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## **Indonesian Social Policy Development in a Context of Global Social Governance**

Alexandra Kaasch, Mulyadi Sumarto and Brooke Wilmsen

prepared for the UNRISD project  
New Directions in Social Policy:  
Alternatives from and for the Global South

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UNRISD, Palais des Nations  
1211 Geneva 10, Switzerland

Tel: +41 (0)22 9173020  
Fax: +41 (0)22 9170650  
[info@unrisd.org](mailto:info@unrisd.org)  
[www.unrisd.org](http://www.unrisd.org)

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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](http://www.unrisd.org/ndsp).

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## Acronyms

ASEAN	Association of Southeast Asian Nations
Bappenas	Ministry of Planning and Development
BPJS	Badan Penyelenggara Jaminan Sosial
ECOSOC	UN Economic and Social Council
FAO	UN Food and Agricultural Organization
GoI	Government of Indonesia
GIZ	Gesellschaft für Internationale Zusammenarbeit
JICA	Japanese International Cooperation Agency
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
MDG	Millennium Development Goals
MoH	Ministry of Health
MSS	Minimal service standard
PKH	Program keluarga harapan
PRSF	Poverty Reduction Support Facility
SDG	Sustainable Development Goals
SEARO	South-East Asia Regional Office
SJSN	Sistem Jaminan Sosial Nasional
SSN	Social safety net
UHC	Universal Health Coverage
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development

## Abstract

This paper reports the ideational and expertise roles and positions of global social policy actors. A particular emphasis is on the role of international organizations in supporting social policy development in Indonesia. These agencies include the World Bank, ILO, WHO, UNDP, UNICEF and FAO. It engages with the following key questions: which external policy actors have engaged in social policy issues in Indonesia? What were their perspectives, ideas, preferences or requests? And, how has their role changed as the country has developed? Analytically, it employs a global social policy and governance perspective, and focus on social policy prescriptions of global policy actors. This paper discusses several international organizations represented in Indonesia, their collaborative activities and their “ideas” of Indonesian social policy development.

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## Introduction

Global policy ideas and discourses have proved to be important for the development and reform of national social policies, and have emerged and grown in various fields of social policy (Kaasch et al. 2015). Particularly following global or regional economic crises, the value of—and problems with—social policy have been the subject of debate at different levels of governance (Starke et al. 2013).

Due to a number of different shocks and developments, we can observe how global ideas have increasingly shifted to include a social dimension. Examples include the global economic and financial crisis from 2007-8 onwards that provoked significant changes in global ideas about pension systems (Orenstein 2005, Orenstein 2011) and gave shape to the International Labour Organization's (ILO) social protection floor initiative (Deacon 2013). In 2014-15, the Ebola crisis drew attention, once again, to the importance of health systems, which connects to global policy concepts such as universal health coverage (UHC) (Kaasch 2016). As global social governance, these different forms of global social policy are driven by various actors of different kinds that use a range of mechanisms to develop ideas and to diffuse their messages (Kaasch and Martens 2015). We therefore need to understand the roles, positions and inter-relationships of the global actors involved in providing social policy prescriptions.

This paper presents the roles and positions of global social policy actors in Indonesia. More concretely, we analyse ideas of international organizations about the development of social policy in the emerging economy of Indonesia. Many studies link the development of social security primarily to economic development. For example, Suryahadi et al. assume that Indonesian social security development “is very much related to and driven by the development of the Indonesian economy in general” (Suryahadi et al. 2017).

In this paper we focus instead on the agency and ideas of several global social policy actors represented in the country. Our research engaged directly with these external actors to understand the ideas that drive their input into national social policy processes. This paper provides a broad picture of actors and their influence in Indonesian social policy development.<sup>1</sup>

Social policies in Indonesia have been undergoing rapid development in recent years. Since 2002, the right and access to social security have been increasingly formalized and expanded. After the Asian Financial Crisis (1997), Indonesia moved from an incoherent, exclusionary set of social security institutions (mainly focused on formal sector workers, in particular civil servants) to a National Social Security System (Sistem Jaminan Sosial Nasional (SJSN) (Law No. 40/2004). It extends across and unites the system of social security schemes and aims to cover the whole population in the near future (Sumarto 2013, Suryahadi et al. 2017).

In order to better understand the global context within which such changes have occurred, this paper asks the following key questions: Which external policy actors have engaged in social policy issues in Indonesia? What were their perspectives, ideas, preferences or requests? And, how has their role changed as the country has developed?

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<sup>1</sup> This work is complemented by two additional UNRISD Working Papers focused on the case of Indonesia: Wilmsen et al. (2017), which provides a concrete example of external actor influence and Sumarto et al. (Forthcoming), which provides the perspective of the Indonesian government.

## Global Social Policy and Governance: Ideas about National Social Policies

International organizations have a particular role in advising and supporting national governments in developing and emerging economies to set up and reform social policies. In order to analyse the case of Indonesia, we employ a global social policy and governance perspective (Deacon et al. 1997, Deacon 2007). Global social policy principally refers to two interrelated characteristics: on the one hand, global social policy as an approach concerns social policy prescriptions of global policy actors for the concepts, aims, settings, institutions and reforms of national social policies. An example can be seen in the ideas behind the social protection floor initiated by the ILO (Deacon 2013). On the other hand, global social policies as practices refer to supranational redistribution, regulation and rights, such as social regulation in international trade agreements. In this paper, we focus on the former and are particularly interested in ideas about national social policy in different fields.

Global social policy and governance literature focuses on the (potential) ideational influence of “external” actors on national social policy reform in various contexts and forms. Global social governance refers to the multiplicity of global actors that engage, in various ways and changing coalitions, with social policy issues (Deacon 2007, Kaasch and Martens 2015). The role of the International Financial Institutions (World Bank, International Monetary Fund and regional development banks), alternative ideas disseminated by the “UN social agencies” (particularly the ILO, the United Nations Educational, Scientific and Cultural Organization and the World Health Organization (WHO)) and a vast number of other kinds of actors (including individual entrepreneurs, or “flexians” performing overlapping roles crossing public and private spheres (Stubbs and Wedel 2015)) have been described and studied for how they shape national social policies (Deacon et al. 1997, Deacon 2007, Yeates 2008, Kaasch and Martens 2015). While considering national policy makers as the key decision makers in the set-up and reform of various social policies, we are interested in the ways external actors have observed, described and commented on Indonesian social policy development, and how that compares with generalized global social policy ideas on different social policy fields.

When looking at the level of global social policy ideas as they emerge in general global social policy discourses, we can distinguish between different social policy fields and the rights and needs of particular populations or groups of people within societies. Major global social policy discourses have been identified and studied around pension policies, with controversies between the World Bank and the ILO and like-minded epistemic communities, which has had a particular impact on Latin American states, as well as the transformation economies of Eastern Europe (Deacon 2000, Orenstein 2008).

The ideas promoted by the International Finance Institutions (IFIs) centred around a three-pillar pension model with a strong private component. The ILO and partners favoured a strongly public system of social protection for old age. Since the global economic and financial crisis, however, the IFIs have shifted towards an approach closer to that of the ILO. Comparable discourses in the field of health systems involve more actors than old-age pensions, for example including the Organisation for Economic Cooperation and Development and the WHO as important global social policy actors, but are also, broadly speaking, less controversial (Kaasch 2013, Kaasch 2015). The need of big risk pools and broad coverage is shared by global health experts. For the field of education, there are also some shared ideas caused by global diffusion (Meyer et al. 1992), as well as contested ones, for example the privatization of services (Verger et al. 2016).

## Methodology and Research Design

For the purpose of this study of Indonesia, we analysed the ideas of the World Bank, United Nations Development Programme (UNDP), WHO, Food and Agricultural Organization (FAO), United Nations Children's Fund (UNICEF), and ILO on Indonesian social policy development, against the backdrop of conceptual understandings of global social policy described above. We include the World Bank because it is the dominant financial power and covers a breadth of policy fields, including several social policy fields. UNDP is much less financially powerful but is also engaged in aspects of social policy. The other organizations have been chosen because they are key institutions in different social policy fields—that is, the WHO for health policies, the FAO for food, and the ILO for labour-related social policies. We added UNICEF as an organization concerned with various social policy issues related to a particular group of the population that is considered to be especially vulnerable even after considerable social policy reforms in Indonesia.

In order to understand and describe the global social policy context within which national social policy development in Indonesia has evolved, we retrieved various documents from the different organizations' websites. These were openly accessible documents, such as project documents by international organizations, and media documents (for example, relevant newspaper articles, governmental and international organizations' websites, and so on). They have been analysed by classifying different social policy fields the documents referred to, comparing the main social policy idea(s) expressed for Indonesia with more generalized global social policy ideas. We also conducted a number of interviews at the organizations' offices in Jakarta to understand how the actors describe themselves, their ideas, and their role in the country.<sup>2</sup>

The interviews not only generated primary data, but also facilitated the identification of additional secondary data relevant to the research. We undertook additional semi-structured interviews with experts working for the different international organizations' offices in Jakarta. All interviews were recorded, transcribed and thematically analysed regarding the particular views interviewees expressed about the development of Indonesian social policies. These semi-structured interview allowed for probing of the informant's perception or opinion when it was needed and to elaborate their answer in detail (Gray 2004). For reasons of confidentiality, the interviewees' names are not disclosed. Furthermore, given a common bias in part of the related literature concerning "good" and "bad" actors in the field, it is important to keep a researcher's stance towards the interviewee of "empathetic neutrality" (Quinn Patton 2002).

Our interview questions comprised questions about the description of the country's social

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