

Policy Diffusion in A Social Security Reform

A Study Case of the National Social Security
System in Indonesia

Abstract

There has been an ongoing debate in the study of diffusion in policy making processes. Acharya (2009) believes that economic crisis was one of the reasons why the phenomenon of diffusion of foreign norms succeeds in Asian countries. It is argued that those norms replacing or assimilated to local ones could increase national self-strengthening (Acharya 2009). Furthermore, he believes that there is the possibility of diffusion because of the characteristic of political actors in those countries, which are active interpreters of external values. However, Berman (2001) states that there are many other conditions that lead to it such as political structures/institutions and ideologies, which are formed historically and by construction. This research thesis thus wants to see how international norms have been diffused and influenced the policy making process in Indonesia, with the study case: the role of the Asian Development Bank (ADB) in the development of the Law of National Social Security System (UU SJSN). Using a constructivist approach with policy diffusion theory and mixed methods, the research finds that there was a dominant influence by some of the SJSN team members and there are four mechanisms of policy diffusion that happened in the process of policy making. These are socialization/persuasion, learning, soft coercion, and domestic fit.

Key words: policy diffusion, economic crisis, social insurance, UU SJSN, ADB.

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1 Introduction

In 1998, Indonesia entered a new era called democratization after the economic crisis and the collapse of the New Order authoritarian regime. This process led to the amendment of the 1945 Constitution of the Republic of Indonesia by MPR (National Assembly) as the legislative body. One of the main results of the amendment strengthened the articles on human rights and social welfare. These articles are based on the Declaration of Human Rights by the United Nations (UN) Article 25 No.1 of 1948 and the Convention of International Labor Organization (ILO) No. 102 of 1952 on social security rights (SJSN team, 2004, p. 22) that all countries in the world need to provide basic protection for every citizen in order to fulfill the above-mentioned UN Declaration (ibid, p. 8). The article on human rights says that social security is the right of every citizen and empowers the weak and poor people (Article 28 H, 2002 Amendment of 1945 Constitution of the Republic of Indonesia). Moreover, the article on social welfare, 34 No. 2, says that the State (government) has the obligation to provide a system of social security, while No. 4 says that further provisions on this implementation will be guided by the Law.

In implementing those articles, the government established a new regulation (law) of the national social security system (UU SJSN/SJSN bill) that covers the social security of all Indonesian people encompassing health care, pensions, and workplace death and injury compensation insurances. Hence, in 2002, there was a team called a Task Force Team from the government (National Social Security System, SJSN Team) focusing on this matter. The SJSN Team was formed under the Presidential Decree No. 22/2002, and two years later they proposed the bill of the national security system (RUU SJSN) to the parliament in 2004.

However, at the same time, Indonesia did not have any experience in regulating and managing a universal coverage of the social security. Therefore, it cannot be denied that there was a lesson learning process from members of the international world that already have the capability to develop the system. We

also learned that a social security based on universalism and neoliberalism are the universal norms adopted in both developed and developing countries.

Ridha(2015), with the agreement of the Asian Development Bank (ADB), states that the establishment of UU SJSN in 2002-2004 was seen as one of the results from the intervention of the ADB that has been involved in the financial institution agenda of Indonesia since the economic crisis in 1997 (ADB, 1998). Prior to arrival of the ADB, it was International Monetary Fund (IMF) who helped Indonesia recover from its poor financial condition through loans. The IMF and ADB shared a common view of economic reform and restructuring by means of economic liberalization. Thus, the IMF worked with the ADB to help Indonesia overcome the economic crisis.

At the same time, as the democratization started, there were amendments of the Constitution that required the government to establish a social security for all the people as mentioned above. Here, the ADB thought of how to repair the financial system while at the same time avoiding the social effect of the crisis and implementing the amendment constitution. So there came the need to integrate the financial sector reform and the social security reform. This study will look at this phenomenon (ADB, 2002). As Sharkh and Gough (2010, p. 28-29) believe that, even though welfare regimes in developing countries are well known for their local community relations and clientelistic networks in providing welfare, the role of international organization in that area still cannot be neglected. They give an example of how international actors function as interveners in aids and loans for the welfare regimes.

1.1 Aims and research questions

In the era of globalization, it becomes valuable to get a knowledge of how international organizations exert their influence in national policy making processes. As literature on policy diffusion ignore the role of non-western regional institutions (Acharya, 2009, p.24), here the research will focus on the assumption that there were external norms/ideas of such institutions diffused in the Indonesian policy making of SJSN bill.

International donor agencies have entered and assisted Indonesia in encouraging and intensifying economic development in the New Order era of authoritarian regime (before the democratization). They provide loans to finance infrastructure development projects such as roads, schools, hospitals and health centers. However, in the aftermath of the economic crisis of 1998 and at the start of the democratization, the aids were not only aimed at the economy but also at the social sphere. One of them is assistance to build institutional design and technical assistance in formulating regulations. This thesis seeks to trace the influence of international organizations, especially ADB, in such institutional designs and technical regulations by looking at the case of policy making of the national social security system bill or *Sistem Jaminan Sosial Nasional*, SJSN.

To analyze the above mentioned, this thesis will use policy diffusion theory and its mechanisms to see the process of diffusion coming from the external world. To analyze the diffusion process, the study will look at the policy documents of the ADB and SJSN Team documents. Furthermore, in-depth interviews will also be used to have extra explanations of the complexity of policy making process of UU SJSN bill.

Thus, the research questions provide the framework of analysis:

How did international organizations influence the national policy making process of social security policies in Indonesia?

With the sub-questions:

How did the interaction between the national actors and the international organization(ADB) happen during the policy diffusion in the policy making process of the SJSN Bill?

What are the ideas that have been diffused by the ADB? And in what ways were they diffused in the process?

1.2 Project's contribution to policy analysis and societal relevance

The ADB's influence in the UU SJSN policy making process could add a new knowledge about international/regional bank's participation in the Indonesian policy making process. Moreover, I believe that the analysis of this study case

will contribute to the broader knowledge and wider debate of policy diffusion in Asian countries context, and also be applicable in other contexts and cases other than the policy making process of the universal social security system.

This study then will benefit other researchers, practitioners, and parliament members who are interested to study the phenomena of policy diffusion in Indonesia, and also provide a picture of the development of universal social security system.

Based on the result of this study, it is possible to continue the research further on what kind of social security system that Indonesia has been building. In the context of the development of welfare regimes in the world, the result of the study could show the universal system, by using several theories on welfare state regimes in the world, especially in the developing countries.

1.3 Structure of the thesis

This thesis will be organized into six chapters: i) Introduction, which consists of the background of the thesis in general and the statement of aims and research questions in particular. ii) Literature review, where the previous studies about policy diffusion and the dynamics of social security systems are elaborated. Here, the readers will see the differences between the previous researches and this one. iii) Analytical framework, which consists of several theories and concepts that are used in the analysis of the thesis. The point of this chapter is building a framework within the social constructivist approach and making use of the concept of policy diffusion that consists of soft coercion and learning process, also socialization/persuasion, and domestic fit. iv) Qualitative methodology will be explained in this section using comparative documents and in-depth interviews. v) Analysis, which is where the result of the study will be shown, i.e. there were policy diffusion in the process of policy SJSN bill 2002-2004. Firstly, the author will explain the development of the social security in Indonesia from the era of independence war to the democratization and how it evolves. Secondly, it will be discussed how International Organizations (IOs) influenced local policies in Indonesia, and especially how the ADB came to the process of SJSN bill policy making process. Thirdly, these results will be analyzed using the mechanisms of

policy diffusion. Fourthly, the reaction from national actors about its diffusion would be revealed. vi) Conclusion.

2 Literature Review

This section gives an overview of the previous studies about policy diffusion in Asian countries and their conclusions. The section also talks about the dynamics of social security reforms in general and particularly in Indonesia.

2.1 The Policy diffusion in Asia

Acharya (2009) describes norm diffusions that happened in the Asian region. Norms coming from the global world to the Asian region are transferred through two long phases. The first phase was in 1950s, after the War World II, in which the world leaders through Asian leaders spread and promoted ideas of regional security and order that consist of non-intervention principles and collective defence. However, by using the approach of constitutive localization, Acharya (2009) analyses that not all of these norms/ideas were in line with local ideas, which were nationalism and anti-colonialism. Thus, it was only the norm of non-intervention that was accepted in ASEAN countries. The same thing happened in the second phase of norm diffusion in the 1990s, in which not all the norms were diffused (Acharya, 2009, pp. 6-7). There were the common security and collective interaction ideas, in which only the former was accepted to become one of the ASEAN principles and the “ASEAN way”. The reason of accepting the norm was that, in the institutional building process in Asia, there is normative and compromise contestation through local ideas and international norms, with no longer through power politics.

Furthermore, the concept of constitutive localization then means that the idea/norm diffusion is not all produced by universal entrepreneurs whereas local actors are passive ones. here, the local actors can play a major role in the process in which they could accept or reject ideas not fit to the local conditions and traditions that are socially and historically constructed (ibid, p. 5). The local contexts here consist of the beliefs, religions, practices, historical memory,

domestic political rhythms and also the uniqueness of the society (ibid, p.22). So it could be said that there is a dynamic process in the process of diffusion.

However, Acharya (2009) also describes that constitutive localization is a more radical theory than social constructivism, in which the role of local actors is more dominant than the international ones. Here, the local actors are free to decide which norm needs to be accepted and later be usable for policy making. If we look at the SJSN policy making process, which happened after the economic crisis, It seems hard for the decision makers to be able to decide freely upon what the acceptable norms from international world are. If national actors did not accept the diffusion, it is possible that the policy implementation would fail.

In addition, there was the case of the MoU Letter of Intent between the IMF and President Soeharto in November 1997 after the economic crisis in which one of the contents is economy restructuring (IMF, 2000). The goal was to have a more open economy and liberalization through foreign capitals.

So, Indonesia is used to foreign aid and growing understanding of neoliberalism since the days of the New Order. International donor institutions such as the World Bank and the ADB played significant roles in supporting the Indonesian economic development during the New Order, which was led by Soeharto. Therefore, it is easier for them to accept the international norms, especially from the ones who give the incentives. In consequence, the author decided to use social constructivist approach, which looks at the dominance of international actors in shaping national policies, which is the SJSN bill. Constitutive localization will not be fitted to the thesis analysis since my analysis proposes that local actor is not independent to decide.

This thesis instead uses social constructivist approach with socialization and framing theories that are applied before utilizing the constitutive localization. It will be explained later in the theoretical framework section.

Policy diffusion happens also in other parts of Asia, for example China. It is reported that it has the highest air pollution level in the world. Therefore, together with other developing countries it received policy diffusion from the US, Japan, and Europe on the comprehensive emission standards policy (Saikawa, 2010, p.2). The diffusion from those developed countries succeeded in 37 developing countries. Using regression method, the research found one of the reasons why the diffusion happened in China, which was due to the pressure from the developed

countries and the competitors that have adopted the policy. The receiver countries wanted to stay competitive in the international market while China could see that the other countries with such policy could increase their automobile exports. From here, it could be said that there was a kind of competition mechanism going on.

However, at that time China was an authoritarian country. How to diffuse the policy in that kind of country? Using tracing methodology, the research found that the more liberal the policy the more they will accept the diffusion. Liberal means low barrier to enter the country, and less centralized (ibid, p. 12).

Moreover, policy diffusion also happened in Sri Lanka. With Public-Private-Partnership (PPP) under the foundation of New Public Management (NPM), Sri Lanka received coercion of policy diffusion of financial assistance from international organizations, such as the IMF, ADB, and WB (World Bank). It was introduced in 1992 and had 11 projects within it (Apuhami et al., 2011, pp.431-432).

It was coerced based on the belief that there was policy diffusion that had fiscal force, financial authority, trade practices, economic sanctions, and monopolisation from international organizations to Sri Lanka (ibid, p. 433). However, even though it was coerced, the policy was not effective due to some internal problems, i.e. political instability, weak regulatory framework, lack of state credibility, and underdeveloped capital market (ibid, pp. 441-445).

2.2 The Economic and political dynamics of social security reforms

Wisnu (2012) describes the analysis of the position of the social security system in a market economy, complete with social security reform experiences of the year 1998-2011 in Indonesia. The analysis also includes comparative portraits of Indonesian social security system against those of a number of other countries, including neighboring countries in Asia (Wisnu, 2012). Furthermore, Wisnu believes that the free-market economic system proved inevitable and, in this process, he believes that there was a role of international actors. It could be seen from the policy making by SJSN bill team who received technical and financial assistance from the European Union, the ADB, the International Labor

Organization and the Australian government. They organized a series of seminars, workshops, public discussions, and visits (comparative studies) to some countries, including Australia, the Philippines, Thailand, South Korea, France, Germany and China. They also invited parliament members, members of employers' associations, NGOs, and labor activists from several unions (ibid).

In any state's process of reforming the social security system, there must be a grouping of interests based on point of views. These are from government, bureaucrats, employers, workers, and various other sectors, as well as the public. However, if the executive body has a small role in the policy formulation process, it will be more difficult to implement the policy (ibid, p. 70).

Furthermore, social security system reform often begins with an economic crisis. It helps to assert the vulnerability of particular societies, countries, or groups. This happens in some countries, such as in Germany, English, Chile, Singapore, United States, Singapore, Thailand (ibid, p. 69). Thereform in these countries mostly come from the executive body.

Based on Wisnu (2012), there are particular reasons for reforms. When the crisis became worse, people pushed for a change. For example, the SJSN bill succeeded in its implementation because of the recommendation mostly coming from the government.

Whenever reformers want to create a big change, there are possibilities that other people who are against them will try the hardest to negotiate so that in the end the change will not be as big as the originally intended. Therefore, there are many reformsthat resultedin not many differences than before. For example, the drastic reform in United States in Bill Clinton's era, in which the government wanted to change the pay-as-you-go system to an insurance system but then failed as some members of government and parliament did not agree with the change. This phenomenon is similar to the process of social insurance policy making in Indonesia. It was when the reformers did not want to change the type of insurance, onlythe system, from voluntary to obligatory, and the amount of premium increase (ibid, p. 74). However, the confidence and professionalism of the existing social security system organizers and how influential the executive is in the implementation of the running social security system are also important in the succession of the policy reform process (ibid, p. 72).

However, Wisnu (2012) does not focus on how the process of diffusion takes place and in particular the diffusion of ADB's policies. Thus, this thesis will focus on it. For this thesis, it is important to take ADB into consideration because, in the process of SJSN policy making, the ADB was the one who gave loans, grants, and also institutional and technical frameworks and influenced the UU SJSN process until it was established in 2004. The paper will reveal this phenomenon.

Furthermore, one of the appealing factors of the social security reform in Indonesia is that, although Indonesia was in excellent economic growth in 1960s no major reforms took place, yet in 1999 when the democratization started even Indonesia was a part of low-middle income countries, it had a significant social reform to overcome the economic crisis. So, it can be said that the economic crisis, subsequent democracy, and economic openness resulted in major reforms of social protection (Bender et. al 2013). This is also the case of other developing countries such as Ghana, Philippines and Thailand.

Based on Bender et. al (2013, p. 35) there are three hierarchical changes that could be called a reform. First, if the change is only about the contribution of benefits. Second, changes that are related to policy instruments. Third is the most powerful reform that focuses on changing the goal of the policy itself. A goal shift would include changes at the first and second level as well. It represents the most substantial shift and would clearly qualified as a reform.

According to Bender et. al 2013, Indonesia at that time of economic crisis entered into the biggest policy reform, that is the third reform (ibid). However, Ridha (2014) argued that the democratization is not always related to significant reforms due to the fact that these reforms were only carried out in a small scale and did not result in many changes. Moreover, the SJSN law is the result of gradual reforms since the democratization era in which there was the role of international organizations (ibid, pp. 5-6).

On the one hand, unlike Ridha (2015), this thesis believes that SJSN law is one of the biggest social reforms in Indonesia. It is because for the first time in the national history informal workers get social insurance and all social security agencies are combined into one. But on the other hand, this thesis also agrees with Ridha (2014) that the role of the ADB is important in the overall SJSN formulation process. However, the difference between the existing research and this thesis is that the latter will focus on the process of how the role of

international actors works, especially of the ADB, in the process of formulating SJSN bill, using social constructivist approach and policy diffusion theory.

3 Theoretical Framework

This research tries to answer the question of how the ADB influenced the policy making process of SJSN bill and how the local actors perceived it. Social constructivist approach, together with policy diffusion theory and its concepts/mechanisms, will be useful to explain them, especially regarding the way in which ADB tried to get closer to the SJSN team. ADB's influence will be explained by the mechanism of socialization/persuasion and at the same time soft coercion. Meanwhile, learning mechanisms could be worth to make sense of how the ADB and the local actors interacted with each other, which led to the similarity of mission and vision in the establishment of SJSN system.

3.1 Social Constructivist

3.1.1 Socialization

The first wave of policy diffusion study in the constructivist position is the study of social constructivist approach where it looks at a top-down perspective, called socialization in the policy diffusion. The theorists of the first wave believe that policy diffusion is a global phenomenon where local actors finally accept external ideas because these are universal rules. It means there is a common understanding or belief of appropriate ideas/universal ideas in the world that actors follow finally based on the rightness of the ideas, not on the consequences of their choice. The ideas then influence and construct their interpretations and actions upon what is right and what is wrong (Sending 2002; Sjoblom 1993, cited in Heinze, 2011, p.9). The global political culture become a consensus in the national level through a setting by appropriate social actors (individuals or organizations) (Dobbin et al., 2007, p. 451). Social actors can be specialists who create arguments about policy appropriateness. Then they expect these arguments define the rightness of making the policy (ibid, p. 452).

As a result, the mechanism of policy diffusion can influence behaviour and preferences of the government or parliament in the policy making process. For example, the constructivist believes that the result of emulation or socialization mechanisms can bring up illegitimate pressure of national actors to adapt certain norms and policies (Sharman 2008 cited in Heinze, 2011, p. 11).

Although national actors seem automatically accept the diffusion because the norms have already become global/universal, they still can interpret and decide upon the rightness of their doings (Heinz, 2011, p.9).

3.1.2 Persuasion

Unlike socialization mechanism, although can be called its extension in some ways, persuasion mechanism of social construction is where entrepreneurs become the center of analysis who invent and sell new ideas to others (Marsh & Stoker, 2010, p. 95).

However, there are many dimensions in the social constructivist approach in which other mechanisms can also be used to explain it as a constructed phenomenon. For example, Heinz (2011, p. 14) argues that the result of the learning mechanisms give information of successful and effective policies that can provide rationale for a government to solve a problem in its original country. This result is also a part of the working of international organizations on how to frame problems in an urgent way so that national actors feel there is a need to reform some policies. Thus, some norms are accepted and become the ideology of the national actors. Furthermore, it leads to another approach that will be explained below.

3.2 Domestic fit

The second wave of policy diffusion is the approach that centers on the role of domestic political structure, domestic organizations and organisational, cultural variables, and agents in shaping normative change (Cortell & Davis 2000, cited in Acharya, 2009, p. 11).

In the process of diffusion, there are several general reasons in constructivist studies for the increasing demand of accepting new norms. They are

security, economic crisis, shifts of power, and domestic political changes. These conditions lead entrepreneurs to be able to persuade others to believe and adopt the new norms (Berman, 2001).

To harmonize the emerging and existing norms, constructivist approach believes that framing is urgent for local actors because, through framing, they can create issues by using, for example, language and texts in a campaign to dramatize them. In this way, the global norms could look like local issues and become the local norms (Acharya, 2009, p. 13). For example, actors frame the issue of neoliberalism, stating that neoliberalism of social security system is the only way to help people to get rid of serious health conditions (ibid).

In the process of accepting new ideas, besides international agents, national agent is also important (Uhlin, 1995). Uhlin explains that there are three steps of how ideas spread in a receiving country. The first is by transnational interactions, for example, an interpersonal relation between international and national actors is crucial to persuade local actors to adopt some diffusion (ibid, p. 44). The second one is through lesson drawing. "It means that one country judges other countries' ideas/object that later on can be applicable or not in their own country" (Uhlin, 1995, p.45). In order to reveal the phenomenon, the researcher should ask the local actors on what they think about neoliberalism and universalism, for example, and how they are influenced by such international ideas (ibid, p. 45). This step is similar to the learning process of policy diffusion mechanism which will be explained later below. The last step is through domestic diffusion, which means that the ideas diffused will be used by local actors to raise an agenda or political action. In the case of SJSN bill, the SJSN team member used the ideas to be put in the bill.

It is also interesting to acknowledge other reasons why finally external ideas spread. Uhlin (1995) describes them in several ways. First, it is due to neighborhood effect, i.e. when a neighboring country successfully implements the diffusion then probably the adjacent country will follow. Second, it is due to similar structures between the sender of diffusion's country and the receiving country, for example, the similarity in the economic and social developments. (p. 49). The other reason that will be more important is the applicability of the diffusion. If the diffusion is applicable to the local country then it would be adopted. However, it cannot be neglected that it depends on how local actors

perceive the diffusion. In this process, there are international actors who try to construct the minds of local actors and also construct ideas already embedded in the minds of the local actors. Therefore, constructivist (or interpretative) framework is fit to analyze this phenomenon.

Furthermore, the analysis of political, economic, social, and cultural reasons of a receiving country in accepting international ideas also could be fruitful to the thesis.

3.3 Policy Diffusion

Policy diffusion theory is worth to be used to see how ideas spread through the mechanisms of policy diffusion in policy formulation of the SJSN bill, whether through learning, socialization, imitation, competition, normative pressure, or coercion mechanism (Berry and Berry, 2014), (Gilardi, 2012), (Sending, 2002; Sjoblom, 1993, cited in Heinze, 2011).

Based on Evan and Davies(1999 cited in Appuhami et al., 2011, p. 433), policy diffusion happens as a process in which one local policy arena's choices are effected by another local policy arena, or country to country. It can also happen in an international arena, such as from national to regional, or from international to local one.

There are many diffusion mechanisms throughout the time. The first one is through learning. It is where one government learns the experience of other countries and look at their effectiveness and success (Gilardi, 2012, p.17) so it can learn and use them to solve its problems (Berry and Berry, 2014, 310). This reason tends to be rational because the government seeks to have the best solution that will profit its country the most and assume that the successful countries' system can help to achieve it(Heinze, 2011, p. 13). However, besides from other countries, they can also learn and have references from International Organizations (IOs), such as the IMF, ADB, and European Union (EU). These IOs could help in the situation by giving them country reports, peer reviews, and recommendations (cf.Schafer, 2006 cited in Heinze, 2011, p. 15). However, even if it is a rational choice of actors/government, thereis also a process of information

interpretation based on the actor's belief, ideology, and culture that influence the process of accepting or interpreting the information (Heinz, 2011, p. 17).

The coercion mechanism occurs when an international organization influences the policy choice of one government or more. The influencing material could be fiscal force, trade practices, financial or moral authority, economic sanctions, and monopolisation of information or expertise (Dobbin et al., 2007).

The third mechanism of diffusion is through competition where a government adopts policies from external sources because of the need to take economic advantage of the policies already implemented by other countries so they could compete equally. The third mechanism is through coercion. It means that international actors could give incentives such as loans or grants to a country if the government of this country follows what the international actors want them to do. In other words, there is a pressure for a country to adopt a policy to some extent (Berry and Berry, 2014, pp. 313-314).

Next, the fourth one is through imitation, which means that a government adopts policies wholly based on what another country has. It is not the same as learning mechanism where the effectiveness of the policy/system is taken into consideration. In imitation case, local actors want to have the look of credibility in the face of the international world (Berry and berry, 2014, p.311).

The fifth mechanism of diffusion is normative pressure. It happens when there are shared norms between two governments in which one of them thinks it needs to adopt the good norms (ibid, 2014). Gilardi (2012) calls it emulation. The need to adopt such norms is based on the belief that there are appropriate norms used by countries all over the world so that if a country uses it as well social rewards will increase. Thus, in this mechanism local actors are pressed to adopt a policy change (Finnemore and Sikkink, 1998). They do it easily based on the belief that international norms have higher legitimacy than local ones (Kern et al, 2000 cited in Heinze, 2011, p.22).

Lastly, the sixth diffusion is through socialization mechanism. It is similar to emulation process. In socialization mechanism, there is an interaction between international and local actors in which there is a framing of appropriate rules/ideas/norms from international actors leading to a redefinition of a local actor's perspective. The interaction leads to shared understanding and beliefs of local actors that influence and construct their interpretations and actions upon

what is right and what is wrong (Sending,2002; Sjoblom, 1993, cited in Heinze, 2011, p.9). Still, there are some cultural short cuts, for example, local actors need to consider local context, or domestic fit. For example, actors can frame an issue of the urgency of adopting national social security system that, to overcome and prevent social problems due to after-crisis situation, it is the only way to help people get rid of dangerous health conditions. This could also be related to domestic fit by Uhlin (1995) where local context cannot be neglected. However, based on the social constructivist approach, local identity tends to adapt to global norms, since it is a top-down perspective.

Berry and Berry (2014) argue that there is a possibility to have multiple mechanisms of diffusion. They mention that it could happen in a regional diffusion model and leader-laggard model. In the SJSN case, the study assumes that there is more than one mechanism, or at least three, that occurred in the policy making process of SJSN bill. They are learning, emulation-socialization/persuasion, and soft coercion mechanisms of diffusion and domestic fit, which are all inline with and a part of social constructivist approach.

In the context of this thesis, the diffusion did not happen through competition, imitation, and fully coercion diffusion. It was based on the belief that accepting diffusion in the SJSN bill was not about competition with other countries as explained in the mechanism of competition. And it was not through imitating entirely another system that other countries or international organizations have. It was also not purely coercion since there is no pressure from international organizations to reform the social security system. It was a recommendation.

4 Qualitative Methodology

As positivist studies believe that there is only one reality that could be analyzed objectively, constructivism argues that reality is relative and that the way of the world depends on how we perceive it. The constructivist approach would fit best then to help this study analyze how ideas shape political actions based on values and hidden meanings that instruct the way of the SJSN team and government think and act during the complex policy making process of the bill. Quantitative methodology could not detect those values and hidden meanings since it only focuses on generalization of a phenomenon.

As such, this analysis of constructivist is primarily influenced by the mind of researchers in how they perceive the external world that often yields empirical evidence to provide justifications. The method is called social constructivist epistemology, which is also based on research questions related to “how”, while the aim of the thesis lies at understanding the particular phenomenon (Blatter and Haverland, 2012, p. 10). Moreover, the thesis will use a case study as the author concurs with Yin (2003, p. 41-42) who says that a single case study could benefit a research with its representative/typical circumstances in which the objective could picture the similar conditions of others’ daily life. For example, in building the SJSN bill with the help of the ADB, the process could also happen in another social policy, such as in the safety net policy in Indonesia as well but in different circumstances. This kind of phenomenon actually can also be seen in other countries that have the same social and economic characteristics.

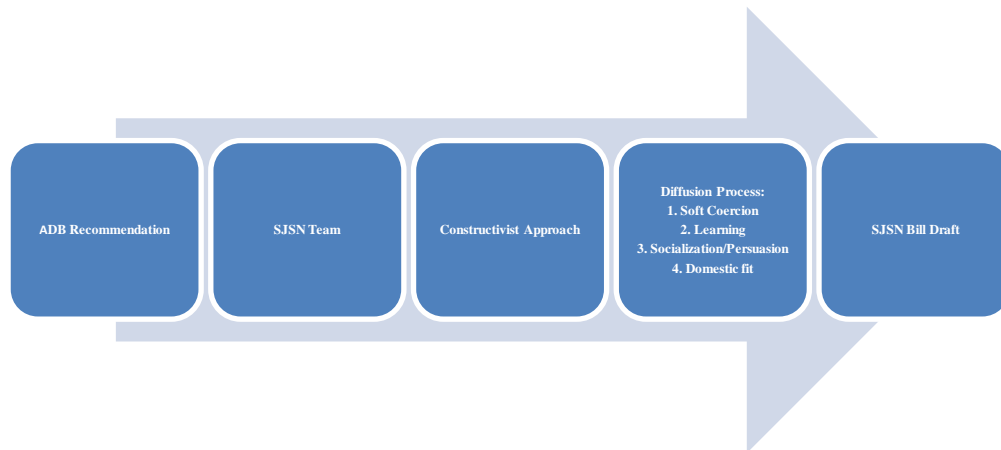
Another potential of a single case study is that the author “has an opportunity to observe and analyze the phenomenon previously inaccessible to scientific investigation” (ibid, p. 42). For this study, the author conducted a research about how the ADB has influenced the process of the SJSN draft bill and interviewed some of the key actors in the process who she had the opportunity to meet with.

SJSN bill process is a single case study in the scope of national context. One of the characteristic of the case study is that the analysis has multiple sources of

evidences. Indeed, this thesis has used more than one source. It will be explained later in the section below (ibid, p. 15 & Uhlin, 1995).

The author will look at the case using the constructivist approach. In obtaining answers for the research questions that have been mentioned above, this study is conducted through comparison with the help of empirical data obtained from in-depth interviews.

Below is the framework of the thesis:



4.1 Comparing documents

There will be comparisons between the ADB's policy documents (ADB recommendations) and academic papers of the SJSN team and the SJSN bill throughout the content analysis to understand the draft of SJSN bill through policy diffusion, to see what kind of ideas were diffused. The study will look at those documents, primarily those that have the categories such as the pillars of SJSN and the pillars of the recommendation from the ADB. It will look at the similarities and interpret them in accordance with the surrounding context/local context.

After getting the content of those documents, to explore the process of policy diffusion then the author will see in what ways external ideas and policies have been diffused. For example, if there is a document that shows that the ADB has given an incentive in the policy process of the SJSN bill then there is a possibility of soft coercion mechanism in the process of diffusion. Furthermore, if the study finds documents about workshops, seminars, assistances, and conferences organized between the two parties (ADB and Indonesian actors), and documents

about ADB's expert studying other countries' social security system experiences and their effectiveness then it is possible that learning mechanism of diffusion has happened (Berry and Berry, 2014). Meanwhile, if the study finds that the diffusion happened through emulation/sosialization, it will be able to be seen from shared norms between the Indonesian government and the ADB. In this case, this would mean that Indonesian actors feel a pressure to adopt neoliberalism norms because it might be thought that these are good for Indonesia.

Speaking about the socialization mechanism, it will be analyzed from the documents that show whether or not there is a framing by international organizations such as ADB about the urgency of the social security reform, for example the rationale behind the importance of it. This could also be done by interviews with some correspondents who were in charge of the SJSN policy making process, especially those familiar with the SJSN team working.

4.2 In-depth interview

To complete the data gathering, the research will also use in-depth interviews. This method decreases measurement error as it requires data triangulation.

4.2.1 Semi-structured interviews

There will be interviews with Dr. **Sulastomo, MPH., AAK** from the government's side as the chief of the SJSN team and also a consultant from the EU. Next, particular persons (consultants) of the ADB would also be crucial to provide its perspectives. One of them is Prof. Dr. **Hasbullah Thabrany, MPH, DR (PH)**, who is an activist/academician of the University of Indonesia. He was also the chairman of the academists group who reviewed the Indonesian health insurance and social security systems under the research grants from the National Development Planning Board (Bappenas) and the Office of the Coordinating Ministry for Economic Affairs. Thabrany was one of the members of SJSN team. Thus, Thabrany and Sulastomo, besides working for the government, were also consultants from the EU and ADB.

This study also needs an SJSN team member who was not a consultant from international organizations as a correspondent. She is Dr. Ir. **Atifah Thaha MSc**, who was at that time in charge as the secretary of the SJSN team. She would be the national actor and could indeed take the perspective of the government's side. However, she was not available during the research period and instead gave me her book about the SJSN policy making process. Much of her thoughts in this book will be represented in this thesis.

The author also interviewed the Minister of Health of the Republic Indonesia 1999 - 2002, Prof. Dr.dr. Faried Moeloek. There is a need to interview him to know his perspective on this topic, for example, to reveal the answer about the reason why the government finally decided to have collaboration with the ADB and accepted the diffusion in relation with the current health condition at that time in the crisis of economy. Local context is expected to be seen in the result of the interview.

The author also conducted an interview with another member of the SJSN team from the Ministry of Finance, Drs. Firdaus Djaelani, MA, and the Head of the Insurance Directorate in the Ministry of Finance-Republic of Indonesia. However, since he was not in town during the scheduled interview, he appointed Kristianto Andi Handoko to replace him. Handoko is the Deputy Director of Insurance and Health Social Security Board Supervision II, Directorate of Insurance and Health Social Security Board Supervision of OJK (*Otoritas Jasa Keuangan*, Indonesia Financial Service Authority). This interview was done with economic experts since the study needs to have different perspectives. It is important to get the perspective from economic experts to get ideas about the reason from them accepting the diffusion and look at the economic conditions at the time of the SJSN bill making.

The interviews are not complete without the one done with the Indonesian academician and NGO (Non-Governmental Organization) activist, Muhammad Ridha, SIP, MSc. There is a need to interview an Indonesian activist, with the assumption that they know the real social, political, economic situations during the particular time, resulting in an analysis with enriched perspectives by those from outside the ruling class. Ridha is a social security expert from a labor group called Confederation of Indonesia People Movement (*KPRI, Konfederasi*

Pergerakan Rakyat Indonesia), who has a different perspective from the elites about the building concept of SJSN law.

4.2.2 The interview guide

To understand better people's perceptions, feelings, experiences, opinions, values, beliefs, formal and informal roles, semi-structured interview is the most suitable to guide the author in the occasion (Halperin and Heath, 2012, p. 262). The benefit is that the author can make an interview guide but later on can freely modify it over the course of the interview or come up with new topics depending on the correspondent's reaction (ibid). The questions would be related to the research questions and theoretical framework of the thesis.

To know the role of the ADB in the process of the SJSN bill, the author asked questions about the participation of the members/themselves. This means the participation of the ADB consultant in the SJSN team and the participation of the SJSN team themselves who mostly are national actors, and how they feel about it. These led to another question about their reaction of the diffusion from the external parties. The interview would try to evoke the reasons behind it. Interpretation of the empirical interview analysis would be assisted by the result of the compared documents to make stronger arguments. Interview Guide in English and Indonesian will be shown in the Appendix 1 and Appendix 2. Here is the example of the interview questions:

Table 1. Themes of interview questions

Themes	Questions	Possible Probes (follow up questions)
Participations	As the member of SJSN team, please can you tell me about your own participation in the process of policy making of SJSN bill?	How was the working mechanism in the SJSN team, and the role of each member while everyone has different backgrounds?
About the SJSN Process	Which ideas were most	

	debatable in the process of making the bill? Can you please give me an example?	
Perception about the other members	What do you think about your vision, mission, and interest coming away in the process compared with others?	Who was the most influential person in the SJSN team?
Perception of SJSN values	What do you think about the ideas that were put in the academic paper and the bill?	
Involvement of ADB	Who was else involved in the process? Do you know anything about international involvement in the process?	What thoughts and feelings do you have with their presence?

The interview questions will not be close questions. It is to help respondents answering question with a clear description of how they think and they feel on SJSN policy making process without leading them to certain thinking. So then they could freely develop the story (Wageenar, 2014, pp. 256-258).

4.2.3 Snowballing method sampling

This method is useful to find the right correspondents. Moreover, a snowballing method is suited to the research that explores most sensitive issues (Biernacki and Waldorf, 1981). The author has an assumption that this study of policy diffusion of SJSN bill is slightly sensitive since it speaks of the role of international actors. Most of the members of the government tend to think and believe that it is the role of local actors who have worked hard to establish this social security reform.

4.3 Limitations

In the process of making the SJSN bill, there might be influences from other international organizations such as European Union. However, this study will only look at the process of policy diffusion transferred from the ADB to the SJSN team. The author believes that the recommendation from the ADB had a significant role in the process of recommendation making from the SJSN team for the government, which later was called the SJSN Academic Paper. This academic paper became the basic material of the government in the process of policy making of SJSN Law No. 40 year of 2004.

4.4 Assumptions

There are learning, soft coercion and socialization mechanisms under social constructivist approach in the process of the making of the SJSN bill. Thus, the role of an international organization here, the ADB, cannot be neglected and becomes the main subject of analysis of the thesis. There is also already an appropriate norm that has been embedded in the national actors. It is Islam norms, local norms which are Pancasila and *gotong royong*, and also the neoliberalism ideology that has been constructed since the New Order era, the so-called authoritarian regime. However, in rational terms it cannot be ignored that the Amendment of the 1945 Constitution and the economic crisis were parts of the causes of the establishment of the social security reform.

4.5 Validity

Having multiple documents and interviews will reduce bias of the research that would be inscribed otherwise. Furthermore, having multiple correspondents of the SJSN team, government, and researcher can also control the bias (Cohen et al., 2000, p. 267). It is the same with the methods used in this case. The resulting combination, called triangulation in qualitative research, should increase the validity and credibility of further results (Cohen et. al., 2000).

5 Analysis

The section will be divided into three parts. Firstly, it is the explanation of the development of the national social security system in Indonesia from the early days of independence era until the era of democratization. The second part will explain the influence from the international organizations especially the ADB and expose the compared documents. And thirdly, it consists of the national actors' reactions in the process of accepting policy diffusion, which will be analyzed from the interview results. This will lead to a conclusion that there is policy diffusion from the ADB in the process of SJSN bill through socialization/emulation, soft coercion, learning mechanisms, and domestic fit.

5.1 The Development of the national social security system of Indonesia

In many countries, it takes a long time for the development of a national social security system. For example, the transition to universal health coverage in Republic Korea took 26 years from 1963-1989. Furthermore, it took 28 years for Thailand from 1975-2003, Costa Rica for 59 years from 1941-2000, and even for Germany it took about 127 years from 1854-1981 (Bender et. al., 2013). These phenomena also happen in Indonesia. The development of a universal social protection started when there was an establishment of the SJSN bill, in 2004, and its implementation. The implementation is still happening until now with many improvements and criticisms from experts.

Social health insurance in Indonesia is relatively new. One of the reasons is because the development of health insurance in Indonesia runs very slow compared with the development of health insurance in several other ASEAN neighboring countries. Low population demand and income, lack of government's willingness, weak insurance culture, poor quality of health services and the lack of legal certainty in Indonesia (Tabhrany, 2016, p. 55) are the causes of the poor development of health insurance system in Indonesia.

As a matter of fact, in 1947 the government in the era of the Parliamentary Democracy introduced a health insurance system, two years after Indonesia's independence. The focus was on accidents and occupational diseases. The government asked every company to give insurance to workers, but poor social and economic condition in post-independence era prevented the system from working well (ibid, p. 56). However, the root of the social security came from the Indonesian culture in the grassroots society, which is known as *gotong royong*. It means that people in a community help each other without intention to profit. This is also popular as “*arisan*” (Ridha, 2015, p. 8). Furthermore, after the Dutch came and colonized Indonesia, they started to provide a formal social security, i.e. social assistance for the urban poor and several pension schemes for civil servants, which means only for them who worked under the Dutch government (ibid).

In the era of the Guided Democracy in 1960s, the government re-introduced a health insurance system with sick funds and health access to all the people. However, the worsening social, political and economic condition thwarted the policy implementation. Until 1968, there were no changes made in this area but then the Minister of Labor introduced a health insurance for civil servants named ASKES (*Asuransi Kesehatan*) (Thabrany, 2016, pp.56-57).

Next, in the 1971, the era of the New Order, social insurance has become a government's concern though only in a small scope. Health insurance was given with the focus on the civil and military servants. The scope then widened to a social security for formal workers in work accidents, called ASTEK (*Asuransi Sosial Tenaga Kerja*), and later called Jamsostek (*Jaminan Sosial Tenaga Kerja*). It included health care, accident insurance, old-age benefits, and death guarantee (ibid, p. 58-59).

In the authoritarian's regime of New Order until early democratization in 2000s, only civil servants, soldiers, and formal sector workers who were covered by compulsory health care and pension schemes. Park and Jung (2008, p. 11) mention that social insurances in Indonesia come from the contribution of employees' wages as these increased, also the contribution of employers. They were TASPEN (*Tabungan dan Asuransi Pegawai Negeri*) for civil servants and army members, and ASABRI (*Asuransi Angkatan Bersenjata Republik Indonesia*)

for soldiers. Other groups, such as poor people, had access only for Conditional Cash Transfer (CCT) (Aspinall, 2014).

The government from time to time has always strived to implement a social security system, because the nation founders believe that the state of Indonesia must provide justice and welfare for the people, as stated in the Constitution of 1945. That is why in the opening paragraph of Section 4 Constitution of 1945 it is mentioned that the duties of the state are: “to form a government of the state of Indonesia that shall protect all the people of Indonesia and their entire native land, and in order to improve the public welfare, to advance the intellectual life of the people....”(The 1945 Constitution of the Republic of Indonesia). Paragraph 4 was the basis for the establishment of Article 34 of the 1945 original Constitution (before the amendment) that says that the poor and abandoned children shall be cared for by the state. It can be seen that the vision and mission of the founders was to build Indonesia to be a welfare state through the provision of social welfare. It shows that they embraced socialism, not capitalism. They argued that capitalism does not correspond to the idea of Indonesians who wanted to be free from colonialism. Capitalism, derived from liberalism, was seen as the cause of economic exploitation and colonialism. At that time, Western countries that believe in liberal capitalism looked for new colonies to gain economic advantages, including the Dutch who colonized Indonesia for 350 years.

The articles 33 and 34 also ensure that the social and economy should be managed through commitment of mutual assistance/cooperatives and the state has the main role to protect the poor (Asshidique, 2010, p. 249).

Thus, for social protection before the democratization, Indonesia had two types of public intervention. The first is the social safety net that focused on the economic and social needs, such as access to adequate shelter and housing, accessible health service and facilities, also education and employment supporting poor people who got hit by the economic crisis in 1997. It is called Conditional Cash Transfer (CTT), in addition to other pro-poor programs. The second type of intervention is the contributory social insurance and mandatory saving for civil servants and formal sector employees.

However, although the poor had CCT (Conditional Cash Transfer), informal workers and 70% of the poor did still have to pay for themselves when it comes to health care cost. Percentage of overall people who did not have insurance, either

public or private, was 57.4% (Suryahadi, Febriany, Yumna, 2014, p. 12). This led to a high percentage of out-of-pocket expenditures in 2009 that was 35.2% (Stiglitz and Rosengard, 2015, p. 363).

This CCT was run by the government and received help from international organizations such as the World Bank (WB). Afterward, the WB, IMF, and ADB established JPS (Social Safety Net) to create a focus on helping near-poor and poor people after the economic crisis (Ridha, 2015, pp. 17-19). However, JPS did not work so well because of the benefit delivery problem, in which it missed the intended groups, and also because it was an expensive program. JPS consisted of Unconditional Cash Transfer (UCT), scholarship and school assistance (*Bantuan Operasi Sekolah*, BOS), and health insurance for the poor program (*Asuransi Kesehatan Miskin*, Askeskin) (Ridha, 2015, p. 19).

From the programs above, it can be seen that the effect of the economic crisis was huge that the government provided many social programs to increase the human capability of the poor and near-poor people. The government in fact started to figure out how social welfare is important for the people who are not covered in social insurance, thus the social safety net. This could be the starting point of Indonesia's implementation of universal coverage for all its citizens. The government started to think about the "welfare" of the poor and near-poor people. Also, the help from international organizations began in this period, although it was limited to only providing funding rather than shaping the system.

Table 2. The social security programs before the economic crisis and afterward

Periods	The type of social security programs
After the independence of Indonesia/Old Order Era (1945-1960)	1. Accidents and occupational diseases insurance, 2. Sick funds and health access for organized labor, 3. Pension Fund for civil servants.
The Authoritarian Regime/New Order Era (1960-1997)	1. Social insurance and Pension Fund for civil servants, 2. Health insurance for police officers and soldiers.

1997-1999 (The Economic Crisis)	1. Social and health insurance for formal workers, civil servants, and soldiers, 2. Poor people received Conditional Cash Transfer.
1999-2004 (Democratization)	1. Social and health insurance (ibid), 2. JPS (Social Safety Net) for the poor and near-poor people.
2004-now	National Social Security consisting of health care, pensions, and workplace death and injury compensation insurance to all the people of Indonesia.

Source: Mixed sources

It finally came true in 2004, the National Social Security System Law No.40 of 2004. It provides an opportunity to undertake a comprehensive reform of the existing system. The law is set to implement a viable, efficient, and transparent SJSN that serves the needs of all Indonesians. The scope of the law covers five social security programs, namely: health insurance, employment injury, old-age (provident fund), pensions and death benefits. The law was a major legislative achievement and provided the basic framework in the development of a national social security system in Indonesia. Since then, the Indonesian government ensures that all citizens, including the poor and vulnerable, have a proper health care. It is as mandated by the Constitution, Article 28 H (Amendment Constitution, 2002):

Every person shall have the right to live in physical and spiritual prosperity, to have a home and to enjoy a good and healthy environment, and shall have the right to obtain medical care. (2) Every person shall have the right to receive facilitation and special treatment to have the same opportunity and benefit in order to achieve equality and fairness. (3) Every person shall have the right to social security in order to develop oneself fully as a dignified human being (The Constitution of the Republic of Indonesia).

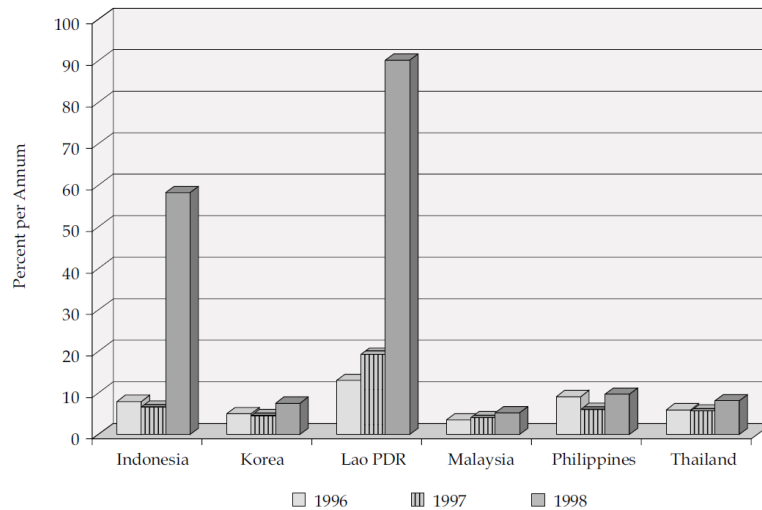
5.2 The framing/influence from international actors

The role of international institutions as described in the early part of this thesis has moved dynamically since the beginning of the New Order. In this section, the author further emphasizes their role in the effort to build a social security system, especially since Indonesia entered the era of democratization.

5.2.1 The entry of international support for social aid to Indonesia

When the crisis hit Indonesia in 1998, the economic condition in the country plummeted so that the government needed assistance from the outside world, or international organizations, to escape from it. One of the real impacts of the crisis was that the inflation went high, as can be seen from the graphic 1. Below is the comparison of inflation rate in several countries hit by the crisis:

Graphic 1. The comparison of inflation rate between ASIAN countries



Source: ADB, 1999, p. 6.

The graphic above shows that Indonesia became the second highest country in terms of the rising inflation. At that time the price of meat, for example, rose from 700 rupiah/kg to 3,000 rupiah/kg. Many farmers left their fields because the price of basic needs went as high as 80%. Therefore, the agriculture sector lost its profit and the amount of production decreased to 6.4% (Sigit and Surbakti, 1999 cited in ADB, 1999, p. 6).

Under these circumstances, Indonesia requested assistance to the international world, i.e. IMF, World Bank, and ADB. They offered help to strengthen monetary fiscal policy as the foundation of macro-economic framework. Their recommendation was to improve economic growth, such as: (1) designing macro-economic framework to manage international fiscal and tight monetary positions, (2) restructuring financial reform, (3) closing weak banks that caused the severe economic crisis (IMF, 1997 cited in Ridha, 2015, P. 15). To anticipate the impact of social crisis of economic growth, the IMF conducted social intervention.

The social intervention started when the IMF recommended the government to focus on improving the welfare of the poor, especially in health and education, as well developing infrastructures in remote areas and providing jobs to the poor (LoI IMF, 1997). This can be regarded as the beginning of social protection in the period of economic crisis.

Meanwhile, in the mid of 1998 the ADB itself began its assistance to Indonesia with assessments of social consequences of the economic crisis, under regional technical assistance. In this case, it helped the government to evaluate the crisis and gave advice on what social policies should be suitable for Indonesia as these can ultimately strengthen long-term social protection (ADB, 1999, p. 1).

At last, at the end of 1998 the World Bank and ADB supported the IMF by establishing PRSL (Policy Reform Support Loan) and FGSDP (Social Governance Sector Development Program) and Social Protection Sector Development Program (SPSDP). They eventually transformed into *Jaring Pengaman Nasional* (JPS, Social Safety Nets). It can be said that JPS is considered as a universal effort to provide a universal social protection in the midst of the crisis (Ridha, 2015, p.18).

5.2.1.1 Assessment from ADB

In 2002, the ADB finished its assessment on Indonesia regarding the impact of economic crisis toward its social condition. There are six main assessments, i.e. (1) the macro-economic context that focuses on how weak the economy was during the crisis of 1997 and the Bali bombing that worsened the condition. There was a need for a higher growth and decentralization, also stimulation of savings and investment to support productivity growth. In the pension funds for the civil

servants, formal workers, and the military, there was no first pillar providing a minimum pension for the population, also there was no separate laws and separate ministries for its mandatory programs. The priority of government was to improve social security. (2) Inadequate financial sector regulation and supervision and multiple agency frameworks. (3) Lack of anti-money laundering regime. (4) Need for advancement of sector reforms in transition to the financial services authority. (5) Inadequate national social security. The ADB thought that the social security system should be improved by improving the governance and supervisory framework. (6) Poor corporate governance (ADB, 2002, p. 5-14).

From such assessments, the ADB proposed a recommendation. Afterward, the Indonesian government responded positively and accepted the ADB's recommendation, which could be seen by the letter of the finance minister to the ADB director.

In November 2002, the government of Indonesia, represented by the Minister of Finance Budiono sent a letter to the President of ADB, Tadao Chino.¹ Based on the successful Financial Reforms Sector Development Program (FGRSDP) supported by the ADB, the Indonesian government wanted to get further reform support through the Financial Governance and Social Security Reform Program (FGSSR) (ADB, 2002). The aim of the reform was to build a broad framework for the overall strengthening of the financial institutions necessary to support good governance and economic growth. It also aimed to improve social protection (ibid).

There were two phases of the support from the ADB. The first phase was technical assistance to support the development of a law for a national social security system, which later was called SJSN, and an improvement of supervision and governance of mandatory social insurance and social security programs under the jurisdiction of OJK. Furthermore, there should be an improvement of fiscal sustainability of the mandatory program and the provision of adequate retirement income. A support of the development of a unified identification system for social security also a part of the first phase. Meanwhile, there were options for expanding the coverage of the social security system to informal workers and undertaking a special audit and independent financial reviews of the insurance of

¹ The letter is added in the appendix 3.

the mandatory social security that could support reforms and its structuring (ADB, 2002). The second phase was about continuing support from phase one and restructuring the system if needed (ibid).

The ADB gave loans and incentives to the process of the SJSN bill making. For the first phase, they sent 250 million dollars, a part (200 million dollar) from which was used for restructuration of insurance sector. Meanwhile, the rest was for technical assistance and the establishment of OJK (Financial Service Authority) and PPATK (Indonesian Financial Transaction Reports and Analysis Center). The first phase was conducted in 2002 with a Letter Loan no. 1965 Project No. 33399. Meanwhile, the second phase was a loan of 150 million dollars. The second phase was divided into three stages. In the first stage, 100 million dollars was given during the signing of the contract agreement. An additional incentive of 50 million and 100 million dollars would be awarded if the contract results would be deemed satisfying (ADB, 2002, p. 17-18).

To implement the recommendation, the President of Indonesia, Megawati Soekarno Putri built a team called SJSN team in the year of 2002 by the Presidential Decree Number 20, 2002. However, it was changed in 2003 because the head of the team passed away. Thus, Megawati released the new Presidential Decree Number 101 in 2003. Here are the members of the SJSN team:

Table 3. The members of SJSN Team (*Sistem Jaminan Sosial Nasional*, National Social Security System)

No	The members of SJSN	Positions
1	Dr. H. Sulastomo, MPH., AAK	The chairman of the team and also the expert from European Union (EU)
2	Prof. Erman Rajagukguk, SH., LL. M., PhD	The vice chairman of the team
3	Dr. Ir. Atifah Thaha, MSc	The secretary
4	Dr. Martiono Hadianto, MBA	Member
5	Drs. Eddy Purwanto, MPA	Member
6	dr. Hasbullah Thabrani MPH. DR (PH)	Member and also the expert from the ADB
7	Drs. Soedjono Poerwaningrat	Member
8	Mohd. Syaufii Syamsuddin	Member
9	Dr. Darmin Nasution	Member
10	Prof. Dr. Abdul Gani Abdullah, SH	Member
11	Lambock V. Nahattands, SH	Member

12	Drs. Amrun Daulay, MM	Member
13	Dr. Widyastuti Wibisana, MSc PH	Member
14	Drs. Firdaus Djailani, MA	Member
15	Prof. Dr. Payaman Simanjuntak	Member
16	Drs. Dadi Effendi	Member
17	Laksamana (TNI) Dr. Harijanto Mahdi, Sp. THT., Sp. KL	Member
18	Drs. Hartono, Msi	Member
19	Dr. Muzni Tambusai	Member
20	Hendry Soelistyo Budi, SH., LL. M	Member
21	Dr. Susiyanti B. Hirawan	Member
22	Prof. Dr. dr. Azrul Azwar, MPH	Member

Source: Indonesian Presidential Decree Number 101 year of 2003

These members of SJSN team were civil servants coming from the government, the ministry of finance, the ministry of health, the ministry of manpower, BKKBN (*Badan Koordinasi Keluarga Berencana Nasional*, National Family Planning Coordinating Board), and also health academics and experts.

5.2.1.2 The Diffusion process

In this section, the work of SJSN team will be revealed together with the interaction between the members and the success of ADB's diffusion of ideas and norms into SJSN. The SJSN team had a task to establish a draft recommendation called Academic Paper that later on would be shown to the President of Indonesia. The President together with the SJSN team and the parliament used this draft to create the bill of SJSN.

Sulastomo as the head of the SJSN team together with the members worked for three years from 2002 until 2004 to build a suitable SJSN for Indonesia. The draft had changed for 56 times because of the debates that had developed in the process. They have done meetings and considered and learned the history of social security in Indonesia, recommendation from the ADB, and also visited other countries to learn their social security systems. They later did have discussions with common people, academics and experts, and labor organizations to get each of their perspective. For the team, it was not easy to create an ideal

concept of SJSN. Each member had their own perspective and references, there was a need of an understanding to build the same perspective of the social security system (SJSN team, 2004, p. 3).

SJSN team had their own evaluation with the help from the ADB's assessments for the social security system in Indonesia back then. First, there was an absence of concept in the SJSN law to cover the entire Indonesian population. Second, the services from the existing social security institutions needed to be increased. Third, the efficiency of the governance was still low and needed improvement. Fourth, there were no focal laws for the social security program that could be fair and consistent for all. Fifth, there was government officials' intervention on the use of funds so the program was not optimally used by the people. Sixth, there was a need to unify the social security institutions. Seventh, there should be universal principles to be implemented (ibid, p. 18-19).

From these evaluations, there emerged debatable issues during the development of the SJSN draft. The interview below asserts:

“(It was about) becoming a singular (unified) or plural program. Or else, it may serve as a large house with a number of rooms before we develop DJSN (*Dewan Jaminan Sosial Nasional*, Social Security National Board). The debate was very intense. The Ministry of Manpower, Jacob Nuwa Wea, disagreed for fear of losing the Jamsostek (*Jaminan Sosial Ketenagakerjaan*, Social Insurance for the Formal Workers). Such was also the case for the Minister of Health, Farid Anfasa Moloek, the fear of losing the ASKES (Asuransi Kesehatan, health insurance),” (Sulastomo, personal interview, 2017).

The debates were also about the types of benefits, whether there should be an unemployment benefit for work termination or not, considering Bismarck model has that kind of benefit.² However, Indonesia already had termination law so the team did not think that there was a need for unemployment benefit.

²An overview of Bismarck model practice has been done by doing a comparative study to Germany, and with other models and the model of Indonesia. Later, the SJSN team concluded that the Bismarck model was the best for Indonesia albeit not being perfectly practiced in the country. This will be discussed in detail in the analysis part.

Furthermore, the principle of universal coverage was agreed by all members of the SJSN team. The only dissenting opinion was about who would accommodate and manage it, as well as the amount of contribution (ibid).

The process of discussion in the meetings took place dynamically. The role of the two main characters of Sulastomo and Thabrany was very dominant in influencing the views of other SJSN members. Sulastomo is a health practitioner who has a long experience as a director of Askes during the New Order period, while Thabrany is a senior health academician from University of Indonesia and an expert from the ADB.

Sulastomo's aspiration was that one day Indonesia could have an insurance system covering all the people. He argued that Indonesia's welfare would be largely determined by the health of its people. Healthy people, physically and spiritually, are assets of the nation because such people can become qualified human resources who would build a prosperous Indonesia (ibid).

In particular, Sulastomo's view was on the need to build a social security to increase the national savings/deposit in post-economic crisis (ibid). It was agreed by Thabrany as well, but not by Atifah and Handoko, which will be clear in the next section of the thesis.

Below, the thesis tries to compare documents of the ADB's recommendation, the Academic Paper, and the SJSN draft bill to see if there were diffusions coming from the ADB to the SJSN team:

Table 4. Comparison of documents

Type of Influence	ADB	SJSN Academic Paper	SJSN Bill
Basic Principles	<ol style="list-style-type: none"> 1. Support the development of a unified identification system for social security to improve administration of benefits 2. Undertake a special audit of the mandatory social insurance and independent financial reviews of insurance firms 3. Develop a new law and agency for national social security 4. Increase coverage of social security systems to a broader segment of the population (ADB 2002, p. iii). 	<ol style="list-style-type: none"> 1. The schemes will be one system under BPJS 2. Establish DJSN 3. SJSN Law 4. <i>Gotong Royong</i> (through the help of the rich for the poor/mutual help) 	<ol style="list-style-type: none"> 1. The schemes will be one system under BPJS 2. Establish DJSN 3. SJSN Law 4. <i>Gotong Royong</i> (through the help of the rich for the poor/mutual help)
Funding	Social security for all the people	Collecting funds from the public is	Collecting funds from the public is

		mandatory.However it is free for the poor people.	mandatory.However it is free for the poor people.
Type of insurance	Mandatory social insurance program	Mandatory social insurance program	Mandatory social insurance program
The institutional basis	Professionalism, accountability, efficiency, etc.	Professionalism, accountability, efficiency, etc.	Professionalism, accountability, efficiency, etc.

Source: ADB 2002, SJSN team, 2004, SJSN Bill, 2004.

From the comparison above, it can be seen that there are diffusions coming from the ADB to the process of policy making of the SJSN bill. The ideas diffused are those about unified institutions, more advanced system, and universal coverage social security that is mandatory for all the people—however, there is a kind of cross-subsidy from the rich to the poor. The members of SJSN team adjusted those ideas and built the values and wrote down the characteristics of the social security in more details in the Academic Paper and the draft of SJSN bill.

The ADB recommended a unified agency to implement this SJSN. Previously, health insurance agencies were diverse and independent from each other, such as health insurance by the Department of Health and Astek/Jamsostek by the Department of Manpower. The need for such an agency was to build a more effective management and an applicable system to all citizens who are qualified. In the discussion of the SJSN team, the ADB's proposals were accepted and they then proposed the name of the agency: BPJS (Badan Penyelenggara Jaminan Sosial).

Regarding the mandatory contribution system proposed by the ADB, the SJSN team sought to obtain the most ideal system for Indonesia. Based on the explanation of Sulastomo and Thabrany, after studying various systems of various countries, the most appropriate is the German model (Bismarck model). It can be seen in the result of their interviews.

Cross-subsidy also became an important issue because it is related to the basic values believed as authentically Indonesian and incorporated in the basic philosophy of Pancasila.

5.2.1.2.1 Learning and socialization mechanisms

In the Academic Paper of the SJSN team and the interview results, there is the explanation of a **learning process** from other countries in seeing which type of social security would be the most suitable for Indonesia. According to Berry and Berry (2014) & Gilardi (2012), one government learns the experience of other countries and looks at their effectiveness and success so that this country can learn and use it to solve its problems.

Thabrany mentioned in his interview:

“There are two mechanisms of tax payment: commercial and social. Commercial system will not be able to cover insurance for all the people of Indonesia as it is proven in the United States. Social insurance does not focus on the commercial values. Instead, it focuses on the achievement of social objectives of insurance for all the people. This process of social insurance has been practiced by Bismarck system in Germany. Bismarck system is the most suitable for Indonesia because it is based on social solidarity.

“How was it determined as suitable for Indonesia? We brought the SJSN team to other countries that have an insurance system based on tax, such as England, and those with Bismarck model such as France, Germany, and Netherlands. The Philippines, Taiwan, Thailand, Malaysia, Singapore, and Australia are also based on the Bismarck model. Meanwhile, the system of the Philippines resembles that of Germany, and is financed by the ADB. I think it was easy to continue the existing social insurance and extend it to the entire people. The existing model looks similar to the Bismarck model, so there it is,” (Thabrany, personal interview, 2017).

Sulastomo (personal interview, 2017) added,

“European Union also financed us to travel around Europe for observation. Some of the House of Representative members joined us. For us, the case of Malaysia is very interesting. We were inspired by Malaysia. At the time of the economic crisis there, Malaysia had the deposit of 700 trillion rupiahs. When we met the chairman of the

Malaysian social insurance, he said, we had to start carefully. At that time, Jamsostek only had 27 trillion! President Megawati directly provided a full back up for the reform after I explained about this. Then why finally Bismarck? Bismarck is contribution-based. It is a form of deposit. Therefore, the participants have to contribute. It does not matter who will manage the contribution.”

From these results, it can be seen that there is a kind of construction that leads to the thinking that social insurance is the most suitable for the Indonesian context.

Thabrany and Sulastomo tried to convince the other members of the team that social insurance system has been successful in other countries, especially when it comes to the aftermath of the crisis. This is true for example in the United States, Germany, and Malaysia, as told before (Thabrany and Sulastomo, personal interview, 2017).

Sulastomo as a policy maker tended to copy leading countries that are rich and fast growing. It is in line with the theory of constructivist by Dobbin et al (2007, p. 452) that policy makers tend to copy the most leading countries, for example in social security system. This leads to an understanding that learning and socialization can be reviewed under one analysis as Berry and Berry (2014) mentions in his book about the possibilities of combining several mechanisms of diffusion.

So, in the process of learning/lesson drawing, there is also a **socialization mechanism**. According to Heinz (2011) policy diffusion with socialization mechanism happens when ideas globally spread so that finally local actors accept them. It means that there is a common understanding or belief of appropriate/universal ideas in the world that actors finally follow based on the rightness of the ideas, without really looking at the consequences of their choice.

Socialization mechanism began when the ADB made an assessment on the economy condition after the crisis. At that time, the ADB argued, “Indonesia had a weak regulatory and supervisory framework and the risk associated with vulnerable financial structures in a financial integrated world” (ADB’s letter cited in ADB, 2002). The ADB concluded that there were four main weaknesses in the

process of economy recovery in Indonesia, (1) excessive dependence on bank financing characterized by imprudent lending. (2) a small and underdeveloped nonbank financial sector (3) lack of accountability, independence and adequateness of regulation and supervisor and (4) weak corporate governance (ADB, 2002).

In addition to those four structural weaknesses, the ADB also saw that more number of people dropped below the poverty line as the consequence of the economic crisis and that it would be difficult to improve their condition in a short time. Therefore, according to the ADB there must be a policy to build a system of social protection and pension benefits. The ADB thought that, in order to build a social security system, the Indonesian government must: improve transparent and accountable governance and develop pension schemes, improve fiscal sustainability (poverty), establish national law for social security to provide a unified framework for security reform, and increase coverage of social security to a broader segment of the population (ADB,2002).

The view presented by the ADB is universal because the economic crisis occurring in Indonesia also occurred in other countries, and the ADB proposed the same solutions. Improving the economic conditions after the crisis can be done simultaneously by building a social security system, in which funds from communities can be collected and used as a development fund. The ADB's view that refers to these universal values was then conveyed to the political actors who are policy makers in Indonesia, especially the Indonesian government, in this case the Ministry of the Economy. Nevertheless, Boediono, who at the time was the Minister of Economy, must submit this proposal to President Megawati, who happened to be the chairman of PDI Perjuangan. This was the party winning the 1999 election and the largest seat in the central parliament (DPR). The party is known with a platform to fight for the interests of the poor and marginalized socio-economically. This marginalized group is known as *wong cilik*(little people). This PDIP platform is historically inseparable from the values fought by PNI party founded by the late Megawati's father, Sukarno, the first proclaimer of Indonesian independence and Indonesian President. The ideology offered by Sukarno at that time was known as Marhaenism. According to him, as a result of the Dutch colonialism for 350 years the Indonesian economy suffered from structural poverty. It is understandable that the government then had a strong

commitment for a breakthrough to resolve the impact of this economic crisis. Boediono then submitted a proposal to the Indonesian government, and after studying it the Indonesian government approved it.

This socialization mechanism could work effectively because the ADB's view on the implementation of social protection policy is in accordance with the outcome of Article 34 of the Constitution. At that time, the government of Megawati was being urged by the public to observe and implement the Article 34.

It is also based on the empirical interview that Thabrany (personal interview, 2017) argued,

“In the process of SJSN policy making, the value of SJSN system should be in line with the context of Indonesia. Each team reported their visit to SJSN team. The reports were submitted to me. My work was developing matrix. In a number of meetings, we discussed them many times and it took three years until it resulted in draft. It included a comparative study with the representatives of entrepreneurs and labor association. My job was ensuring them and providing the data.”

From here, we can infer that there is a kind of constructed ideas, i.e. Thabrany tried to assert that the ADB' ideas were the appropriate ones since most countries use it and the SJSN team should agree and follow (ibid). Thabrany as an expert from the ADB and also an Indonesian specialist is a strategic person who could engage discussions with other SJSN members to build the ideas of what kind of policy should be adapted (Dobbin et al., 2007, p. 453).

5.2.1.2.2 Soft Coercion Mechanism

In the end, the policy diffusion by the ADB met the requirements to be viewed as coercion mechanism, with the presence of a transfer agent (ADB) and the financial assistance, such as loans from the ADB to SJSN team (Appuhami et al., 2011, p. 433). However, since there was no penalty if the Indonesian government did not follow the instruction of the ADB (ADB 2002), there was no coercion diffusion

(Dobbin et al, 2007). Instead, it was the policy leadership³ and hegemonic ideas⁴ by Thabrany and Sulastomo who gave knowledge to the other members of SJSN (Dobbin et al., 2007, p. 450).

Meanwhile, the members of SJSN team actively learned from them during the process of SJSN bill draft (Sulastomo and Thabrany, personal interview, 2017). Therefore, we can say that there was a **soft coercion mechanism** going on besides learning, socialization, and later domestic fit diffusions.

5.3 Domestic fit: The reactions from national actors

In the Academic Paper (SJSN team, 2004, p. 2), the team agreed to let others help the process and learn from other countries' social security system. Indonesia did not want to just copy the other systems but wanted to learn from their mistakes and find which one is the most suitable for the Indonesian context. Therefore, imitation diffusion is not suited to the analysis, instead it was learning diffusion as mentioned before.

According to Acharya (2009, p.13), domestic fit happens when there is a harmonizing between the emerging and existing norms and ideas through framing so the entrepreneurs can create and dramatize issues, making these to become local ones.

In relation with the domestic theory and the Indonesian context, the new emerging ideas, such as neoliberalism, in fact have been embedded in the mind of local/national actors. Since the New Order, the Indonesian economy has already integrated to the international economic system by the use of foreign capital to implement economic policies. National actors look positively to international aids to help pursue social welfare. Thus, it seems that it would not be so difficult to adjust new norms coming from the ADB in establishing the new social security

³Policy leadership is the ability to influence a government's policy choice by changing the existing policy. Usually participants may follow the behavior of a powerful institution. In this case the ADB has been in Indonesia to help with various policies, so the ADB's proposal on social security system reform can be responded positively by the Indonesian government (Dobbin et al., 2007, p. 456).

⁴ According to the Gramscian theory, hegemonic ideas refer to the control of social life by a group or a class through cultural means. Here the dominant actors can have their influence felt through ideational channels. So hegemonic idea is one that is able to influence the perspective of the policy-making actors because the idea is considered to help solve the problem that the country is facing (ibid).

system with universal coverage. One of the principles of universal coverage is justice, which is in line with Indonesian domestic values.

The universal values of the universal coverage are in line with the domestic values, namely (1) the principles of justice, (2) mutual assistance (*gotong royong*), (3) community alignment, (4) transparency, (5) accountability, and (6) Islamic values, as Indonesia has the largest Muslim population in the world (of 240 million population in 2017, 87% of them are Muslims).

The principles of justice and mutual assistance are actually also in accordance with the basic philosophy of the Republic of Indonesia, namely Pancasila and the 1945 Constitution. There are five principles in Pancasila, 1. Belief in God, 2. Just and civilized humanity, 3. Unity of Indonesia, 4. Democracy guided by the wisdom in the unanimity of deliberation among representatives, 5. Social justice for all the people of Indonesia. Thus, the universal values are in accordance with the fifth and second principles of Pancasila. As Uhlin (1995) states, a domestic fit happens when the diffusion is applicable to the local country.

The Bismarck system is ultimately chosen as Indonesia's social insurance system after modifications based on the values of the 1945 Constitution and Pancasila. This is reflected by the local wisdom concerning Indonesia as a heterogeneous society, with the value of *gotong royong*, or mutual help, according to Sulastomo (personal interview, 2017):

“In the Bismarck model, all the people from all class differences have to contribute to the social insurance. However, the Constitution of UUD 1945 demands that the state pays for the poor when it comes to the social insurance. So, it is a combined idea where the government lets non-poor people pay the contribution while the poor is free of charge. Furthermore, I hope that gradually the number of poor people will decrease. Therefore, they will also finally have to pay.”

As for Islamic values in the SJSN that are addressed, the Minister of Health at that time states that,

“I am incidentally Muslim. In Islam, we hold the principle of social cooperation. Therefore, we established a system of social maintenance.

During the Dutch era, we got prescription and had to pay. We improve the system. Why social cooperation? The healthy serves the sick. The sick accounts to 15 percent. When the rate is over 15 percent, it is too many. The remaining 85 percent pays for the 15 percent. Who knows that we may get sick in the future. How? Put it in apot. The pot is managed by a particular body. In the Netherlands it is managed by the community instead of the government. There is no corruption. In Indonesia it is managed by the government,” (Moeloek, personal interview, 2017).

Despite his disagreement over social security management by the government in Indonesia, his idea about the correlation between Islam and SJSN values did make sense since Muslims in Indonesia still practice Islamic teachings and it can be said that Islamic values are also local values. One of such teachings is based on the Prophet Muhammad (PBUH, Peace Be Upon Him)’s hadith saying, “Not a person is a Muslim to let his fellow brothers hungry.”

Meanwhile, the value of neoliberalism is also in accordance with the ideology of almost all the members of the SJSN team, based on the assumption that all of them belong to a generation produced by the New Order era.

In the late 1980s, there was a shift in reform toward policies that are in favor of an increasing cost of insurance and services for individuals, expansion of private provision, increase of competition, and provision in public spending only for the most needy (Haggard and Kaufman, 2008). The government established this model because of the economic and fiscal constraints that led to this inference: if the government keeps expanding social policies, the economic of the country would collapse (Haggard, Kaufman, 2008, p. 181). The Washington Consensus was the starting point of neoliberalism adhered to by some developing countries after the crisis in 1980s. A liberalizing reform focuses on social spending to the most needy, as mentioned above, it is said as efficient and also inclusive (Haggard & Kaufman, 2008, p. 185-193).

Despite a reform that to better the system, the perks of neoliberalism are obvious until now. It can be seen from this:

“Can you imagine that when all the people of Indonesia deposit money, what will they get in return? For example, after 10 years we collect 1000

trillion for old age allowance. This amount equals to half of our national budget. It may be borrowed on interest by the government just like what is practiced in Japan. In Japan, foreign loan is sufficed by their social insurance. Bismarck is the most suitable: we *don't* need any distribution of rice for poor people or similar programs. We can rely on social insurance,” (Sulastomo, personal interview, 2017).

Looking back at the bill, non-poor people still have to pay for the premium although the poor ones are free of charge. Thus, the efficient part of neoliberalism has still been operating since the era of the authoritarian regime, especially in the 1980s as mentioned above.

Besides this ideological reason, rationality was also in play, providing another justification for the local actors to finally accept diffusion. As it was an urgent need to repair the economy of Indonesia after being hit by the economic crisis, the government must improve the condition by creating state's saving/deposit. As officials learned from other countries, they started to believe that state's deposit could be an investment to avoid crisis in the future. As Sulastomo (personal interview, 2017) said,

“Malaysia has succeeded in overcoming the crisis because they had enough state's saving as I mentioned before. It will be a good idea if we follow them to be successful in the future.”

It is clear, then, that economic reason was also a factor in establishing the SJSN bill.

Sulastomo was disputed by Ridha, an Indonesian activist from KPRI who believes that a universal social security should always and will focus only on citizens, not profit (economically) for the state. He did not agree with Sulastomo.

“... it is argued that formally, universal implementation is the right of the citizens. Therefore, there must not be any profit for the state. The state has to protect the citizens. No profit. The state has to protect the society. Why is there any reserved profit? Moreover, since there was the influence from ADB, the social protection has to be under the financial

reform control. Therefore, the profit should go to the state....” (Ridha, personal interview, 2017).

He added,

“We were in an economic crisis that led to a social deprivation at that time. To succeed in creating a financial reform and avoiding a social crisis, social reform is needed. So, we could say that it was a market agenda. The objective is financial reform, not social reform.”

“We consider profit first and put welfare second. It should have been welfare coming first, and profit coming later. Our constitution has clearly specified that universal health care has to put the rich and the poor people at equal rights. Therefore, contribution is on the contrary to the amended constitution.” (Ridha, personal interview, 2017).

Subsequently, there were more clashing arguments between civil society and the government: KPRI who was represented by Ridha and the SJSN team as a whole. Ridha in an interview mentioned that Indonesia does not use the Bismarck model that originally comes from Germany. He added “In Bismarck [model], when a person is unemployed, then the state is obliged to put them into an employment. The orientation is different. SJSN is for economic crisis. They are different.” (Ridha, personal interview, 2017).

He argued that Indonesia should have unemployment benefits and labor force policy. Ridha (2017) said that neither of these two policies are implemented while we embrace the Bismarck system, and so it remains a capitalist, not a pro-people, system. The consequence that arises is that the form of social protection tends to be minimalistic and unable to protect the people from the existing economic pressures (ibid).

Sulastomo agreed with that argument. However, he said,

“There should have been an unemployment benefit for work termination. Nevertheless, there has already been the law on work termination (UU PHK). Consequently, it was excluded. In reality, however, the UU PHK was not active. Many corporations apply contract-based employment.”

As the result, he believes that Indonesia still uses the Bismarck model, only with a little difference from what Germany has (Sulastomo, personal interview, 2017).

Looking back on which came first, the welfare of the people or money deposit for the Indonesian government, however, Handoko and Thaha believed that the welfare of the people was the main reason in the process of running the reform, since the economic crisis impacting the people in getting affordable health care (Handoko and Thaha, personal interview, 2017). Handoko then mentioned,

“In my opinion, what is important is that the basic need of the community is met: health and social insurance. They are the most important, rather than economy. Why social insurance, not private one? Because the state has money. Actually, it is risk transfer. Contribution must be paid. Who pays? Philosophically, insurance contribution is paid by the insured. Nevertheless, since they are poor, the state pays for them. We have three classes: the first, the second, and the third class. Conceptually, it is not a deposit. It’s an insurance,” (Handoko, personal interview, 2017).

Thaha also argues in her book(2008),

“Social Security is a form of guaranteeing all the people to meet the basic needs of decent living (UU-SJSN, 2004). Social Security is a systematic and measurable program of the state, the type, the number and the form, and the time to meet the needs, especially in the event of sudden social economic risks resulting in diminished, even loss, of income.”

"Although the population is able to guarantee themselves and their families by doing savings and expanding assets, many of the population cannot be disciplined in preparing themselves and their families in the event of sudden socioeconomic or future risks. Therefore, to ensure the availability of basic needs for every citizen, countries that have implemented social security require every worker and his family to become participants of social security. Such compulsory membership is a form of state responsibility to provide basic socio-economic needs for

every citizen. The compulsory participation type is also a form of government intervention to realize social awareness and social tolerance of society and reduce the occurrence of social jealousy. However, the poor need not pay; the richer people help them pay. That is what it means by the value of *gotong royong*.”

In conclusion, there are many factors influencing the national actors to finally accept the diffusion. Besides the constructive ideas from both international and national agents that matter in the process of diffusion of global norms, ideas, and policies (Dobbin et. al 2007, p. 453), the convergence of critical economic and social conditions giving a chance for the SJSN team to persuade the goals of ADB and SJSN itself. So, both sides could benefit each other (Ridha, 2015).

6 Conclusion

The process of diffusion in the SJSN Law took place through the role of the SJSN team assigned by the government to draft the SJSN bill. Recommendations from the ADB became one of the main materials of the SJSN team in formulating the bill.

Based on the problem's description, the theories and analytical approach built in the above chapters, it can be concluded that the diffusion process of the SJSN Law took place dynamically, involving several models simultaneously.

Under constructive/interpretative analysis and using compared documents and in-depth interviews with some key members of SJSN, the academicians, and the government, this research found that there are four mechanisms of diffusion from the ADB to the process of policy making of the draft of SJSN bill. The ideas diffused are those about social security that requires a more advanced system, unified institutions, and a universal coverage that is mandatory for all the people except the poor.

The first and second mechanisms of diffusion worked through learning and socialization processes. The members of SJSN came to other countries to learn the types of social security most suitable for the Indonesian context. They went to the Philippines, Malaysia, Germany, Thailand, and many other Asian and European countries and concluded that the Bismarck model of social security is the answer because it is very similar to the existing model and Indonesian model of Pancasila and *Gotong Royong*. In the SJSN team's deciding process, this research found that there was a socialization mechanism carried out by Thabrany, one of the members of the team and an expert from the ADB. From the interviews, he tried to convince the other members about how good Bismarck model is for the local conditions whereas Indonesia was in an economic crisis. Thabrany showed the others the data in which most of the countries using the system succeeded in overcoming their economic crisis. Sulastomo agreed with this, believing that universal coverage of social security could help increase the national deposit as it

was successful in Malaysia. There were different priorities from Thabrany and Sulastomo, and Atifah and Handoko. While the first two focused on how to overcome the financial effects of economic crisis, the second ones focused on how to implement the amendment of the Constitution of 1945 that the Indonesian government should provide health and social security for all the people. Hence, the establishment of SJSN Law was urgent. However, both sides agreed that the government needed to increase the welfare of all the people affected by the economic crisis. They believed that the basic needs of Indonesians are important.

Then there were disagreements from Ridha who issued that the SJSN is an evidence of an extension of the capitalist era. It is based on the belief that SJSN focused on the economic reform, not social one; the aim of the program was to increase the profit of the state/money deposit of the government. Universal coverage should focus on the people's welfare, not the profit for the government. He also did not agree that SJSN could be a Bismarck-modeled social insurance since there is no force for the unemployment to go back to the work. However, there is a counter explanation from Sulastomo that it was not implemented because Indonesia has already the PHK law that covers such a program.

The third mechanism is through soft coercion. This is related to the previous mechanisms. Thabrany and Sulastomo were the predominant actors of the process and their leadership brought the hegemonic ideas to the SJSN team.

The last mechanism is domestic fit. There was a harmonization between international and local values. In this way, the messages from ADB were smoothly followed by the SJSN team members. There was no conflict or contradiction in the process despite some different priorities.

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Appendix 1

Interview Guide in English:

The first correspondent: dr. Hasbullah Thabrany (an ADB consultant and a member of SJSN team)

1. What do you think about the SJSN bill?
2. How do you feel about the decision of putting some reforms in the bill?
3. What was the achievement and what do you like best about the proposed program?
4. Where did the ideas come from?
5. As a consultant from ADB in the SJSN team, please can you tell me about your own participation in the process of policy making of SJSN bill?
6. What led you to join?
7. How was the working mechanism in the SJSN team?
8. How was the role of each member while everyone has different backgrounds?
8. What do you think was the strength and weaknesses of the process?
9. Why it took three years and 56 changes of the bills in the process of making the bill?
10. Do you think the ideas that were put in the academic paper and the bill was in linewith what the SJSN team and also ADB wanted?
11. Why did SJSN team finally come to the believe that Bismarck model is the best one for Indonesian social security system?
12. Which ideas were most debatable in the process of making the bill? Can you please give me an example?
13. Has anyone led you to certain issues to come up with new ideas?
14. Who was the most influential person in the SJSN team?
15. What do you think about your vision, mission, and interest coming away in the process compared with others?
16. Who was else involved in the process? Do you know anything about international involvement in the process?
17. What thoughts and feelings do you have with their presence?
16. Did you have specific ideas coming from ADB?
17. ADB has the recommendation for government called “Financial Governance and Social Security Reform Program, FGSSRP”, were all the ideas from FGSSRP included in the SJSN bill?
18. What do you think about the ideas that were put in the academic paper and the bill?
19. How was the process of putting ADB ideas in the SJSN bill?
29. Did all members agree to the ideas?

The second and third correspondent: dr. Sulastomo and Atifah (The head and the Secretary of SJSN team)

1. What do you think about the SJSN bill?
2. How do you feel about the decision of putting some reforms in the bill?
3. What was the achievement and what do you like best about the proposed program?
4. Where did the ideas come from?
5. As the head of SJSN team, please can you tell me about your own participation in the process of policy making of SJSN bill?
6. How was the working mechanism in the SJSN team, and the role of each member while everyone has different backgrounds?
7. What do you think was the strength and weaknesses of the process?
8. Why it took three years and 56 changes of the bills in the process of making the bill?
9. What do you think about the ideas that were put in the academic paper and the bill? Was everyone agreed with them?
10. Why did SJSN team finally come to the believe that Bismarck model is the best one for Indonesian social security system?
11. Which ideas were most debatable in the process of making the bill?
12. Has anyone led you to certain issues to come up with new ideas?
13. Who was the most influential person in the SJSN team?
14. What do you think about your same vision and mission, interest, compared with others?
15. Who was else involved in the process? Do you know anything about international involvement in the process?
16. What thoughts and feelings do you have with their presence?
17. About the role of ADB in the process, what do you think about it?
18. ADB has the recommendation for government called “Financial Governance and Social Security Reform Program, FGSSRP”, were all the ideas from FGSSRP included in the SJSN bill?
19. Did all members agree to the ideas?

The fourth correspondent: Firdaus Djaelani (The head of the Insurance directorate in the Ministry of Finance-Republic of Indonesia)

1. What do you think about the SJSN bill?
2. How do you feel about the decision of putting some reforms in the bill?
3. What was the achievement and what do you like best about the proposed program?
4. Where did the ideas come from?
5. As the member of SJSN team coming from Ministry of Finance, please can you tell me about your own participation in the process of policy making of SJSN bill?
6. How was the working mechanism in the SJSN team, and the role of each member while everyone has different backgrounds?
7. What do you think was the strength and weaknesses of the process?
8. Why it took three years and 56 changes of the bills in the process of making the bill?
9. Do you think the ideas that were put in the academic paper and the bill was in line with what the SJSN team wanted?
10. Why did SJSN team finally come to the believe that Bismarck model is the best one for Indonesian social security system? Do you think that type of insurance fits the Indonesia’s condition?

11. Which ideas were most debatable in the process of making the bill?
12. Has anyone led you to certain issues to come up with new ideas?
13. Who was the most influential person in the SJSN team?
14. Did you all as a team have the same vision and mission, also the same interest?
15. About the role of ADB in the process, what do you think about it?
16. ADB has the recommendation for government called “Financial Governance and Social Security Reform Program, FGSSRP”, were all the ideas from FGSSRP included in the SJSN bill?
17. Did all members agree to the ideas?
18. How was the Indonesian economic condition at that time that led to the financial governance reform and latter the social security reform?
19. What do you think about social security reform became one of the ways to ease the economic crisis?
20. Would you tell me more about it?
21. So was it more because of the health condition of Indonesians people or more because the government needs savings?

The fifth correspondent: Faried Moeloek (The Minister of Health)

1. What do you think about the SJSN bill?
2. How do you feel about the decision of putting some reforms in the bill?
3. What was the achievement and what do you like best about the proposed program?
4. Where did the ideas come from?
5. As the Minister of Health, please can you tell me about your own participation in the process of policy making of SJSN bill?
6. What do you think was the strength and weaknesses of the process?
7. Why it took three years and 56 changes of the bills in the process of making the bill?
8. Do you think the ideas that were put in the academic paper and the bill was in line with what the SJSN team wanted?
9. Why did SJSN team finally come to the believe that Bismarck model is the best one for Indonesian social security system? Do you think that type of insurance fits the Indonesia’s condition?
10. Which ideas were most debatable in the process of making the bill?
11. Who was the most influential person in the SJSN team?
12. what do you think about your vision and mission, also interest compared with others?
13. About the role of ADB in the process, what do you think about it?
14. ADB has the recommendation for government called “Financial Governance and Social Security Reform Program, FGSSRP”, were all the ideas from FGSSRP included in the SJSN bill?
15. Did all members and the government agree to the ideas?

The sixth correspondent: Muhammad Ridha (Confederation of Indonesia People Movement, KPRI, or *Konfederasi Pergerakan Rakyat Indonesia*),

1. What do you think about the SJSN bill?
2. ADB has the recommendation for government called “Financial Governance and Social Security Reform Program, FGSSRP”, which was put in the SJSN bill, what do you think about this phenomenon?

3. Do you think it was a good decision to have the SJSN bill?
4. What were the weaknesses of the process?
5. What are the advantages for Indonesia now in the case of health condition?
6. Do you think social insurance based on the people's contribution is the best type of system for Indonesia?
7. What do you think about the necessity to have social security system at that time after the crisis of economy?
8. How do you see neoliberalism ideas played in the process of making the SJSN bill?

Appendix 2

Interview Guide in Indonesian:

Koresponden pertama: dr. Hasbullah Thabrany (seorang konsultan ADB dan anggota tim SJSN)

1. Apa pendapat Anda tentang RUU SJSN?
2. Bagaimana perasaan Anda tentang keputusan untuk meletakkan beberapa reformasi dalam RUU ini?
3. Apa pencapaian dan apa yang paling Anda sukai dari program yang diusulkan?
4. Dari mana ide SJSN itu berasal?
5. Sebagai konsultan ADB di tim SJSN, mohon dapat ceritakan tentang diri Anda sendiri dalam proses pembuatan kebijakan SJSN?
6. Apa yang menyebabkan Anda bergabung?
7. Bagaimana mekanisme kerja tim SJSN, dan peran masing-masing anggota, sementara setiap orang memiliki latar belakang yang berbeda?
8. Menurut Anda, apa kekuatan dan kelemahan proses pembuatan RUU SJSN?
9. Mengapa butuh waktu tiga tahun dan 56 perubahan tagihan dalam proses pembuatan RUU?
10. Menurut Anda ide yang dimasukkan ke dalam makalah akademis dan tagihannya sesuai dengan keinginan tim SJSN dan juga yang diinginkan ADB?
11. Mengapa tim SJSN akhirnya percaya bahwa model Bismarck adalah yang terbaik untuk sistem jaminan sosial Indonesia?
12. Ide mana yang paling bisa diperdebatkan dalam proses pembuatan RUU?
13. Apakah ada yang membawa Anda pada isu-isu tertentu untuk menghasilkan gagasan baru?
14. Siapakah orang yang paling berpengaruh dalam tim SJSN?
15. Apakah Anda semua sebagai tim memiliki visi dan misi yang sama, juga minat yang sama?
16. Apakah Anda memiliki ide spesifik yang berasal dari ADB?
17. ADB memiliki rekomendasi untuk pemerintah yang disebut "Tata Kelola Keuangan dan Program Reformasi Jaminan Sosial, FGSSRP ", semuanya merupakan gagasan dari FGSSRP termasuk dalam RUU SJSN?

18. Bagaimana proses memasukkan gagasan ADB dalam RUU SJSN?
19. Apakah semua anggota menyetujui gagasan tersebut?

Koresponden kedua dan ketiga: dr. Sulastomo dan Atifah (kepala dan sekretaris tim SJSN)

1. Apa pendapat Anda tentang RUU SJSN?
2. Bagaimana perasaan Anda tentang keputusan untuk meletakkan beberapa reformasi dalam RUU ini?
3. Apa pencapaian dan apa yang paling Anda sukai dari program yang diusulkan?
4. Dari mana ide itu berasal?
5. Sebagai ketua tim SJSN, mohon sampaikan tentang partisipasi Anda sendiri diproses pembuatan kebijakan tagihan SJSN?
6. Bagaimana mekanisme kerja tim SJSN, dan peran masing-masing anggota, sementara setiap orang memiliki latar belakang yang berbeda?
7. Menurut Anda apa kekuatan dan kelemahan proses itu?
8. Mengapa butuh tiga tahun dan 56 perubahan tagihan dalam proses pembuatan tagihan?
9. Menurut Anda ide yang dimasukkan ke dalam makalah akademis dan RUU sesuai dengan apa yang diinginkan tim SJSN?
10. Mengapa tim SJSN akhirnya percaya bahwa model Bismarck adalah yang terbaik untuk sistem jaminan sosial Indonesia?
11. Ide mana yang paling bisa diperdebatkan dalam proses pembuatan?
12. Apakah ada yang membawa Anda pada isu-isu tertentu untuk menghasilkan gagasan baru?
13. Siapakah orang yang paling berpengaruh dalam tim SJSN?
14. Apakah Anda semua sebagai tim memiliki visi dan misi yang sama, juga minat yang sama?
15. Tentang peran ADB dalam prosesnya, bagaimana pendapat Anda tentang hal itu?
16. ADB memiliki rekomendasi untuk pemerintah yang disebut "Tata Kelola Keuangan dan Program Reformasi Jaminan Sosial, FGSSRP", semuanya merupakan gagasan dari FGSSRP masuk ke dalam RUU SJSN?
17. Apakah semua anggota menyetujui gagasan tersebut?

Koresponden keempat: Firdaus Djaelani (Kepala Direktorat Asuransi di bidang Keuangan Republik Indonesia)

1. Apa pendapat Anda tentang RUU SJSN?
2. Bagaimana perasaan Anda tentang keputusan untuk meletakkan beberapa reformasi dalam RUU ini?
3. Apa pencapaian dan apa yang paling Anda sukai dari program yang diusulkan?
4. Dari mana ide itu berasal?
5. Sebagai anggota tim SJSN yang berasal dari Kementerian Keuangan, mohon sampaikan tentang partisipasi Anda sendiri dalam proses pembuatan kebijakan tagihan SJSN?
6. Bagaimana mekanisme kerja tim SJSN, dan peran masing-masing anggota, sementara setiap orang memiliki latar belakang yang berbeda?
7. Menurut Anda apa kekuatan dan kelemahan proses itu?
8. Mengapa butuh tiga tahun dan 56 perubahan tagihan dalam proses pembuatan tagihan?

9. Menurut Anda ide yang dimasukkan ke dalam makalah akademis dan tagihannya sesuai dengan apa yang diinginkan tim SJSN?
10. Mengapa tim SJSN akhirnya percaya bahwa model Bismarck adalah yang terbaik untuk Sistem jaminan sosial Indonesia, Apakah menurut Anda jenis asuransi itu cocok untuk kondisi Indonesia?
11. Ide mana yang paling bisa diperdebatkan dalam proses pembuatan RUU?
12. Apakah ada yang membawa Anda pada isu-isu tertentu untuk menghasilkan gagasan baru?
13. Siapakah orang yang paling berpengaruh dalam tim SJSN?
14. Apakah Anda semua sebagai tim memiliki visi dan misi yang sama, juga minat yang sama?
15. Tentang peran ADB dalam prosesnya, bagaimana pendapat Anda tentang hal itu?
16. ADB memiliki rekomendasi untuk pemerintah yang disebut "Tata Kelola Keuangan dan Program Reformasi Jaminan Sosial, FGSSRP", semuanya merupakan gagasan dari FGSSRP masuk ke dalam RUU SJSN?
17. Apakah semua anggota menyetujui gagasan tersebut?
18. Bagaimana kondisi ekonomi Indonesia saat itu yang terkait dengan keuangan Reformasi tata pemerintahan dan yang terakhir adalah reformasi jaminan sosial?
19. Benarkah reformasi keamanan sosial adalah salah satu cara untuk meringankan ekonomi krisis?
20. Maukah Anda menceritakan lebih banyak tentang hal itu?
21. Jadi lebih karena kondisi kesehatan masyarakat Indonesia atau lebih karena Pemerintah butuh tabungan?

Koresponden kelima: Faried Moeloek (Menteri Kesehatan)

1. Apa pendapat Anda tentang RUU SJSN?
2. Bagaimana perasaan Anda tentang keputusan untuk meletakkan beberapa reformasi dalam RUU ini?
3. Apa pencapaian dan apa yang paling Anda sukai dari program yang diusulkan?
4. Dari mana ide itu berasal?
5. Sebagai Menteri Kesehatan, mohon sampaikan kepada saya tentang partisipasi Anda sendiri di proses pembuatan kebijakan tagihan SJSN?
6. Menurut Anda apa kekuatan dan kelemahan proses itu?
7. Mengapa butuh tiga tahun dan 56 perubahan tagihan dalam proses pembuatan RUU?
8. Menurut Anda ide yang dimasukkan ke dalam makalah akademis dan RUU sesuai dengan apa yang diinginkan tim SJSN?
9. Mengapa tim SJSN akhirnya percaya bahwa model Bismarck adalah yang terbaik?
10. Ide mana yang paling bisa diperdebatkan dalam proses pembuatan RUU?
11. Siapakah orang yang paling berpengaruh dalam tim SJSN?
12. Apakah Anda dan tim SJSN memiliki visi dan misi yang sama, juga minat yang sama?
13. Tentang peran ADB dalam prosesnya, bagaimana pendapat Anda tentang hal itu?
14. ADB memiliki rekomendasi untuk pemerintah yang disebut "Tata Kelola Keuangan dan Program Reformasi Jaminan Sosial, FGSSRP ", semuanya merupakan gagasan dari FGSSRP, semuanya masuk ke dalam RUU SJSN?
15. Apakah semua anggota dan pemerintah menyetujui gagasan tersebut?

Koresponden keenam: Muhammad Ridha (Konfederasi Gerakan Rakyat Indonesia, KPRI, atau Konfederasi Pergerakan Rakyat Indonesia),

1. Apa pendapat Anda tentang RUU SJSN?
2. ADB memiliki rekomendasi untuk pemerintah yang disebut "Tata Kelola Keuangan dan Program Reformasi Jaminan Sosial, FGSSRP", yang dimasukkan ke dalam RUU SJSN, apa fungsinya? Apa pendapat Anda tentang fenomena ini?
3. Menurut Anda, apakah keputusan yang baik untuk memiliki RUU SJSN?
4. Apa kelemahan dari prosesnya?
5. Apa keuntungan bagi Indonesia saat ini dalam hal kondisi kesehatan?
6. Menurut Anda, asuransi sosial berdasarkan kontribusi masyarakat adalah jenis yang terbaik untuk sistem di Indonesia?
7. Menurut Anda, apakah perlu memiliki sistem jaminan sosial saat itu setelah krisis ekonomi?
8. Bagaimana Anda melihat gagasan neoliberalisme dimainkan dalam proses pembuatan RUU SJSN?

Appendix 3

The letter from the Minister of Finance Republic of Indonesia



MENTERI KEUANGAN
REPUBLIK INDONESIA

Number : S-370/MK.06/2002
Subject : **Financial Governance and
Social Security Reform Program**

14 November 2002

Mr. Tadao Chino
President
Asian Development Bank
Manila, Philippines

Dear President Chino:

The Government of the Republic of Indonesia is committed to promoting sustainable economic growth and improving social security. To support the implementation of these policy goals, the Government is committed to good macroeconomic management and continuing with reforms in key economic sectors. To strengthen investor confidence and support economic growth and poverty reduction, it is considered essential in particular to accelerate reforms in the financial sector, with major emphasis on governance that strengthens the regulatory and supervisory frameworks.

As the Government has successfully completed the Financial Governance Reforms Sector Development Program (FGRSDP) supported by the Asian Development Bank (ADB), we are eager to make further reforms through the Financial Governance and Social Security Reform Program (FGSSR). FGSSR aims to promote sustainable economic growth and enhance social security. FGSSR will build upon FGRSDP reforms including improving governance through increased disclosure, transparency and enforcement of regulations; audit and financial reviews of mandatory pension programs and insurance firms; and the development of legal frameworks and institutions to support anticorruption and anti-money laundering efforts. FGSSR will support a broad framework for the overall strengthening of the financial sector and promote the development of sound financial institutions necessary to support good financial sector governance and facilitate economic growth. It also aims to improve social protection through improved governance, supervision and regulation of pension funds and entities implementing mandatory social insurance programs under a consolidated financial services authority.

To provide an efficient use of scarce regulatory resources and to promote consistency, efficiency and harmonization of supervision across financial services and products, the Government will establish a consolidated financial services supervisory authority, Otoritas Jasa Keuangan (OJK), as mandated under the Bank Indonesia Act of 1999, and will ensure that the necessary legal reform is undertaken to transfer regulatory and supervisory powers to OJK in 2004. The OJK law will give OJK consistent powers across all prudentially regulated sectors, encompassing licensing, standard making, information gathering, inspection, direction, investigation, statutory management and transfers of business, and will provide OJK with more comprehensive and up-to-date powers than those currently possessed by any of the existing authorities. The



MENTERI KEUANGAN
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Government will prepare legislation and implementing rules and regulations that adequately define OJK's role, functions, powers and responsibilities and include core provisions to ensure sufficient accountability and independence of OJK. The Government will also ensure that OJK will adopt and promote the best practices in corporate governance and international standards for regulation and supervision.

To strengthen investor confidence, OJK legislation will include provisions requiring OJK's written approval for filing all petitions of winding-up/bankruptcy cases initiated against entities under OJK's jurisdiction.

Strengthening consumer confidence is also essential to promote financial sector growth and development. Consumer protection in the financial sector will be strengthened by establishment of OJK and through a public education campaign to inform the public of rights, benefits and obligations of insurance products and pensions, and alternatives for adequate retirement. To protect policyholders, and to facilitate development of a sound insurance sector, the Government will rigorously enforce regulations, impose sanctions and suspend licenses of firms not meeting solvency requirements.

Improving financial sector governance and regulatory and supervisory frameworks for the contractual savings sector are fundamental first steps to strengthening the social security system. However, significant reforms will be required to ensure adequate retirement income. To support the development of national social security and to improve the governance and accountability of mandatory social insurance programs, PT. Jamsostek, PT. Taspen and PT. Asabri will come under the jurisdiction of OJK and be subject to the full range of its regulatory and supervisory powers. To make further improvements and provide a unifying framework for social security programs, the Government will promote a new national law and agency for national social security. The President of Indonesia has established a team to lead policy development of national social security with a mandate to prepare a new draft law in 2002. Issues to be examined include harmonization of programs and establishment of a unified identification system; elimination of PT status of mandatory programs and adoption of trust structure; portability of benefits; fiscal sustainability of entities implementing mandatory programs; and extension of coverage of social security systems to the informal sector.

Indonesia adopted an anti-money laundering law in 2002 to establish the legal framework for an effective anti-money laundering regime. The financial intelligence unit (PPATK) mandated by this law was established this year with the appointment of key officials. PPATK will be made fully operational with the provision of budget and the issuance of the necessary regulations in 2003. Bank Indonesia will act as the interim financial intelligence unit for the banking sector until PPATK is operational. Government will continue to address deficiencies in its anti-money laundering system identified by the Financial Action Task Force on Money Laundering (FATF) and work toward removal of Indonesia from FATF's Non-Cooperative Countries and Territories (NCCT) list. The Government will also cooperate with other jurisdictions for an effective implementation of the anti-money laundering law.



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To support a stronger framework for governance and accountability and increase public confidence and investment in the financial and capital markets, the Government will institute the necessary legislation to provide for significant liability of auditors, directors and commissioners of companies, and a rule shall be issued on independence of accountants providing audit services in the capital markets. The amended Capital Market Law will also include provisions establishing the responsibility of lawyers involved in the preparation of legal audits for reporting violations of the Capital Market Law.

On behalf of the Government of the Republic of Indonesia, I would like to express our appreciation for the assistance extended by ADB in establishing a vision for strengthening the financial sector and improving our social security system. While the Government is firmly committed in this policy goal, continuing support of ADB is necessary because of the substantial cost of reforms envisaged as well as the need for technical assistance. The attached policy matrix provides the details of the envisaged actions. With ADB support, including the current request for loan and technical ADB support, including the current request for loan and technical assistance, the Government would like to proceed vigorously with the reforms in financial governance and social security.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Boediono', with a long horizontal stroke extending to the right.

Boediono
Minister of Finance