

Good doctors, safer patients, improved access: strengthening medical workforce governance in Indonesia

Professor Stephanie Short from the Queensland University of Technology and Professor Hasbullah Thabrany from the University of Indonesia.

This research project will contribute a robust scholarly framework for medical workforce governance that will improve the capacity of policy makers and regulators to reform: (a) professional and ethical standards to govern the admission of medical practitioners into the profession; (b) regulatory systems to assure and improve the performance of doctors and to protect the safety of patients; and (c) public health policies, programs and funding arrangements crucial to the achievement of the right to health; that is putting the right providers in the right place at the right time. Although this project focuses on medical practitioners in Indonesia, it has significance for conceptualising and reforming health workforce governance more broadly.

*For more information contact AIGRP at the
Crawford School of Economics and Government
ANU College of Asia and the Pacific
The Australian National University
Tel: +61 2 6125 0132
Web: www.crawford.anu.edu.au/AIGRP*