

# PERSPECTIVE

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## **Urgent Need to Strengthen State Capacity: Learning from Indonesia's COVID-19 Crisis**

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### **EXECUTIVE SUMMARY**

- The Indonesian government's response to the COVID-19 crisis has been generally viewed as slow and cumbersome, in terms of promulgating necessary policies and executing them to mitigate the crisis's impact on public health and the economy.
- Current regulatory and institutional frameworks have been proven to be inadequate to address the immediate risks posed by COVID-19 on public health and longer-term socio-economic consequences.
- Poor data collection and weak information management processes have severely hampered crisis response in the public health sector and hindered the delivery of social protection programmes.
- The COVID-19 pandemic is an urgent wake-up call for the Indonesian government to formulate coherent strategies and ramp up the state's capacity to handle the current crisis and improve preparedness for likely contingencies in the likely "new normal".
- This will be a massive undertaking, requiring comprehensive overhaul of administrative structures and decision-making processes, quick mobilisation of resources (particularly in the public health sector), more effective communications and a new culture of discipline and accountability in the civil service.

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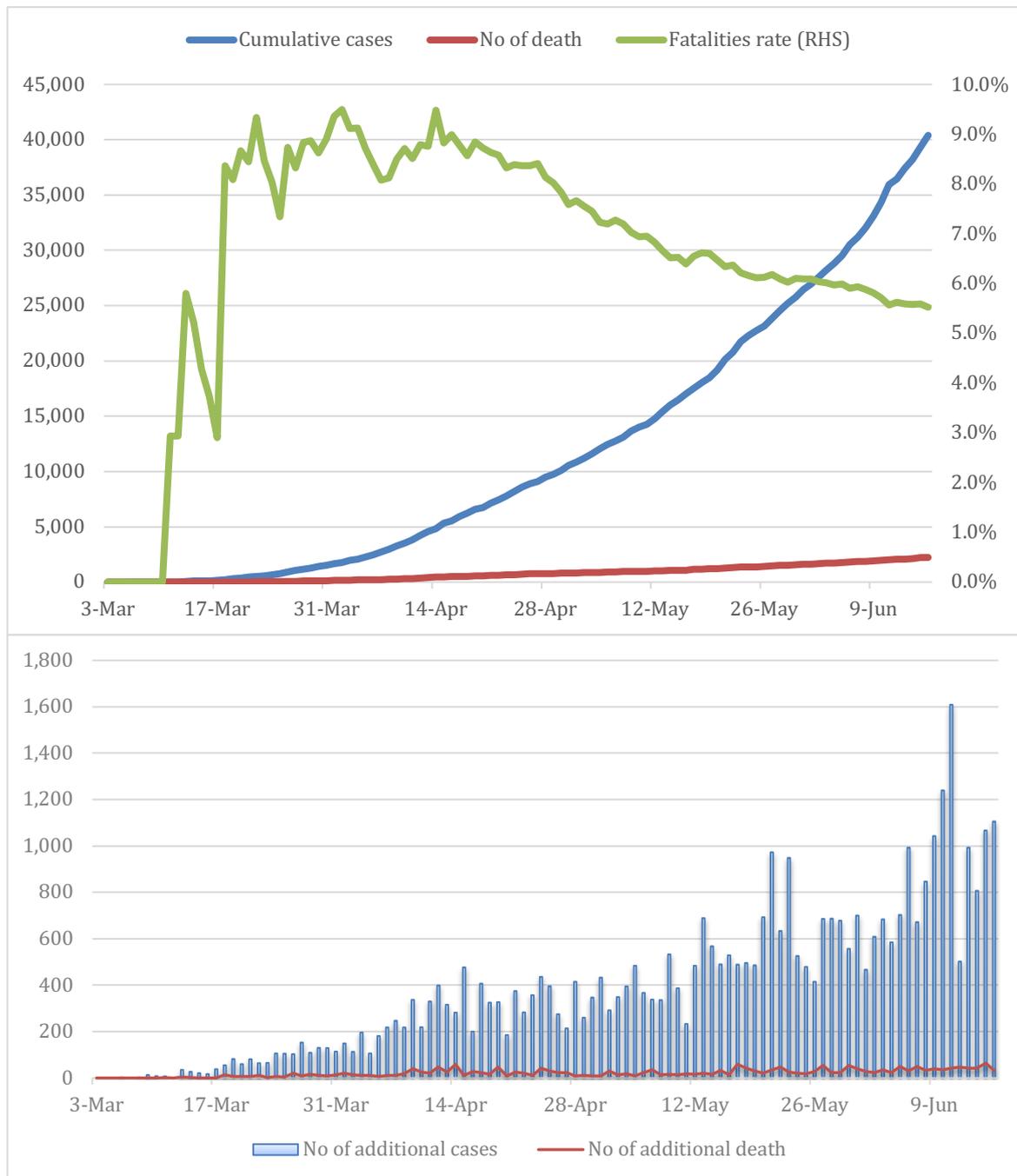
## **INTRODUCTION**

Unlike other populous democratic countries like India and the Philippines, Indonesia did not implement a full lockdown to control the COVID-19 pandemic. Arguably, the government was concerned about difficulties in imposing stringent lockdowns, which would have to be extended several times and which would be very costly for the country. From the beginning of the pandemic, there had been a contentious debate about whether a lockdown, which would cost government a lot of money, resources and even political risks, would make much difference in reducing infection numbers. Moreover, the government's awareness that it lacks the capacity where the healthcare system and the bureaucracy were concerned, forced it to implement a relaxed policy.

Despite the government's claim that it has managed to 'flatten the curve' by early May,<sup>1</sup> Indonesia has the highest number of COVID-19 fatalities in Asia, with a 6-7 percent death rate among total confirmed cases (Figure 1). Notwithstanding, the figures are perceived to be significantly underreported as the official data did not include deaths of patients suspected to have coronavirus and who were still awaiting tests.<sup>2</sup> Certainly, many factors have been at play, but this reality indicates the country's lack of hard and soft public health infrastructure to deal with the crisis.<sup>3</sup>

This essay examines how the COVID-19 crisis has been exacerbated by the weakness in Indonesia's *state capacity* and the bureaucracy, especially in relation to public health governance and disaster response in general. It highlights the urgent need for Indonesia to revisit its state capacity in dealing with the current crisis and in preparing for the 'New Normal post-COVID-19' (New Normal, hereafter).

**Figure 1: Infected cases and fatalities rate due to COVID-19**



Source: Ministry of Public Health

**LIMITED STATE CAPACITY**

State capacity is commonly defined as the ability of the state to ‘implement a range of policies.’ Coined by sociologists such as Tilly (1985),<sup>4</sup> it originally referred to ‘the power of the state to raise revenue’. There are at least three different domains of state capacity

(Berwick and Christia, 2018), i.e. extractive capacity (the process of extraction, commonly through taxing, to provide resources for the governed); governmental capacity (the ability of government workers to carry out implementation); and regulatory–productive capacity (capacity to provide output for the citizens).<sup>5</sup> While recognising these three domains, we broaden the definition to cover a wider range of state competence, including the ability to deliver, make policies and regulations, create institutional settings, enforce the implementation of plans, set up accountability mechanisms, and support development undertakings through resources that it can mobilise.<sup>6</sup>

One important resource for a modern state to deliver development is reliable and accurate data. Data are key for effective and coherent decision making and policy formulation. In fighting a pandemic, data quality, particularly epidemiology data, is critical. Yet, the lack of reliable data and information, and proper use of these, has been a huge challenge for the government in dealing with the epidemic. Like many other governments, the Indonesian government does not have a coherent institutional response to the COVID-19 outbreak. Overall, its response has been seen to be slow, fragmented, and ad-hoc. This has been mainly due to a lack of information, plus unpreparedness.

Several key indicators reflect the state's level of unpreparedness. First, limited public health infrastructure has resulted in a low testing rate, which makes it difficult to attain a clear picture of the scale of the pandemic and to mitigate it. Due to the novelty of COVID-19, Indonesia could not *a priori* have stocked up test kits before the pandemic. But once the outbreak happened, the question has been about increasing the number of tests.<sup>7</sup> Many hospitals are running out of beds and ICU beds, reflecting the low capacity of the public health system. There is only one hospital bed to every 1,000 persons, two ICU beds to every 100,000 patients, four doctors to every 10,000 patients; two nurses and midwives to every 1,000 persons.<sup>8</sup> These rank Indonesia among the least prepared in ASEAN.

Second, the weak public health infrastructure is exacerbated by poor governance of data. At the start of the crisis, data being published by the Task Force were far from informative; for example, key information such as sex and comorbidities were not made available.<sup>9</sup> This hampered the work of epidemiologists investigating infection patterns and the causes of fatalities. After the President ordered that data be made open and accessible for the public,<sup>10</sup> epidemiologists were able to warn that the risk group is male, above 31-years-old (infected) or above 46 years-old (fatal), with trio comorbidities of hypertension, diabetes, and coronary heart disease.<sup>11</sup> However, the structure of the publicly available data was later found to be inconsistent with other widely known epidemic data.<sup>12</sup> As a result, not only have scientists had difficulties estimating the end of the pandemic, the government itself has had difficulties coming up with effective and reliable policies. The curve presented on the official Task Force's site ([covid19.go.id/peta-sebaran](https://covid19.go.id/peta-sebaran)) shows that it is still rising, not flattening like the government had claimed. The number of fatalities, on the other hand, has been declining. This begs the question of whether the public should trust the data from the government, particularly when transparency in its governance is lacking. Only very recently did the government announce that it has changed its methodology for reporting on the daily situation. But it has not provided the reason for this change nor provided details about the methodology.<sup>13</sup>

To be sure, the government has been learning and trying to fix its previous mistakes. After declaring the public health emergency status on 31 March, Jokowi announced the implementation of a stricter large-scale social and physical distancing measures (*Pembatasan Sosial Berskala Besar* or PSBB).<sup>14</sup> He has however resisted the demand to lockdown the country. The challenges as he sees them are three-fold: First, it is impossible to lockdown without giving people a living, hence a social protection scheme needs to be prepared. Second, there is difficulty in collecting accurate and reliable data about the poor because ever more people fall into poverty in times of crisis. Finally, this in turn creates difficulties for channelling and distributing aid to the poor and other vulnerable groups.

### **THE GOVERNMENT'S RESPONSES TO COVID-19**

Initially, Indonesia denied the existence of the virus in the country even after there had been cases of arrivals from the country testing positive overseas.<sup>15</sup> In early March, the government started to adopt a serious containment measure. It undertook temporary bans on domestic and international air and sea travel, screening at ports of entry, school closures, and other restrictions on public events. On April 24, the government banned 'mudik', a traditional annual exodus of people from the cities for Muslim holidays, to curb the spread of the virus from Jakarta and other high-risk regions.

To provide the legal framework for his response to the crisis, Jokowi issued Government Regulation in lieu of Law on Financial Policy and Stability of Financial System (Perpu No 1/2020, recently ratified as Law), Government Regulation on Large-scale Social Distancing or PSBB (PP No. 21/2020), and Presidential Decree declaring status of COVID-19 as Medical Emergency (Keppres No. 11/2020)—all in one day, i.e. 31 March 2020.<sup>16</sup> These regulations provide strong legal basis for the government to act and coordinate its response. These are however alongside already existing regulatory frameworks on disaster.<sup>17</sup> Among the most fundamental is budget reallocation and adjustment, the suspension of certain mega-infrastructure projects including infrastructure building for the new capital city,<sup>18</sup> and other national programmes.<sup>19</sup> Non-priority development plans, including non-substantial government spending, have been cancelled or at least postponed until the crisis ends.<sup>20</sup>

On March 31, 2020, the government announced a major stimulus package of IDR 405 trillion (USD 25 billion or about 2.6 percent of GDP). This was further expanded to IDR 677.2 trillion (USD 47.7 billion or about 4 percent of GDP) on June 3, 2020. The stimulus packages comprise of:

1. Support to the health care sector to boost testing and treatment capability for COVID-19 cases (IDR 87.55 trillion);
2. Increased benefits and broader coverage of existing social assistance schemes to low-income households such as food aid, conditional cash transfers, and electricity subsidy (IDR 203.9 trillion);
3. Expanded unemployment benefits, including for workers in the informal sector (IDR 168 trillion); and
4. Tax reliefs and tax reduction for affected sectors, including for the tourism sector and individuals (IDR 120.6 trillion).

In more detail, the government decided to expand the current *Program Keluarga Harapan* (Family Hope Programme) by providing cash transfers for around 10 million poor families and *Kartu Sembako* (Food Card Programme) to help around 20 million poor in getting their food staples. Full electricity subsidy is given to 24 million low-income households as well as a 50% tariff discount to 7 million middle-income households for the next three months. In addition, the government started to speed up the implementation of the *Kartu Prakerja* (Pre-Employment Card) in April to support around 5.6 million job seekers to develop new skills in the form of training for up to six months for each recipient. However, the programme has received heavy criticisms for being poorly designed and having poor governance and management.<sup>21</sup>

## WAY FORWARD: STRENGTHENING STATE CAPACITY

Looking ahead, the government faces two pressing issues: one, handling the current crisis and two, preparing for the New Normal which the government refers to as ‘living together with the virus’.<sup>22</sup> The success of the latter will crucially depend on the ways the former is addressed.

In handling the current crisis, strengthening the health system and delivering social safety net programmes are critical. To prepare for the New Normal, including anticipating the second (and following) waves of infection in addition to further improving the health system, building the capacity of the civil service and government institutions is imperative.<sup>23</sup> This needs to be supported by an agile regulatory framework and adequate systems (including digital ones) to improve decision-making processes. Six aspects of state capacity have to be considered.

- 1) First, strengthening the *health system*. In the short term, the focus should be on the immediate mobilisation of testing equipment, provision of resources for medical treatments, and protection of medical staffs. In the longer term, the New Normal cannot be achieved without increasing capacity in tight bio-surveillance, solid contact tracing, and hospitals and primary healthcare. Raising awareness of the public to the seriousness of the epidemic is also important.
- 2) Second, improving *social safety net programmes*. A credible targeting mechanism is needed, supported by accurate data of the beneficiaries, e.g. informal workers, daily workers, students of poor families, and those who are entitled to get financial supports. The challenge is great in collecting information on the most affected groups and in delivery of policy benefits to them. Strengthening data governance is necessary. Poverty data (or DTKS *Data Terpadu Kesejahteraan Sosial* literally ‘Integrated Social Welfare Data’) should be verified against valid ID at both the national and sub-national levels. Then, last-mile distribution of social assistance programmes executed by local governments (at municipal or city and village levels) could also be utilised as a channel for verifying DTKS and resident ID card (or *Nomor Induk Kependudukan*, NIK) *real-time*. This would require improving the capacity of sub-national public officials in handling data (particularly updating) and in delivering essential services, including health and education.

- 3) Third, revamping the *civil service apparatus*. Inefficient bureaucracy has contributed to the slow response to this crisis, from public communication to the procurement of medical supplies; from drafting regulations to inter-ministerial, and in sub-national governments coordination in delivering social protection schemes. A new approach in recruitment, training, and capacity building of civil service is needed, to follow on the existing ‘zero or negative growth’ and merit system strategy.<sup>24</sup> Not only does Indonesia’s civil service need to be modernised, but digital literacy will also become an increasingly important competence, as will skills in strategy and decision-making based on data and evidence. Particularly in preparing for the New Normal, the focus should be on acquiring new skills in planning which could be a more adept and more important policymaking tool, compared to the existing formal planning approach.
- 4) Fourth, improving the *capacity of government agencies and institutions* for agile and accountable administration. Instead of being satisfied with a hierarchical and formal organisational structure, the government needs to consider a more responsive, metric-based organisation with clear command, coordination, and responsibility lines, starting from the Cabinet. The COVID-19 crisis shows that capacity is neither about the size nor the number of bodies or agencies but whether these are able to operate swiftly and responsively and in a communicative and coordinated fashion when needed. This applies for both the central government (ministries, agencies, institutions) and local/sub-national governments.
- 5) Fifth, creating a *regulatory sandbox*. A bureaucracy can never work without a regulatory framework. But regulations are often seen or have become barriers rather than enablers. A regulatory sandbox is needed to strengthen evidence-based policy formulation, providing a framework for testing innovative concepts at a smaller scale, involving key institutions, on a time-limited basis, and with appropriate safeguards. This crisis has again shown that such an instrument is important. The regulatory framework needs to be comprehensive not only in the sense that regulations should complement and not contradict each other, but also take into account unintended consequences of any policy or plan.
- 6) Lastly, strengthening *data governance* and *e-government framework*. Availability of accurate and reliable data and effective e-government setting are a *sine qua non* for state capacity in the modern age. Data and information systems are needed to support strategic decision making and to enable effective civil service responses. In wishing to maximise the implementation of *Satu Data* (One Data) and *Satu Peta* (One Map) policies,<sup>25</sup> the use of data is central to decision-making, for example, tracing and tracking cases of infection, or in preventing programmes (for example social protection) from being corrupted or being used for personal interests. There is a clear need for information systems to provide early warning signals to increase resilience against future shocks. The crisis has also called for new ways of functioning and new business models for governmental work. An e-government framework is not just about synchronising procurement of software and hardware in government agencies but involves instead a whole-of-government approach and strategy in the use of digital technology to make effective policies and deliver quality public services.

## CONCLUSION

This COVID-19 crisis is a wake-up call for everyone, both the citizenry and the government. Despite various initiatives at the community level across Indonesia,<sup>26</sup> it is clear that there is an urgent need to reform and strengthen state capacity not just to respond to the current crisis, but also to anticipate similar future crises and epidemics.

When and how the pandemic will end remains uncertain. The full impact of the crisis is also not yet known, but certainly it has brought significant setbacks to socio-economic development and achievement. One strong message here is that, unless Indonesia's state capacity is strengthened to prepare for the New Normal, the dream of a prosperous, progressive, and rich country '*Indonesia Maju 2045*' will be impossible to achieve.

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- <sup>1</sup> <https://www.kompas.com/sains/read/2020/05/12/173500323/hati-hati-klaim-melambat-indonesia-belum-punya-kurva-covid-19>. Accessed 17 May 2020.
  - <sup>2</sup> <https://nasional.kompas.com/read/2020/04/23/10565041/idi-kecepatan-tes-pcr-indonesia-masih-di-bawah-1000-per-hari>. Accessed 17 May 2020.
  - <sup>3</sup> Choi Shing Kwok, "Covid-19 battle: How have South-east Asian nations fared?". The Straits Times, May 9, 2020. <https://www.straitstimes.com/opinion/covid-19-battle-how-have-south-east-asian-nations-fared>. Accessed 17 May 2020.
  - <sup>4</sup> Tilly, Charles (1985). "War making and state making as organized crime," in Bringing the State Back In, eds P.B. Evans, D. Rueschemeyer, & T. Skocpol. Cambridge: Cambridge University Press, 1985.
  - <sup>5</sup> Berwick, Elissa; Christia, Fotini (2018). "State Capacity Redux: Integrating Classical and Experimental Contributions to an Enduring Debate". Annual Review of Political Science. 21:71–91.
  - <sup>6</sup> The government normally consists of the bureaucracy (career bureaucrats) and elected politicians. In the Indonesian context, 'elected politicians' means the President and Vice President who politically appoint ministers, head of agencies, and other high-rank officials.
  - <sup>7</sup> Compare with the strategy adopted in other countries to ensure massive testing, e.g. South Korea.
  - <sup>8</sup> WHO data used in [data.worldbank.org](https://data.worldbank.org); see <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=ID>. Accessed 18 May 2020
  - <sup>9</sup> Comparing the data published in <https://covid19.go.id/peta-sebaran> before and after 31 March 2020.
  - <sup>10</sup> <https://news.detik.com/berita/d-4977448/yang-beda-dari-update-corona-usai-jokowi-minta-buka-data>. Accessed 18 May 2020.
  - <sup>11</sup> <https://bebas.kompas.id/baca/bebas-akses/2020/05/06/covid-19-menyingskap-kelemahan-lelaki/>. Accessed 18 May 2020.
  - <sup>12</sup> <https://www.kompas.com/sains/read/2020/05/12/173500323/hati-hati-klaim-melambat-indonesia-belum-punya-kurva-covid-19>. Accessed 18 May 2020
  - <sup>13</sup> <https://m.cnnindonesia.com/nasional/20200518172614-20-504613/pemerintah-ubah-metode-pelaporan-odp-pdp-covid-19>. Accessed 18 May 2020.
  - <sup>14</sup> <https://nasional.kompas.com/read/2020/03/31/16271751/pidato-lengkap-jokowi-dari-psbb-listrik-gratis-hingga-keringanan-kredit>. Accessed 17 May 2020.

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- <sup>15</sup> Choi Shing Kwok, “Covid-19 battle: How have South-east Asian nations fared?”. The Straits Times, May 9, 2020. <https://www.straitstimes.com/opinion/covid-19-battle-how-have-south-east-asian-nations-fared>. Accessed 17 May 2020.
- <sup>16</sup> <https://katadata.co.id/berita/2020/04/01/ada-pp-keppres-perppu-untuk-atasi-corona-bagaimana-pengaturannya>. Accessed 18 May 2020.
- <sup>17</sup> There were worries, especially among bureaucrats and public officials, that they could be prosecuted if later found to be ‘wrong’ in implementing policies in times of crisis. The Perpu specifically protects them during the COVID-19 crisis. See <https://katadata.co.id/berita/2020/04/01/sri-mulyani-pelaksana-perppu-penyelamatan-ekonomi-tak-bisa-dituntut>. Accessed 18 May 2020.
- <sup>18</sup> <https://www.tempo.co/dw/2422/dana-infrastruktur-ibu-kota-baru-dialihkan-guna-perangi-corona>.
- <sup>19</sup> See, for example <https://money.kompas.com/read/2020/04/22/060100526/imbas-corona-ini-proyek-proyek-infrastruktur-yang-ditunda-pemerintah?page=all>; Accessed 18 May 2020.
- <sup>20</sup> <https://bisnis.tempo.co/read/1329457/kemenkeu-minta-proyek-infrastruktur-non-prioritas-ditunda> Accessed 18 May 2020.
- <sup>21</sup> Originally, the Pre-Employment Card Programme was designed to have two components of training, i.e. online and offline. Due to the pandemic, the offline component could not be undertaken. Instead of postponing the programme or reallocating its budget for other social protection schemes, the government decided to continue the programme, but only with the online component. The problem is that these online courses are offered with a fee, paid by the government through this programme, while the same or similar courses offered anywhere else are mostly free. Moreover, with a non-transparent appointment of a company as training provider which is owned by one of the President’s Special Advisers, the programme caused an uproar. Many media outlets have had special coverage on this issue, for example *Tempo*: <https://fokus.tempo.co/read/1338163/ramai-kritik-untuk-program-kartu-prakerja>. Accessed 28 May 2020.
- <sup>22</sup> <https://nasional.kompas.com/read/2020/05/07/10430201/jokowi-kita-harus-hidup-berdamai-dengan-covid-19-sampai-vaksin-ditemukan>. Accessed 28 May 2020.
- <sup>23</sup> The role of civil service and government institutions including the military, police and sub-national governments is apparently key for the success of the New Normal, as directed by President Jokowi in the Cabinet Meeting 27 May 2020. See official release by Cabinet Secretary <https://setkab.go.id/ini-4-arahan-presiden-soal-persiapan-pelaksanaan-protokol-tatanan-normal-baru>. Accessed 28 May 2020.
- <sup>24</sup> This is stated in the Law No 5 /2014 on State Civil Apparatus.
- <sup>25</sup> Under President Yudhoyono, the Government managed to complete the blueprint for *Satu Data* (One Data) and *Satu Peta* (One Map) initiatives aiming to have reliable, interoperable data, both statistical and spatial, for development planning and policymaking. The blueprint was then officially established as regulations by President Jokowi in his first term into *Kebijakan Satu Peta* (Presidential Regulation No 9/2016) and *Satu Data Indonesia* (Presidential Regulation No 39/2019). See Nugroho, Yanuar, Hikmat, Agung, (2017) An insider's view of e-governance under Jokowi: political promise or technocratic vision? In Edwin Jurriëns and Ross Tapsell (Eds) *Digital Indonesia: Connectivity and Divergence*, Singapore: ISEAS. pp. 21-37.
- <sup>26</sup> For example SONJO in Yogyakarta (<https://yogyakarta.kompas.com/read/2020/04/03/07130021/kisah-dosen-ugm-bangun-gerakan-kemanusiaan-sambatan-jogja-hadapi-corona>) – many others are not covered by media, which manage only to capture local initiatives for self-help, self-protection, and small (village) scale lockdown as ‘local wisdom’ (see for example <https://news.detik.com/berita-jawa-tengah/d-4956966/banyak-kampung-ramai-ramai-lockdown-pemda-diy-kearifan-lokal>,

<https://tirto.id/karantina-wilayah-mengapa-pemda-lebih-peka-tegas-dari-jokowi-eJH5>, among many other news).

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