

Research in Progress in 2009

An evaluation of the Indonesian insurance industry: Social security policy rejuvenation through accelerated growth in the insurance industry

Dr Bambang Hermanto (University of Indonesia), Dr Akabar Zamin Ali (University of Adelaide), Ms Ratna Derina (University of Adelaide), Ms Anna A. Agus (University of Indonesia), Mr Sigit S. Wibowo (University of Indonesia).

By the year 2030, the Indonesian economy is expected to face a declining workforce and an aging population. Currently only 5 per cent of the Indonesian population is covered by healthcare and life insurance, one of the lowest rates in the Asia Pacific region. Thus, in the continued absence of a comprehensive state social security blanket, the vast majority of Indonesians are unprotected against life risks. The low take-up rate has implications also for the insurance industry's viability in Indonesia. This study seeks to understand the low demand for insurance in Indonesia and examine effective mechanisms for delivering insurance products. Finally, it explores how government policy might be able to initiate social security substitution through acceleration of the insurance industry.

Lawmaking in regional parliaments: translating policy into law

Dr Simon Butt (University of Sydney), Mr M. Nur Sholikin (Centre for Study of Law and Policy (PSHK))

Proponents of decentralisation often claim it produces better governance by bringing government and people closer. Indonesia presently has over 400 municipalities (kota) and districts (kabupaten), each with its own executive and legislative arms of government. This means hundreds of lawmaking authorities in Indonesia are producing laws, now numbering in the thousands. Yet, for all the new legislation, indications suggest that governance has worsened in some regions. There is, therefore, a clear need for sound policy-development and legal-drafting capacity among local lawmakers. This research investigates weaknesses in both of these aspects of local lawmaking in three districts, and seeks to show why central-level review mechanisms are largely ineffective.

Local political parties in Indonesia – the Aceh test case

Prof Mawardi Ismail, (Syiah Kuala University), Dr Ben Hillman (Australian National University), Mr Saifuddin Bantasyam, (Syiah Kuala University)

Since Indonesia's return to democracy, only avowedly national parties with a cross-country organisational basis have been allowed to contest national and local elections. In a major challenge to the logic of post-Suharto politics in Indonesia, in April 2009, for the first time local political parties will contest parliamentary elections in Aceh. In what will be a major test for centre-local relations and the party system in Indonesia, six local political parties will compete against 38 national parties. This research analyses local parties' performance in the April 2009 elections in Aceh, and the implications, both for democratic governance in Indonesia, and regulations regarding political parties.

Impact of climate change on food security, income distribution, and small farmers in Indonesia

Mr Ronnie S. Natawidjaja (Padjadjaran University), Ms Melanie Ford (ABARE), Mr Dika Supiyandi (Padjadjaran University), Catherine Tulloh (ABARE)

Rice is Indonesia's main staple food, essential to both national food security, and the livelihoods of poor farmers. Rice production is greatly affected by short term climate variability and already, Indonesian rice farmers have witnessed the impacts of climate change on crop yields. Changing rainfall patterns, long droughts and floods cause crop failure, threatening food security and incomes. Despite this vulnerability, Indonesia does not yet have an effective adaptation plan for climate change. This research investigates the market and farm level impacts of climate change, and identifies potential adaptation measures for farmers and other rural market participants.

Research findings will be available in December 2009.

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Evidence-based decision-making to reform governance at the district Level: Nutritional policies, programs & interventions in Bantul & Gunungkidul

Ambar Yoganingrum (Indonesian Institute of Sciences), Fiona McDonald, (Queensland University of Technology), Farah Purwaningrum (Indonesian Institute of Sciences), Dini Ariani, (Indonesian Institute of Sciences)

District governments in Indonesia have principal responsibility for managing health interventions, including improving the nutritional status of women and children. In part, the decentralisation of health services is intended to allow decision-makers to integrate locally generated evidence into a policy framework that might still be dominated by national concerns. Preliminary research indicates that effective integration of locally generated evidence into district health policies and programs remains limited. This research assesses the extent to which evidence-based decision making informs health policy in two districts of Yogyakarta, identifying both barriers and opportunities for drawing locally generated evidence into district-level public health programs.

Governing 'favours': An investigation of accountability mechanisms in local government budget allocation in Indonesia

Dr Ian Wilson (Murdoch University), Teten Masduki, Director, (Indonesian Corruption Watch), and Luky Djani, (Indonesian Corruption Watch), Jakarta

Indonesia's local government budgetary processes suffer from a lack of transparency and citizen participation. Local governments regularly siphon off public monies, often to consolidate political support by providing public works projects or other forms of largesse to supporter networks. This research examines both formal processes of budget allocation (existing regulations and procedures) and informal processes (patron-client relationships) and investigates how the political and economic dynamics between them produce particular budgetary outcomes. The research highlights how the lack of public involvement and accountability in the budget allocation process facilitates the dispensing of favours at the public's expense, and suggests how misuse of budgets might be minimised by further governance reforms.

Reform of Indonesian public sector financial reporting

Dr Ross H. McLeod (Australian National University), Harun (University of Tadulako)

Indonesia has recently introduced several new laws relating to budgeting and auditing, along with new standards for public sector accounting, all aimed at improving transparency, accountability and performance of government organisations at both central and regional levels. The thrust of such reforms reflects ideas of best international practice. There is a tendency to believe that weaknesses in Indonesia's financial reporting can be solved simply by drafting new laws or accounting standards, without consideration of the capacity and willingness of relevant government agencies to implement new regulations. By means of case studies focused at local government level, this research therefore questions the applicability of advanced economy best practice to Indonesia, and contributes to the development of a more appropriate approach.

Madrasah governance and its effectiveness

Prof Lyn Parker (University of Western Australia), Dr Raihani (Universitas Islam Negeri (UIN) Sultan Syarif Kasim, Riau)

Madrasah (Islamic day schools) constitute 17.6% of all Indonesian schools, from primary to senior secondary levels. This highlights the important role played by madrasah in the national education system. Significant differences exist between general schools and madrasah in terms of traditions, system and community participation but relative to general schools, madrasah have received little attention from researchers. Indonesia's Strategic Plan for National Education (Renstra) 2004-2009, identifies three main foci: universal access to basic education, improvement in education quality and more effective governance in the context of decentralisation. Focussing on the third national education goal, this research investigates madrasah governance structures, and their effectiveness in improving education.

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



Decentralisation and devolution of forest management and the process of deepening democracy: A case study in Kutai Barat and Gunung Kidul districts

Dr Ilean Russell (The University of Queensland), Mr Yuli Nugroho (Researcher at Damar Foundation, Yogyakarta), Prof Mustofa Agung Sardjono (Mulawarman University)

Decentralisation and devolution are increasingly emphasised in forest management as a means of achieving greater sustainability in light of the "failure" of centralised forest management. Since decentralisation, Indonesia's district governments have been involved in developing a community-based forest management system, which would strengthen the role of communities in forest management. However, a lack of clarity about authority and responsibilities among different actors has created confusion. This research investigates how two district governments—in Java and Kalimantan—attempt to balance the competing demands of supporting local livelihoods and ensuring forest sustainability. Finally, it considers to what extent community-based forest management systems are in fact deepening democracy.

Development of sharable and longitudinal medical records for e-Health in Indonesia using an Australian-based standard

A/Prof David Taniar (Monash University), Prof Tati Mengko (Bandung Institute of Technology), Dr Andriyan Bayu Suksmo (Bandung Institute of Technology), A/Prof Wenny Rahayu (La Trobe University), Ms. Heather Grain (Llewelyn Grain Informatics), Dr Eric Pardede (La Trobe University), Mr Antonius Darma Setiawan (Bandung Institute of Technology), Dr. G.A. Putri Saptawati (Bandung Institute of Technology)

Ideally each person would have a longitudinal medical record of their lifetime health history, sharable between health facilities. Unfortunately, medical records in Indonesia are fragmented, in part due to the lack of a common standard for organising and storing information. Every hospital has its own standard, making it difficult to exchange patient data. A further problem is that medical images are not included in patient records due to limitations of data storage and transmission capacity in Indonesia. This research is addressing both issues by developing a sharable and longitudinal multimedia record system, and new technology to compress medical images to enable storage and transmission in Indonesia

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ANU College of Asia and the Pacific
The Australian National University
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Web: www.crawford.anu.edu.au/AIGRP*



