

Indonesia: Challenges with the Legislative Framework and Implementing Economic Reform Packages

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What has such congestion to do with regulatory reform?



A
lot.....more
than we
think at first
sight

It is not only about strengthening regulations on **land acquisition**

It is also about regulations that mainly allow **state-owned enterprises** to provide these services and the existing profit sharing arrangement with the Ministry of Finance.

Indonesia suffers from a **complex regulatory environment**

The central government issued no less than 12,741 regulations between 2010 and 2015

In addition,
congestion
at main ferry
crossings
occur
because..

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It started as deregulation packages but then gradually the Government referred to economic packages

- 16 packages released between mid 2015 and late 2017
- In total, the packages deleted 25 regulation but revised and added more than 200 regulations
- It is impossible for more than 50 percent of regulations to measure their impact quantitatively

Main Deregulations

1. Subnational Deregulation
2. Housing for Low Income People
3. Creative Economy
4. Logistics
5. Business Competition
6. E-Commerce

Increased public purchasing power

Increased competitiveness and industrial independence

Increased exports and investment, as well as tourism promotion

Some conclusions on the policy packages

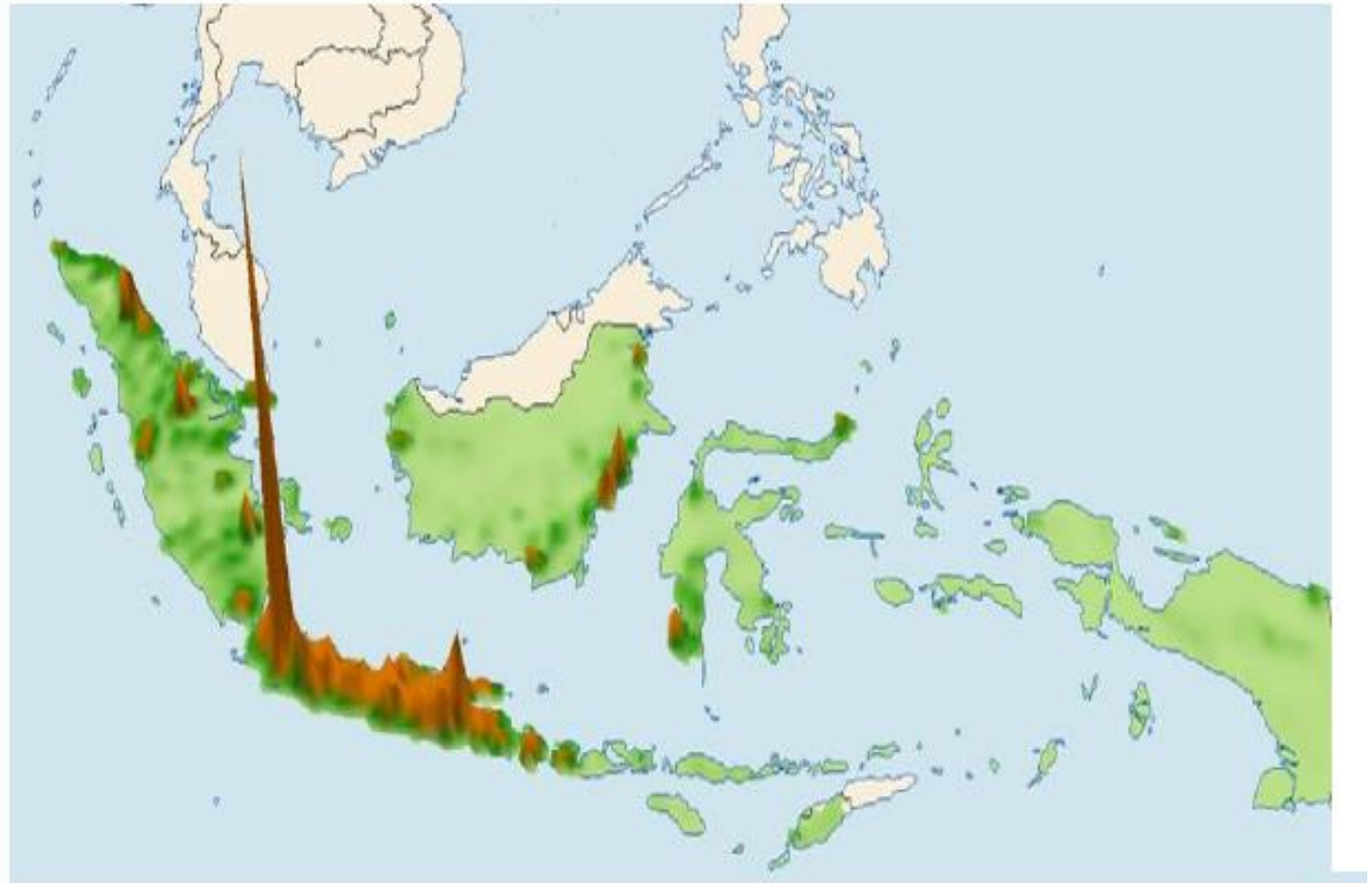
The design of the packages
has been a process of trial
and error

The packages still lack a
'results chain' that outlines
problems, instruments,
strategy, need for regulatory
change, monitoring, etc.

Monitoring unit is
understaffed, limited
budget, and no proper
mandate

Role central-local
governments remains
unclear or takes time to take
shape

The way forward:
what are the
challenges for
regulatory
reform in
Indonesia?



New
Initiatives by
the
Indonesian
Government

Issuance of Presidential
Instruction 2017/7

Issuance of Secretariat of
Cabinet Regulation 2018/1

Both are aimed at improving
the issuance of better
regulations

Next steps and challenges

Line Ministries need to consult with Coordinating Ministries prior to the issuance of new regulations.

But how to prepare a sustainable mechanism and format for these consultations?

There are now templates to be filled in by line ministries prior to submission of new regulations.

But how to enforce and ensure that the templates are filled in adequately and continuously?

Thank you