

The Indonesian Update

Monthly Review on Economic, Legal, Security, Political, and Social Affairs



Main Report:
The Fate of Our Mineral Resources:
the Freeport Case

Economic
A Look at the Indonesian Economy in 2015 ■

Politic
The Resignation of Setya Novanto and the Enforcement
of Ethics amongst Public Officials ■

Social
Ensuring the Quality of the Nation's Children ■
through Children

CONTENTS

FOREWORD	1
MAIN REPORT	
The Fate of Our Mineral Resources: the Freeport Case	2
ECONOMIC	
A Look at the Indonesian Economy in 2015.....	8
POLITIC	
The Resignation of Setya Novanto and the Enforcement of Ethics amongst Public Officials	13
SOCIAL	
Ensuring the Quality of the Nation's Children through Children	16
INSTITUTIONAL PROFILE.....	19
RESEARCH PROGRAMS.....	20
PUBLIC DISCUSSION.....	22
TRAINING & WORKING GROUP FACILITATION	23

Contributors :

Arfianto Purbolaksono (Coordinator), Muhammad Reza Hermanto, Lola Amelia,
Zihan Syahayani

Editor : Awan Wibowo Laksono Poesoro

FOREWORD

Towards the end of 2015, the public was shocked by a complaint filed by the Minister of Energy and Mineral Resources (ESDM), Sudirman Said, with the Honorary Council of the Parliament (MKD) regarding the allegation that then Speaker of the House of Representatives (DPR) Setya Novanto had falsely cited the support of President Joko Widodo (Jokowi) and Vice President Jusuf Kalla in the process of renegotiating the contract with PT. Freeport Indonesia (PTFI).

Although Setya Novanto had finally resigned from his position as the Speaker of the DPR on December 16, 2015, in the eyes of the public, the case has undermined the credibility of the two names of the state institutions.

The main report in the December 2015 edition of the Indonesian Update is “The Fate of Natural Resources: the Case of Freeport”. On the economy, it discusses “A Look at the Indonesian Economy in 2015”. On political affairs, it discusses, “The Resignation of Setya Novanto and the Enforcement of Ethics for Public Officials”. On social affairs, it talks about, “Ensuring the Quality of the Nation’s Children through Teachers”.

The regular publication of the Indonesian Update with its actual themes is expected to help policy makers in government and business environment -- as well as academics, think tanks, and other elements of civil society, both within and outside the country, to get the actual information and contextual analysis of economic, legal, political, cultural and social developments in Indonesia, as well as to understand the public policy in Indonesia.

Happy Reading.

The Fate of Our Mineral Resources: the Freeport Case

Towards the end of 2015, the public was shocked by a complaint filed by the Minister of Energy and Mineral Resources (ESDM), Sudirman Said, with the Honorary Council of the Parliament (MKD) regarding the allegation that then Speaker of the House of Representatives (DPR) Setya Novanto had falsely cited the support of President Joko Widodo (Jokowi) and Vice President Jusuf Kalla in the process of renegotiating the contract with PT. Freeport Indonesia (PTFI).

There is evidence of a recorded conversation between Setya Novanto, businessman Muhammad Riza Chalid, and President Director of PTFI Maroef Sjamsuddin. The recorded conversation -- in addition to discussing a contract extension for PTFI -- also contains a request from Novanto for PTFI shares.

Although Setya Novanto had finally resigned from his position as the Speaker of the DPR on December 16, 2015, in the eyes of the public, the case has undermined the credibility of the two names of the state institutions. The first one is the presidential institution, as after the recording has been played, the public has found out that, in addition to the names of the President and the Vice President are mentioned, the name of the Coordinating Minister for Politics and Security (Menkopolhukam), Luhut Binsar Panjaitan, was also mentioned in the conversation.

The second one is the DPR, as Setya Novanto had attended the meeting in his capacity as Speaker of the DPR (representing members of the Parliament, as if the 559 other members of the Parliament were also mentioned). This means that their credibility should also be questioned. Moreover, this case has opened the eyes

of the public to a larger case behind the case of “papa is asking for shares”, which also should not escape from the attention of the public. The case is about the renegotiation of the PTFI contract itself.

The Work Contract for Freeport

PTFI is an affiliated company of Freeport-McMoRan. PTFI is mining, processing, and exploring ores containing copper, gold and silver. PTFI has been operating in the plateau areas in the Mimika district of Papua province, Indonesia, since 1967.

Earlier, during the period of Soekarno, Freeport Sulphur Co. Incorporated (now Freeport-McMoRan Copper & Gold, Inc.) could not conduct any mining exploration business in Mimika. That was because the President at that time did not want Indonesian natural resources to be managed by foreign parties (Peter M. Marzuki, 2014).

Then, during the era of President Suharto, after the enactment of Law Number 1/1967 on Foreign Investment and the Law Number 11/1967 on Basic Provisions of Mining, Freeport officially started to operate in Indonesia (Peter M. Marzuki, 2014). Freeport’s Work Contract I was signed on April 5, 1967 and was valid for 30 years (ptfi.co.id).

On December 30, 1991, the Work Contract II was signed and terminated Work Contract I. In the Work Contract II, Freeport Sulphur Co, Incorporated changed into PT Freeport Indonesia (PTFI). This second Work Contract was valid for 30 years, with the production period expiring in 2021 (ptfi.co.id).

In the second contract, all management and operational authorities are granted to the company, which conducts the exploration. As the owner of mining sources, Indonesia has no authority and sovereignty to control the running of the company. Indonesia has only been receiving a royalty, being set in the second Work Contract. The provisions in the Work Contract of work tend to benefit Freeport more than Indonesia itself (Peter M. Marzuki, 2014).

The amount of royalty being paid by PTFI so far is lower than that is required in the Government Regulation (PP) Number 45/2003 on Tariffs on Non-Tax Revenues Applicable in the Ministry of Energy and Mineral Resources. Since PP Number 45/2003 has been enforced, PTFI should pay a royalty of 3.75% for gold, 4% for copper and 3.25% for silver of the selling price per kilogram (kg). But in reality, PTFI is still paying the royalty to Indonesia in accordance with the second Contract in 1991; that is 1.5% for copper, and 1% for gold and silver of the selling price per kg (Study Commission, 2014).

In 1991, the Freeport exploration area was 2.6 million hectares, while in 2012 it was 212.950 hectares. PTFI stated that the block B area was just 7.78% of the same area in 1991 (ptfi.co.id).

Nowadays, PTFI has 90.64% of shares, consisting of 81.28% of shares owned by Freeport McMoRan Copper & Gold Inc and 9.36% by PT. Indocopper Investama, a subsidiary of Freeport McMoRan. The rest, 9.36% of shares are owned by the Government of Indonesia (ptfi.co.id).

This minority of ownership by the Government of Indonesia cannot be stepped up because of a divestment regulation in the past. Freeport is not affected by the divestment regulation because the existence of PP Number 20/2004, which allows full foreign investment.

Contract Renegotiation

Nowadays, Law Number 11/1967 has been revoked and been replaced by Law Number 4/2009 on Minerals and Coal (Minerba Law). The Work Contract regime, which was based on Law Number 11/ 1967, should be replaced by a regime of permission based on Minerba Law. However, the regime of work contract is still accommodated in the Minerba Law.

Therefore, Minerba Law regulates the process of mining contract renegotiation. The process of renegotiation includes broad aspects, including mining areas, the use of local manpower, divestment, processing obligations, and local purification processes.

In relation to the process of contract renegotiation, the Corruption Eradication Commission (KPK) assess that the renegotiation process so far has been protracted. Article 169 of Minerba Law explicitly states that the provisions contained in the Work Contract (KK) and Coal Mining Agreement (PKP2B) should be adjusted no later than one year from the date the Minerba Law came into force. It means that the contract renegotiation should be completed on 12 January 2010. However, until 2 September 2014, the contract renegotiation of mining has not been completed.

The prolonged process of contract renegotiation will certainly result in the losses of state revenues, which will then undermine state finance. According to a KPK study presented to the Ministry of ESDM in 2014, there had been losses from 37 KKs and 74 PKP2Bs. The KPK estimates that the difference in state revenues from one large company, PTFI, is \$169 million dollars per year (www.kpk.co.id, 2 Maret 2014).

In the Minerba Law, there are also provisions on the mining business licenses (IUP), which provide opportunities for mining management by enterprises (including foreign companies) and regulate the ban on exports of raw materials and the requirement to build smelters. However, the biggest advantages remain with the IUP holders, and once again Indonesia only gets an increase in the amount of royalty and taxation.

Moreover, the construction of smelters by concessionaires will also provide added value to national income, at least absorbing local manpower. However, is it worth it, considering the natural resources that have been exploited for decades? What about environmental damages and deteriorating socio-economic conditions of communities around the mining operations? What are the results of natural resources that have been exploited? Has the exploitation met the constitutional mandate of bringing the greatest benefits to the people?

The Future of Indonesian Mineral Resources

Article 33 Paragraph (3) of the Constitution of the Republic of Indonesia (UUD RI 1945) states that “the land and the water, and the natural resources within shall be under the control of the State

and shall be used for the greatest benefits of the people”

That meaning has been interpreted by the Constitutional Court (MK) through Decision Number 36/PUU-X/2012 on the Judicial Review of Law Number 22/2001 on Oil and Gas. The phrase “under the control of the state” should be interpreted in the broad sense that Indonesia has the sovereignty over all resources of “the land and the water and the natural resources within”. This should mean the public ownership of natural resources (Hamdan Zoelva, 2014).

This implies that the people give a mandate to the State to manage and supervise natural resources for the greatest benefits of the people. Meanwhile, the meaning of private ownership must be understood in relative terms. It means that a private ownership should not be at a level of one hundred percent. Thus, the State remains to be the major determinant of policy. Article 33 of the 1945 Constitution does not reject privatization or divestment of share ownership, as long as it does not negate the State’ control.

Furthermore, the magnitude of the state’s control over the land, and the water, and the natural resources within to organize resources, to create policies, to manage and to supervise is limited by the meaning of “the greatest benefits of the people”.

But in the implementation, so far the control over natural resources has not reflected the mandate of Article 33 of the Constitution. According to Maria SW Sumardjono, the struggle between the consistency of the State, the interests of investors, the market, and also the public is a challenge. In addition, there has also been inconsistency between legislation and the constitution. The disputes over the control over natural resources often show imbalances in the allocation and utilization.

These have also been reflected in the Freeport case. The mining processing results for decades have created social inequality for the people of Papua. There have been violations of human rights (HAM) and environmental damages. Mountains and rivers have been polluted by the disposal of tailings. Now, thousands of hectares of woodland and sago have been damaged, and a number of river

habitats have become extinct. In the end, the rivers that community need have been polluted (Walhi report, 2006).

Ironically, the Government has signed a Memorandum of Understanding (MoU) on Freeport Work Contract on 25 July, 2014. After the signing, the General Director of Mineral and Coal at the Ministry of ESDM, Sukhyar, said that FTPI could re-export concentrates, with the intention of not wanting a vacuum of in the mineral and coal industries in Indonesia.

This is clearly not in line with the mandate of Article 170 of Minerba Law, which states that PTFI must perform the purification process over the concentrates. Within five years after its enactment, the export activities of the concentrates should also be discontinued.

Professor with the Faculty of Economics and Business of Brawijaya University, Prof. Dr. Ahmad Erani Yustika, has criticized the Government's decision, as until now PTFI has not also built a smelter in Papua, which should actually be realized five years ago. Marwan Batubara has also stated that the Government has also violated the Minerba Law by giving Freeport flexibility even though it has not been able to perform purification and to build a smelter.

According to the author, the issue of Freeport is an issue that concerns the interests of the state to uphold the sovereignty, dignity and national pride. It is the time for the government to be able to take over the management of mining activities via the majority shareholding, not via a concession model that is wrapped under the term "Work Contract".

The state must rebuild sovereignty over natural resources and keep the promises of prosperity for the people, especially the people of Papua.

The government firmness towards the rules must take precedence over financial considerations, including reduced state revenues resulting from the strictly prohibited exports of concentrates. Moreover, Freeport actually gets more financial benefits than Indonesia its self. It should be noted by the government that instead of profits obtained by the State, but it should pay attention to the issues related to environmental sustainability and social welfare of the people of Mimika.

-Zihan Syahayani-

A Look at the Indonesian Economy in 2015

2015 is now approaching towards its end. Obstacles and challenges that have been faced still remain in our memories. The decline in the exchange rate, the drop in primary commodity prices, and the lack of infrastructure development are several problems that have been facing by the country.

The Indonesian people are expecting better economic conditions now. Problems that have been faced should be valuable experiences for the following years. This piece of writing is intended to refresh our memories on economic episodes taken place in Indonesia in 2015.

Restoring the Confidence in Rupiah

In mid-September 2015, the exchange rate of rupiah against US dollar dropped dramatically. Although similar economic conditions also occurred in other countries, the Indonesian people were very concerned about the development. There were many parties who believed that the country was about to face another financial crisis in the near future. The assumption had then become more serious, as some of the country's elite asked the Government of Indonesia to establish a special team in order to solve the crisis.

The first factor that contributed to this was the issue of the predicted increase in the Fed Fund Rate, the benchmark rate in the US set by the Federal Reserve (commonly known as the Fed). Therefore, hot money in emerging markets had already been withdrawn by investors to be sent back home to the US to get the expected higher returns.

The other factor was the devaluation conducted by the Government of China. The declining trend in commodity prices had significantly changed China into a consumer-driven economy. This was espoused to absorb domestic products that had been overly produced. By decreasing the rate of Yuan, China was expecting its economy to recover soon.

As a main trading partner, China, which previously could absorb national products of Indonesia in a big amount, was no longer able to absorb the products optimally. With the weakening of exports, the rate of Rupiah had also decreased because exports were naturally sources of revenues of foreign exchange, including US dollars. On the other hand, it could be said that exports were the sources of dollar supply in the country. Meanwhile, imports were the sources of dollar demand because the prices of import products must be paid in dollars. Therefore, the declining trend in exports had made the rate of rupiah decrease.

Referring to a simple analogy made by Alvin Ulido (August 2015), an elephant that wants to enter into a small pond slowly (USA) is surprised by the fall of another large elephant (China) to the same pond. The waves generated (negative effects) will be very large and uncomfortable. These negative impacts had been experienced by some emerging countries, including Indonesia.

To respond to this problem, the Government of Indonesia had issued several economic policy packages focusing on policy bureaucratization and deregulation. This policy was believed able to improve investment climate that had collapsed due to the weakening rate of rupiah. It really seemed that the government would like to make investors do business in Indonesia so that Indonesians would experience the multiplier effects.

Things that could be learned from this problem were those had happened at the grassroots level. The efforts to convince the public to continue to trust the rupiah under certain conditions were not easy. Rebuilding public trust towards rupiah was a common task that would make rupiah steady in the market.

Industrialization that Cannot be Postponed

In addition to the problem of exchange rate, industrialization could also not be ruled out. As explained previously, Indonesia could not simply rely on commodity exports to promote the economy. Although the country is endowed with natural resources, commodity exports are in fact not perfectly reliable to support the economy, particularly during global economic downturn like today.

Exports of raw materials that previously could boost domestic economy were no longer reliable. As an effect of global economic downturn, domestic production had also slowed. However, the declining in exports had no big impact on economic growth, as it could be balanced by the slow import performance. The data from the Ministry of Trade showed that BoT's surplus had touched a level of 3.752 billion US dollars during January to Mei.

The decreasing performance of imports sent a signal that domestic industries were in big problems. The high dependency of domestic industry on imported inputs has been perceived as an open secret. It has been proven by using the data from the Central Statistics Agency. 76 percent of imported products had flooded domestic markets, such as raw materials, auxiliary materials, and capital goods. Local producers need those products to process them into other forms that have more added values.

The situation had then forced Indonesia to fix its industries, both upstream and downstream. The first urgent thing is to accelerate the promotion of local input products. Government incentives will spur both the quantity and the quality of investors of raw materials, auxiliary materials, and capital goods. To increase local products' competitiveness is also another important issue. Local businesspeople need to reorientate their products' bargaining positions. The products should be sold not only on domestic markets but also in foreign countries as exported products.

Accelerating Infrastructure Development

The year of 2015 was the year dominated by massive infrastructure development in Indonesia. This sent a good signal for the country as infrastructure has become a burden for advancement. The World Economic Forum, an institution that makes the global

competitiveness index, revealed that Indonesia was quite low in the ranking, which ranked 37 out of 140. This ranking was much lower than those of Singapore and Malaysia.

The Logistic Performance Index released by the World Bank also showed similar results. Indonesia was still under Singapore, Malaysia, Thailand, also Vietnam. This worst achievement had something to do with the lack infrastructure that Indonesia had. Infrastructure was actually a pulse for channeling distribution of goods and services.

Theoretically, it has been proven that infrastructure development will give economic benefits to the surrounding areas. A research on the Socio-Economic Impact of Infrastructure Investment conducted by Snieka and Simkunaite (2009) shows evidence that infrastructure plays a significant role, not only for people as general, but also for business climate in particular.

The development of infrastructure as what had been carried out by the government today was proper. However, with all the backwardness today, Indonesia needs acceleration in its development.

Kompas Daily (02/12/2015) explains that in order to accelerate the underdeveloped, a country needs proper vision, design, and strategy. Financial support and execution in the field will become key factors in accelerating infrastructure development.

The costs of infrastructure in the period of 2015-2019 were amounted to a level of Rp.5.519 trillion, with 40.15 percent of the shares belonging to the government. This big amount of money then became a serious challenge for the government in the following year, considering that this year the government had failed to achieve its tax revenue target.

To achieve the dreams, Indonesia needs a strong commitment from all parties. Revamping the country's revenue from taxes is a very important thing. People in general and businesspeople in particular are also expected to contribute more concretely. Public-Private

Partnership is also believed to be able to enforce the implementation of infrastructure development.

The better infrastructure will benefit Indonesia in the global market like the ASEAN Economic Community. Globalization is no longer seen as an obstacle to advancement. It is actually an opportunity to gain more profits for the people's welfare.

- Muhammad Reza Hermanto -

2015 is now approaching towards its end.

Obstacles and challenges that have been faced still remain in our memories.

Indonesian people are expecting better economic conditions.

Problems that have been faced are hoped to be valuable experiences in the following years.

The Resignation of Setya Novanto and the Enforcement of Ethics amongst Public Officials

Setya Novanto had finally decided to resign from his position as the Speaker of the House of Representatives (DPR). Strong public pressure during November-December 2015 had made Novanto decide to leave his position as the Speaker of the House.

Criticisms were directed to Novanto, urging him to resign as Speaker of the House, including on cyberspace. Even on www.change.org, there were 90,375 supporters who signed a petition to sack Novanto from the position of the Speaker of the House.

Novanto and the Freeport Scandal

The scandal that dragged Novanto broke out when Minister of Energy and Mineral Resources Sudirman Said reported Novanto to the Parliament Honorary (MKD DPR).

Setya Novanto has allegedly falsely cited the support of President Joko Widodo (Jokowi) and Vice President Jusuf Kalla in relation to the PT Freeport's contract extension negotiation. He has also allegedly requested for PT Freeport's shares.

As the Speaker of the House, who was a state official, Novanto was considered violating ethics when he, who was accompanied by businessman Muhammad Riza Chalid, met with the President Director of PT Freeport Indonesia, Maroef Sjamsoeddin to discuss the contract extension of PT Freeport.

In a final meeting after hearing the testimonies of witnesses, 10 MKD members agreed that Novanto should be given a medium sanction, while seven other members would like him to be given a heavy sanction.

But before the decision had been issued by MKD, on Wednesday (16/12) Novanto had decided to resign from his position as Speaker of the House of Representatives of the 2014-2019 period.

MKD had accepted the resignation of Novanto and had decided to close the case of alleged false citing of the support the President and Vice President. This was based on Article 127 of Law No. 17/2014 on the MPR, DPR, DPD and DPRD that regulates that complaints of violations against members of Parliament cannot be processed if the person has resigned.

State Officials and Public Ethics

As a state official, Novanto is certainly different from ordinary citizens. Novanto as a state official has powers inherent in him, in every action, the powers must be accountable.

Dennis F. Thompson in *Political Ethics and Public Office* (1987) argues that state officials should be accountable for policies and political actions to the people who have elected them. Thus, ethics are necessary to control the powers. Ethics comes from the Greek word *ethos*, which in singular means habit, character, attitude and way of thinking. In plural (*ta etha*), they mean customs (K. Bertens, 1993).

According to Article 1 Paragraph of Law No. 28/1999 on the State Management that is Clean and Free from Corruption, Collusion and Nepotism, the organizers of the State are the State Officials who perform executive, legislative, and judicial functions other officials whose functions and main tasks are associated with administering the state in accordance with the provisions of the legislations in force.

Article 1 Paragraph 2 of Law No. 28/1999 also stipulates that clean State management is the State management that obeys the general principles of state administration and that is free from corruption, collusion and nepotism, as well as other misconducts. It is therefore necessary for state officials to have professionalism and ethics in order to carry out their functions and duties.

The End of Novanto Case

The decision to close the Novanto case by MKD has left many unanswered questions for the public related to this case. The author believes that it is very important for MKD to make a final decision to impose sanctions and to explain the decision to the public.

Maintaining ethics and professionalism of state officials is a requirement of good governance.

This would be a form of Parliament accountability to the public in enforcing the rules amongst its members who are suspected to violate ethics.

Then, this should be a lesson for state officials to act professionally by upholding ethics as state officials. Maintaining ethics and professionalism of state officials is a requirement of good governance.

State officials should no longer act on the basis of personal benefits or the benefits of certain people. State officials must act in accordance with their duties and functions under the provisions of the legislations in force.

-Arfianto Purbolaksono-

Ensuring the Quality of the Nation's Children through Children

Indonesia commemorates the National Teachers' Day each 25th of November. This is based on Presidential Decree No. 78/1994 on the National Teachers' Day. Referring to history, November 25 is also the birthday of the Indonesian Teachers Association (PGRI).

It cannot be refuted that teachers are a key factor in the success of an education system. The education system itself is aimed at realizing Indonesian human resources that are formidable and able to compete in the era of globalization, which is very competitive today.

Therefore, the teachers' role is not only to teach, as being contained in Law No. 14/2005 on Teachers and Lecturers. Teachers are professional educators, with the primary tasks of educating, teaching, guiding, directing, training, assessing, and evaluating students on early childhood education, formal education, primary education and secondary education.

Considering the strong role of teachers and admitting that Indonesia is indeed still far from the culture of learning and culture (which means that students and teachers both assume that education is a lifelong learning process), it is important for the government to pay great attention to teachers.

The Government needs to draw up a policy to not only increase the number of teachers but also improve their quality.

Policies on Building Teachers' Capacity

One of the government's programs to improve the quality of teachers is the teacher certification program. Law 14/2005 stipulates that the certification is the process of certifying teachers and lecturers. Some

experts argue that the certification is a recognition process that a person has to undergo in order to get the competence to carry out educational services in a particular educational unit after passing a competency test conducted by the certification body.

There have been debates on the teachers' certification policy, ranging from the certification system that has been introduced since the beginning of 2007 to the amount of funds that has been disbursed. For example, the incentives for certified teachers have reached a level of 80 trillion per year. Meanwhile, the certification process itself had reached a level of 62.55 billion in 2006.

Have the large funds been parallel with the objectives of the policy? It seems not. In 2012, the data showed that the test results of the teacher competency test conducted by approximately 381 Teaching Personnel Education Institutes (LPTK) were still low.

On a scale of 0 to 100, teachers who were civil servants had an average score of 45.7, part-time teachers in private schools had a score of 48.1 and full-time teachers in private schools scored 51.5.

Conclusions and Recommendations

From the description above, we can see two things. First, the level of teacher competence in Indonesia is still low (encompassing three million teachers in public and private schools.

The second note is that the capability of civil servant teachers in public schools is lower than those of part-time and full-time teachers in private schools. This phenomenon should be noted by the management of public schools in Indonesia.

There should be an understanding that the policy of teacher certification is not the ultimate activity, as it is actually the first step to ensure that the education system goes well and is on track to create high quality human resources in Indonesia.

The government should not only be responsible for conducting the

teacher certification process and providing incentives to teachers. It should also be responsible for ensuring that both policies have positive impacts.

One concrete way in order to ensure a positive impact from the teacher certification process is to provide capacity building to the teachers. Capacity building can be done in the forms of training workshops and scholarships for teachers who excel.

-Lola Amelia -

As Indonesia is indeed still far from the culture of learning -- which means that both students and teachers assume that education is a lifelong learning process -- it is important for the government to pay great attention to teachers and also to ensure qualification and capacity.



THE NDONESIAN INSTITUTE

C E N T E R F O R P U B L I C P O L I C Y R E S E A R C H

The Indonesian Institute (TII) is a Center for Public Policy Research that was established on 21 October 2004 by a group of young, dynamic activists and intellectuals. **TII** is an independent, non-partisan, non-profit institution, whose main funding stems from grants and contributions from foundations, companies, and individuals.

TII has the aim of becoming a main research centre in Indonesia for public policy matters and has committed to giving contribution to the debates over public policies and to improving the quality of the planning and results of public policy in the new era of democracy in Indonesia.

TII's missions are to conduct reliable research that is independent and non-partisan and to channel the research to the policy-makers, the private sector, and academia in order to improve the quality of Indonesian policy-makers.

TII also assumes the role of disseminating ideas to the society so that they are well informed about the policies that will have a good impact on the people's lives. In other words, **TII** has a position to support the democratization process and the public policy reform, as it will be involved in the process.

The scope of the research and review on public policies undertaken by **TII** includes economic, social, and political factors. The main activities have been conducted in order to achieve vision and mission based on research, surveys, training, public discussions, working group, weekly editorial articles ("Wacana TII"), monthly analysis ("Update Indonesia" and "The Indonesian Update"), annual analysis ("Indonesian Report"), and monthly discussion forum ("The Indonesian Forum").

Contact Address:

Gedung Pakarti Center Lt. 7
Jl. Tanah Abang 3 No. 23-27 Jakarta Pusat 10160
Phone : (021) 38901937 Fax. : (021) 34832486
Email: contact@theindonesianinstitute.com
www.theindonesianinstitute.com

RESEARCH ON ECONOMIC AFFAIRS

The economy tends to be used as an indicator of the success of the government as a policy-maker. Limited resources have often caused the government to face obstacles in implementing economic policies that will optimally benefit the people. The increase in the quality of the people's critical thinking has forced the government to conduct comprehensive studies in every decision-making process. In fact, the studies will not be stopped when the policy is already in place. Studies will be continued until the policy evaluation process.

The TII Economic Research Division is present for those who are interested in the conditions of the economy. The results of the research are intended to assist policy-makers, regulators, and donor agencies in making decisions. The research that TII offers: **(1) Economic Policy Analysis; (2) Regional and Sectoral Prospects; and (3) Program Evaluation.**

RESEARCH ON LEGAL AFFAIRS

According to stipulations in Law No. 12 Year 2011 on the Formulation of Laws and Regulations, every bill which will be discussed by the legislative and the executive must be complemented with academic paper. Therefore, comprehensive research is very important and needed in making a qualified academic paper. With qualified academic papers, the bills will have strong academic foundation.

TII can offer and undertake normative and legal research related to harmonization and synchronization of laws and regulations, especially in making academic papers and bills. In addition, the research will be conducted with sociological, anthropological, and political approaches in order to produce a more comprehensive academic papers and bills. It is expected that with such a process, the laws and regulations will be produced through such a participatory process, which involves the making of academic papers and bills to also go through process, such as focus group discussion (FGD) which will involve stakeholders related to the laws and regulations that will be discussed.

RESEARCH ON THE SOCIAL AFFAIRS

Social Research

Social development needs policy foundations that come from independent and accurate research. Social analysis is a need for the government, the businesspeople, academia, professionals, NGOs, and civil society to improve social development. The Social Research Division is present to offer recommendations to produce efficient and effective policies, steps, and programs on education, health, population, environment, women and children.

Social research that TII offers: **(1) Social Policy Analysis; (2) Explorative Research; (3) Mapping & Positioning Research; (4) Need Assessment Research; (5) Program Evaluation Research; and (5) Indicator Survey.**

POLITICAL SURVEY AND TRAINING

Direct General Election Survey

One of the activities that TII offers is the pre-direct election surveys. There are sundry reasons why these surveys are important (1) Regional direct elections are democratic processes that can be measured, calculated, and predicted. (2) Surveys are used to measure, calculate, and predict the processes and results of elections and the chances of candidates. (3) It is time to win the elections using strategies based on empirical data.

As one of the important aspects in the strategies to win the elections, surveys can be used to prepare political mapping. Therefore, campaign teams need to conduct surveys: (1) to map the popularity of candidates in the society (2) to map the voters' demands (3) to determine the most effective political machinery that will act as a vote getter; and (4) to find out about the most effective media to do the campaign.

THE INDONESIAN FORUM

The Indonesian Forum is a monthly discussion activity on actual issues in the political, economic, social, legal, cultural, defense, and environmental fields. TII organizes these forums as media for competent resource persons, stakeholders, policymakers, civil society activists, academicians, and the media to meet and have discussion.

Themes that have been raised were the ones that have caught public attention, such as migrant workers, social conflicts, domestic politics, and local direct elections. The main consideration in picking a theme is sociological and political reality and the context of the relevant public policy at the time that the Indonesian Forum is delivered.

It is expected that the public can get the big picture of a particular event as the Indonesian Forum also presents relevant resource persons.

Since its inception, the Indonesian Institute is very aware of the passion of the public to get discussions that are not only rich in substance but also well formatted, which support balanced ideas exchanges ideas and the equal involvement of the different elements of the society.

The discussions, which are designed to only invite a limited number of participants, do not only feature idea exchanges but also regularly offer policy briefs (policy recommendations) to relevant policymakers and also summaries to the participants, especially the media people and the resource persons at the end of each discussion. Therefore, the discussions will not end without solutions.

LOCAL COUNCIL TRAINING

The roles and functions of local councils in monitoring local governments are very important. They need to ensure that participative and democratic policies will be espoused. Members of provincial and regent local councils are required to have strong capacity to understand democratization matters, regional autonomy, legislative techniques, budgeting, local Politics, and political marketing. Thus, it is important to empower members of local councils.

In order for local councils to be able to response every problem that will come out as a result of any policy implemented by the central government or local governments, the Indonesian Institute invites the leaderships and members of local councils to undergo training to improve their capacity.

WORKING GROUP

The Indonesian Institute believes that a good public policy process can be held with some engagement and empowerment of the stakeholders. The Indonesian Institute takes a role as one of mediator agencies to facilitate some forums in which the Government, Council Members, Private Sectors, NGOs and Academicians can meet in interactive forums. The Indonesian Institute provides facilitation on working groups and public advocacy.

The Indonesian Institute takes the role of mediator and facilitator in order to encourage the synergy of public policy work between the stakeholders and policy makers and also to have a synergy with funding agencies (donors).

Executive Director

Raja Juli Antoni

Program Director

Adinda Tenriangke Muchtar

Board of Advisors

Rizal Sukma

Jeffrie Geovanie

Jaleswari Pramodawardhani

Hamid Basyaib

Ninasapti Triaswati

M. Ichsan Loulembah

Debra Yatim

Irman G. Lanti

Indra J. Piliang

Abd. Rohim Ghazali

Saiful Mujani

Jeannette Sudjunadi

Rizal Mallarangeng

Sugeng Suparwoto

Effendi Ghazali

Clara Joewono

Researcher of Economic Affairs

Awan Wibowo Laksono Poesoro

Muhammad Reza Hermanto

Researcher of Law Affairs

Zihan Syahayani

Researchers of Political Affairs

Arfianto Purbolaksono, Benni Inayatullah

Researcher of Social Affairs

Lola Amelia

Program and Supporting Staff

Hadi Joko S.,

Administration Officer

Ratri Dera Nugraheny.

Finance Officer: Rahmanita

IT Staff : Usman Effendy

Desain dan Layout

Siong Cen

Gedung Pakarti Center Lt. 7
Jl. Tanah Abang 3 No. 23-27 Jakarta Pusat 10160
Phone : (021) 38901937 Fax. : (021) 34832486
Email: contact@theindonesianinstitute.com
www.theindonesianinstitute.com

