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MAJEED: This is Rushda Majeed on the 14th of December 2011. I am in Jakarta with Dr. Marwanto who is the Director-General of the Directorate Office, Director-General of Fiscal Balance. Dr. Marwanto was part of the original reform team under the former minister Sri Indrawati Mulyani. Dr. Marwanto, can you start by talking a little bit about your own experiences that have brought you to your current position?

MARWANTO: *Well, I worked with the Ministry of Finance since 1982, '83 I think. I worked with the Fiscal Policy Office at the time. Then is my first career discussing about the fiscal policy. It was during the era of Suharto at that time. Fiscal policy was very, very important. Then the, well the crucial issue at that time was increasing the revenue, particularly the tax revenue at that time. So we have been doing the reform in the tax area since that time actually.*

As you know in terms of tax collection we are still quite low in terms of percentage to GDP (Gross Domestic Product). At that time it was around, still is around 9% or 10%, 11% whereas our neighbor country like Malaysia, the Philippines and Thailand already achieved around 14 or 15%. So I think that is the focus on the fiscal policy at the time is increasing the tax revenue. At the same time we are trying to allocate the money for capital expenditures.

As you know, that is the most important policy at the time working with the capital spending so that the growth will be pushed, the prosperity of our people at the time. After that time the government sent me to study abroad in Nashville.

MAJEED: Oh you were in Nashville?

MARWANTO: *In Vanderbilt, I studied there, economics. Then I came back, worked with the Minister of Finance. During the Asian Crisis I think is the most serious one because at that time the government appointed me as the Director of Budget at that time. Then at the most crucial time I have ever had at that time because we had a very serious crisis, not only economic crisis but also social. The main task of our office at the time, my office at the time is formally think about it so that the government still had the ability to run the government and then also still some—spend some money for the economic development.*

Then I think in 2000, maybe 2002, 2005, at the time the minister is Mr. Boediono (who uses only one name), who is now the Vice President, he appointed me as the Director of International Cooperation so that I might travel a lot from one conference to the others. Then after two years the minister is trying to establish the spokesmen to the Ministry of Finance so I was appointed at the time. It was the first kind of public relation bureau under the minister's office at the time. Two years after that when Sri Mulyani came and then I was appointed as the Senior Advisor to the Minister of Finance at that time. But then my main task was to become what we call Chairman of Bureaucracy Reform at the time.

This is a new experience for me because reform has become one sexy word at the time. Every single person on the street is trying to talk about reform and then how to support and how to improve the reform particularly in the bureaucracy. Our bureaucracy at the time was quite, the productivity was considered quite low because the services are not so good and the timing of service was also quite long. So it is a kind of challenge from the government to reform. Sri Mulyani is continuing the reform done by Mr. Boediono at the time. Dr. Boediono is actually the one also that kind of was having some initiation even though the focus is just in the tax office and customs office at the time.

When Sri Mulyani came and then she is trying to broaden the reform, the bureaucracy reform, not only in tax and custom but also all over the institution in the Ministry of Finance. We are trying to reform our bureaucracy so that the quality of services and then the, what we call the quality and services and also the productivity of the people, the quality of the human resources is increasing. We have kind of very meaningful what we call it—we are going to achieve the professional, efficient and responsible government officer in the Ministry of Finance. We just actually required quite ambitious, it is very easy to be discussed but then it is very difficult.

We are trying to learn from several other countries at the time. First we are trying to see the institutional arrangement in the Ministry of Finance.

MAJEED: Which countries did you learn from?

MARWANTO: *We visited Australia, we visited New Zealand, we visited UK (United Kingdom), Singapore, and Korea I think to see how the governance managed there. During Boediono era at that time we invited very prominent consultants to see and identify the problems we were facing at the time. I think McKinsey was at the time the consultant. At that time it was very difficult to have the new thought during the kind of confusion because the situation is very, very comfortable. Doing the reform is always disturbing the comfort zone, right?*

MAJEED: Right.

MARWANTO: *So it was very challenging at the time. At the time I was involved in the reform and budgeting. In terms of institutional arrangement then we thought at the time that the old budget office—not now, but the old budget office at the time was too powerful because in terms of power then this office did not only budgeting but also handled the treasury and part of it also handled the fiscal balance and the loan which is very tough work. It created kind of centralized power of decision at the time.*

So then the evaluation was done and we talked with key person in every echelon one at the time, talking about how is the international best practice does and come to the conclusion that we have to empower, quote/unquote, the old budget office. First we separated into two which is the budget office, which is really doing the budgeting, and then the other is the Treasury Office where the responsibility is in doing the treasury management.

MAJEED: In terms of the evaluation, so McKinsey did the evaluation? Or how was it, how did it work?

MARWANTO: *Well we established kind of the ad hoc team in the Ministry of Finance.*

MAJEED: Which year was this?

MARWANTO: *Well, I am one of the members—I think at the time the chairman is Mr. Mulia Nasution who is right now already retired. He is the former Secretary-General in the Ministry of Finance.*

MAJEED: This was in—?

MARWANTO: *In the Boediono era.*

MAJEED: So what year would that be or approximately?

MARWANTO: *In 2004, 2003 maybe. Let me double check. Then we established kind of ad hoc team, which is chaired by the Secretary-General. The one responsible for the organization is the Secretary-General. Then we have a kind of regular meeting with McKinsey and then we were kind of bridging McKinsey with some key person in Echelon One. Then this is the—I think the first suggestion was to separate the—.*

MAJEED: Split the office?

MARWANTO: *Split the old budget office, become treasury and budgeting. But still then in the budget office included also the fiscal balance. So the budget not only managed the central, the national balance, but also managed the local government transfer at the time. Some of the advice also is trying to quote/unquote—this is a very delicate issue because based on our experience in Singapore and the United States I think, we split the Treasury, the Ministry of Finance with the tax office and customs office. I think practice in Singapore, Australia, and also the United States the tax office and custom office is not under the Ministry of Finance, it is a separate, independent office.*

It was very difficult at the time. The discussion was already excess at the time. The decision in establishing Asset Management Unit is very important I think at the time because then there is no single institution dedicated especially for Asset Management. We did have at the time but the level was still in directorates and the level echelon two. It is too small compared to the responsibility. Which is very challenging at the time.

Then I think one year later during Boediono era also then we split, we established the Directorate of Asset Management. We took several units in treasury and from—we had at the time port of auction, which is still under the Ministry of Finance. This is in echelon two, especially managing the auction. Not too much in the area of managing the asset but then we put some of that responsibility. Then we take the echelon two from the treasury, which is actually especially in managing the asset management. Then right now we have the Directorate General of Asset Management. This is very important.

Then we learned from Japan and also some countries in Europe, UK and several other countries, we think that we need kind of a debt management unit. We did have it under the Treasury at the time but the intention is just managing the foreign loan because we haven't had any experience to have the government bonds at the time. During the Suharto time we are standalone [Indecipherable], issuing the government bond so we just have the foreign loan at the time especially through the multilateral institution, to the World Bank, ADB (Asian Development Bank) and others but not global bond and government issued.

So then we established Debt Management Unit, level echelon two under the Secretary-General. The Debt Management Unit especially managed just for the government bond.

MAJEED: Oh just for the government bonds?

MARWANTO: *Just for the government bonds. Then I think two years after that, I think since our total debt is quite high at the time, I remember it is around, in terms of US dollar it is around 70 billion US dollars foreign loan then. Domestic debt and the number of government bond is still low, maybe it is around 30 or 40 billion US dollars at*

the time. Then it is still quite important and the challenge is there. At that time we established the one unit, directorate-general level, echelon one as directorate of debt management. It was Directorate-general of Debt Management. Which managed not only the foreign loan but also domestic loan particularly from the government bond.

So that is the story of the institutional reform at that time. So that in terms of institution we think that our organization has already answered all of the detailed needs that time. We have the Treasury Office, Budget Office, we have the Debt Management Office, we have the Balanced Budget in terms of transfer to the region. We have the Directorate-General of Fiscal Balance and we have Fiscal Policy Office.

The Fiscal Policy Office actually is the kind of midterm reform of the, we call it at the time, kind of board which is responsible for research in budgeting, in terms of budgets and also the international cooperation. We call it Bapaki. Then we think that we have to focus just only on the fiscal policy. So then we changed the name and it became right now the Fiscal Policy Office which is responsible for—is a kind of think tank for the Ministry of Finance. There are many researchers in the level of microeconomics and also fiscal and other microeconomic policy there.

Then we think that again in institutional arrangement we think that the Ministry of Finance is already quite strong in facing all the challenges. Then during the reform, during the Sri Mulyani, well the establishment of debt management of Directorate-generals in the era of Sri Mulyani, in 2006.

So Sri Mulyani established the debt management. Then come to the decision of the bureaucracy reform. What we are doing before is microeconomic policy reform in terms of taxation, in terms of budgeting. But still we need kind of administrative reform so that the bureaucracy can be very, very productive, more and more productive other than before. Then we established the ad hoc team in the Ministry of Finance. At that time Sri Mulyani chose me as the chairman. Then all echelon one in the Ministry of Finance become a member of the team. We call it the resource person.

MAJEED: Ok.

MARWANTO: *The resource person of the reform. The reform team is going to prepare all the grand design of the reform. Then the implementation is actually in all the Directorate-generals. So that is why we need kind of a resource person in every echelon one, since the DG (Director-General) is the one, the most responsible not only in the substance but also in managing the resources. Every DG becomes the resource person of the team. The chairman is the minister himself, the chairman of the reform is Sri Mulyani at the time. Then the vice chairman is, I think, the Secretary-General.*

MAJEED: Ok. And the name of the team you said it was—was there a special name for the team?

MARWANTO: *We call it the tim reformasi birokrasi. It means the bureaucracy reform team.*

MAJEED: Ok.

MARWANTO: *We are still quite new in bureaucracy reform so that we invite several specialists, we asked the World Bank, the ADB to send some of the experts to Indonesia for*

a kind of focus group discussion. But one thing that I learned from them, they are always focusing on the policy reform, not on the bureaucracy reform.

MAJEED: Just to go back to the team, you said that the minister was Sri Mulyani, was the chairman and the vice chairman would be the Secretary-General and then the resource people would be the Director-Generals. Who else was on the team? You would be part of that team as well? How did it—?

MARWANTO: *No, no, let me double check—we have the minister at the time. What I remember is the minister is the chairman and the Secretary-General is the vice-chairman and then I become the ketua harian what we call ketua harian, the daily chairman.*

MAJEED: So you were the day-to-day operations—.

MARWANTO: *We call it the ketua harian. Harian means the daily, ketua means the chairman, so the daily chairman, the management of the daily reform is on me. Then on that I have kind of some small unit under that team, that is managing the organization, managing the human resource.*

MAJEED: Who was part of that?

MARWANTO: *At the time the human resource is Mr. Juni Hastoto, right now he is the director of the human resources, Juni Hastoto and then we have also the organization is the former—the predecessor of Anies (Basalamah), Mr. Margana who is already retired. So the small team, the core of the reform team is having a meeting almost every day to prepare the grand design. Then we produced a small book which is talking about what is our blueprint, how to reform at the time.*

MAJEED: How long did it take the small team or the entire team to produce the grand design and what kind of—?

MARWANTO: *I think almost one year.*

MAJEED: So it would be through 2006?

MARWANTO: *Then without the support of Sri Mulyani I think it would be very difficult because you know we are talking about our colleagues in tax and custom. They have kind of their own “royal kingdom.” So it is very difficult because they are very powerful in terms of responsibility and also scale is very unique, but Sri Mulyani is very strong and very equally supportive. The processes, the challenges are not only internal but also external because we have to talk with the parliament. I remember at least we have the discussion with parliament more than two years to discuss that we have the grand design of the reform. Then at the end of the reform the minister is trying to give kind of reward and penalty. The reward is allowance for, the performance allowance, which involved the parliament. It is very difficult to convince the parliament so that our reform is considered proper to be given some reward in terms of performance allowance.*

MAJEED: How did you manage the parliament? How did you convince the parliament?

MARWANTO: *We discussed what is going to be reform. Then we were focusing on reducing the red tape of the process, of the services. So right then we introduced kind of preparing the new standard operating procedure. That is the pioneer of our reforms so that we have kind of quick win to the public.*

MAJEED: Yes.

MARWANTO: *So the philosophy of preparing the new standard operating procedure is to increase the certainty of the services. Second is to reduce the red tape of delivering the government, the Ministry of Finance services. So it is those two main objectives that we would like to convince the public.*

MAJEED: How did the idea for reforming the standard operating procedures come about? Was it when you were doing the grand design? How did you decide to focus on the standard operating procedures?

MARWANTO: *Well we started from the services directly delivered to the public. For example, there are several units which are directly in contact with the public. For example we are talking about the tax office. These were, at \ the time I remember is how to get the tax number, identification, the tax identification number. Since we are trying to broaden our tax base and taxpayer but to get the tax ID is very difficult. So we prepared a new standard operating procedure for how to get the ID. So we have kind of the flowchart and then we measured the time. How is the time consumed from one step to the others? Then we are kind of making a promise to the public.*

If you want to have the tax ID and then just it needs--well we are not too ambitious. At that time it takes more than one week at that time. Then we are trying to reduce in one day. But the Sri Mulyani said no, no, no. It is not one day, less than one day. Then in fulfilling our promise then we have to use the new IT (information technology). It used to be done manually. So then we involved the IT. Then there is a lot of automation there, involving some systems that could support that kind of SOP (Standard Operating Procedure). So this is one of the examples.

Then if we are talking about the license for example, the license to have the, what do you call it, the capital market? What is the corporation who works in the capital market? Stockbroker for example, the license for stockbroker. Then we did with the capital market, Bapepam is what we call it here, the capital market supervision. The same thing. We promised to finish the license, finish in a certain time. This is very short compared to the previous.

So we did it every single delivery services to the public.

MAJEED: So every service that involved—every action that involved the public.

MARWANTO: *Yes. Then we chose several as the quick win because we don't want to be tied by our own policy because it is still quiet. Then every echelon one has to have kind of at least seven quick win I think which is quite impressive. I think, for example, in the custom then, to have the quick win, how long in the import and export management for example, how long if someone is trying to import, how many hours or how many days for example. The services should be given to the exporter or importer.*

So this is in terms of the standard operating procedure. But you know we are not so sure whether our policy is already implemented properly in every single step. So that we create kind of evaluation team to see directly what is the process and what is the result of our SOPs. Is it still too slow or it is difficult to be achieved for example. Because the cost of too much promising, the credibility will be reduced. For example if we are to have the new ID for example we just need one hour but in the field, in the office, in fact it takes five hours, so it is just not credible any

more. So we create the evaluation team. Then we involve the university also to have kind of survey.

MAJEED: The University of Indonesia?

MARWANTO: *University of Indonesia and several others. Yes, I think in the first year the first university involved with us was the University of Indonesia. We ask them to measure the—we call it customer satisfaction indexes. The result is quite surprising. At least some of the services delivered by the Ministry of Finance at that time were quite good. We know exactly some of the services still need to be improved but at least we know exactly where we were at the time. So then by doing that then we evaluate again the SOP for every single delivery of services and we are trying to improve. The main goal is to improve the services so that we cut shorter time and also the quality of the services should be improved. It should guarantee the certainty to the customer, to the stakeholder.*

MAJEED: So in terms of the quick win SOPs, which is a very interesting way to kind of build credibility in the Ministry of Finance and also for the reforms, could you tell me a little bit more about how the idea for the quick wins came about? Through internal discussion or was it the minister, from the reform teams or did you look at the other countries? Also in terms of the quick wins, how did you announce it to the public? How did the public know that there were services that would become better?

MARWANTO: *For the quick win, I forgot to mention that we have a new institution, we call it—we have a new commission which is responsible for Corruption Eradication Committee. We call it KPK (Komisi Pemberantasan Korupsi). We talk with the KPK chairman to help us to improve the governance and at the same time to increase the credibility of our reform because I believe that this is one of the ultimate goals of the KPK, to improve the credibility of institutions, to reduce the corruption. The way we started the SOP is to try to reduce the corruption. By putting the certain requirement—and the SOPs interesting point is if you want to have certain services from the Ministry of Finance this is the requirement, blah, blah, blah.*

Then based on that requirement it takes such kinds of steps. It takes a certain moment of time for example. So meaning if then the stakeholder, the customer, knows what is the step and then their requirement should not be any single penny of money to the services, then they know exactly. How much to pay should be—if then, the services need some kind of contribution from the customer, we should put that somebody should—well the customer should pay such amount of money if not then. So it kind of creates certainty. That is why, based on that policy, we do believe it is going to reduce the corruption and improve our governance. So that is why it is very important also to involve the KPK in this area. It is a very interesting discussion with the KPK, because the KPK at that time is also still at the beginning.

Then we involved not only the KPK but we involved the Ministry for Empowerment of State Apparatus (MenPAN) because we don't want—because if we are talking about bureaucracy then this was the responsibility of MenPAN, not us. But then at the time Sri Mulyani she gave it to run the reform. So what some of us convinced the minister is that we used to talk with the minister of MenPAN; if not then we are going to have problems.

Then fortunately Sri Mulyani is a very easygoing minister and we are in some meeting with MenPAN and then we explained the action plan and the

[Indecipherable] of reform. So we discussed with the KPK, we discussed with MenPAN, we also worked with the mahkamah of justice.

MAJEED: Supreme Court?

MARWANTO: *Supreme Court. The eagerness of some of us is we have to not only reform this citizen who managed the financial, I mean the Ministry of Finance, but also manage the apparatus that is MenPAN, but also manage the court.*

MAJEED: The legal.

MARWANTO: *The legal framework. Then during the discussion come to the question how could we convince the public that we already changed, we already do the reform. Then the discussion why don't we choose one, two or three services as the pilot project. So that the people will be convinced that we already changed, the reform is already there. So it comes to the work that we call it kind of quick win. We decided the quick win needed several days to discuss. It related not only the word itself but also kind of behavior and custom. Meaning that is it proper to say quick win if we are talking about quick win meaning is there any side of us which is getting loss? We are talking about cultural also.*

MAJEED: Changing the behavior of people.

MARWANTO: *If we are talking quick win, the word comes from the west. So we don't want to create words which discourage the stakeholder. But then we call in Indonesia layanan unggulan. Which is, layanan is services, unggulan is the kind of primary, so we call it primary services.*

MAJEED: Primary services, ok.

MARWANTO: *But some of us still call it quick win. So kind of interchangeable.*

MAJEED: I also heard the term excellent services.

MARWANTO: *Yes, yes, it is kind of excellent services yes, primary services, excellent services. So then we have several quick win and several echelon one. So this is the kind of the—.*

MAJEED: This would be in 2006?

MARWANTO: *Yes, second [Indecipherable 00:42:41] I think. Yes.*

MAJEED: Just to clarify one point, you said earlier you were discussing with the Supreme Court and MenPAN and KPK. So the idea of quick wins came up in discussions with these other bodies or was it internal—.

MARWANTO: Yes.

MAJEED: Oh so it was with them. Was it the Ministry of Finance's idea?

MARWANTO: *Well, the idea is the Ministry of Finance because you know when we are talking about custom, the mindset of the public is that corruption is trying to make everything more difficult rather than to make everything much easier. So that is why we are trying to show to the public and then we are trying to come to kind of agreement. Then we call it the National Reform Team, which is the embryo, the*

core is the Ministry of Finance and KPK. Then we invite also several other colleagues, we just throw in the ownership.

So the reform ownership is not the Ministry of Finance only but also MenPAN, Supreme Court, KPK. I forgot there was one more.

MAJEED: Auditing?

MARWANTO: *I think the Minister of Planning because he is part of it.*

MAJEED: So all these ideas were coming from the Ministry of Finance?

MARWANTO: Yes.

MAJEED: The decision to involve other bodies and to get this National Reform Team was part of the Ministry of Finance's way of spreading ownership?

MARWANTO: *Yes, yes. You know to be at the time, to be the chairman of the reform team is very difficult because everybody is going to hate you because you are trying to disrupt the comfort zone maybe because—either they work and then there is very, it is comfort with the old system, why should I change? At the time Sri Mulyani gave the support. Every time I got into difficulty I came to her including in deciding whether we need quick win or not.*

At that time I remember the meeting with Sri Mulyani is twice a month. Then—the most interesting thing is not the SOP, the SOP is very general and not directly touched the personal business. The most important thing when we create performance indicators, which was very tough. We have to establish the Assessment Center and then we have to measure which employees scored either success, which ones did not performed. It is very difficult. Then in the area of putting the grading system which is very, very difficult.

So if we are going to focus on the standard operating procedures, this is the story. Then how to communicate with the people. Then we invite the media to discuss with us. It is very effective because Sri Mulyani has very excellent articulation when talks with the media. It seems to be that the media men love her very much when we talk, maybe because she was the Minister of Finance at the time. So you become kind of a pioneer. Every single day there is a new statement. It seems to me that almost every day there was a statement from the Minister of Finance.

MAJEED: In terms of the quick wins or the excellent services, how was that announced to the public, was there a press conference?

MARWANTO: *Yes, a press conference. Then we have the—we called it a kind of socialization, the dissemination to several regions.*

MAJEED: Several regions?

MARWANTO: *Because we have branch offices, we have tax office in every province, custom also, treasury also. So we discuss it. Then we invite not only the media men but we also invited the stakeholders. We have the talk show on the television and then we have some kind of small workshops and discussions and invited the stakeholders.*

MAJEED: When you say stakeholders, who are the stakeholders?

MARWANTO: *Well the stakeholders, particularly, it depends. Well actually it is mostly the customer of the services. But also the—our colleagues from other institutions. For example, when we are discussing about customs, if we are talking about the ports then there are several institutions involving import and export so we invite them.*

I remember we had problems in the customs. You know the customs officer is very prominent in every port. In the old day the customs officer became kind of coordinator of every activity. When we are doing the reform then there is no—well, we create the kind of whistle-blower policy. We send someone to identify if there is someone doing wrong. We have SOP. Then still the other institutions are still doing corrupt. So the blaming of the public is still to the customs office because customs used to be kind of coordinator with this problem, to coordinate all these people. So it takes some time to do the reform in the customs, to convince the public that the customs officer has already changed, is already doing the reform.

If we are talking about the import process it is not only related to the custom, the custom is in the end of the services but the karantina (quarantine) and others, immigration—and the end of the door is customs there. So if something happened in the import process then still blame always comes to the customs. So this is very delicate doing the reform of the customs at the time.

In terms of—do you still have any issue in the SOP?

MAJEED: With the SOPs, also did you—you had mentioned earlier and then we went on to another topic, when you were new to reforms and invited experts and you were looking at other places, other agencies, and one thing you learned was that they were focused more on policy reform than on bureaucratic reform.

MARWANTO: Yes.

MAJEED: So then how did you develop the roadmap for bureaucratic reform? I also heard that there was another group, Hay Consulting, that was invited in to advise a little bit [Indecipherable].

MARWANTO: *We have kind of three pillars.*

MAJEED: Okay.

MARWANTO: *First we have the institutional reform pillar which I already discussed with you. Second is the human resources, and the third is the IT. When we are talking about the human resources management then we deal with the performance indicators, include also how to set the soft [Indecipherable] and hard [Indecipherable]. I forget the specific name in the human resource management. So when the assessment and doing the grading and doing the performance indicators, we need someone who knows exactly the nitty-gritty of human resource management. So we discussed with the minister. I think we do not have kind of special expert in terms of how to improve. The most, best experience not only in the government sector because what we are trying to do is break the wall. So we are just discussing how to manage the government. But we need the international experience how to make some improvement, kind of big bang in managing the resources.*

So then we invite consultants. At that time Hay Group worked with us. It was quite impressive. They were doing the grading, doing the performance indicators. Also there was another group that was setting the competency, [Indecipherable 00:53:27]. I forgot the unique name.

MAJEED: No problem.

MARWANTO: *I know we have kind of—in every echelon I we have the most crucial competency has to be held by government official. So at least [Indecipherable], we have arranged between seven up until fifteen competencies, has to be, has good and excellent official in tax and custom. Then the discussion how to choose what sort of competency is needed in the solution; it is just very challenging. Then we worked with the other consultant at the time, I forgot the name but it is the international consultant also. So then we have a bracket of competency, so we have kind of what you call the job person match.*

MAJEED: So matching the job responsibilities.

MARWANTO: *Yes, and then the competency. We just—well we didn't have that kind of system before, even in other government institutions, even in the private sector, big companies, as [Indecipherable 00:55:07]. So we established what competency should be established in [Indecipherable 00:55:14]. Then we have kind of competency test. We have the assessments [Indecipherable 00:55:22] but at that time we asked the consultant to assess our soft competency. Then we have the minimum grade of competency. Then we have kind of slotting. Every person already has—every job is already person there so it is very difficult if the requirement is for example, the [Indecipherable] is 9, so that the person in the job is 8. It is not fair if we just fire the man who sits at the position. So we know actually the care between the qualified.*

MAJEED: The qualification.

MARWANTO: *Yes, the position needed and then the performance of those people working in the area. So the gap, then we know and we did some training at the time to improve the soft competency. So the high group working in terms of preparing the grading at the time. It was challenging at the time grading. I remember at the time we have one full day and one full night to discuss about the grading. Then the minister himself involving at the time in the discussion. Then we create tax office is higher for example than the asset management unit. Then the secretary [Indecipherable 00:57:14] is lower compared to the tax office. Custom is a little bit higher than the Secretary-General but still under the tax. So at the time we discussed how to create a solution. The ultimate goal is to grade the performance of the individual. It is very difficult to do in a very short time.*

MAJEED: Did Hay help directly with any of the SOP reforms or kind of documenting the business processes?

MARWANTO: *No Hay just focused on the human resources.*

MAJEED: Okay. Very good. One thing you mentioned earlier that there was an evaluation team to see the results of SOP. What was the team? Who would be part of that team? How many members were in the team?

MARWANTO: *The one responsible was the Bureau of Organization, but should be accompanied by the Inspector-General because you know it is kind of internal auditor.*

MAJEED: Yes.

MARWANTO: *Internally but finally we decided to hire the independent consultant to do the survey so that we know exactly what is the situation at the time.*

MAJEED: When was the team established, which year was it established?

MARWANTO: *Around 2007 I think. I remember after one year of the reform and we had the feedback from the stakeholders about how the match was—of our customers at the time.*

MAJEED: Okay, just a few more questions if that's okay?

MARWANTO: Yes.

MAJEED: In terms of getting the—one of the things I'm trying to understand, maybe you've already answered the question is, when you were doing the SOP reform as the reform team, how did you come up with the idea, like the ministerial decree for example is what was given to all the units to be able to then create the SOPs, how would you create the ministerial decree, how would you formulate and get the ideas to be able to do that?

MARWANTO: *Well first, we have, we are thinking that we have kind of the ownership, that the SOPs would be owned by [Indecipherable 00:59:56] without the situation it is very difficult to ask our colleagues in custom and tax to prepare the standard operating procedure. So then we ask the minister to invite all the DG level to decide whether it is important to have that. Some is support, some is very quiet because maybe they do not agree, some is so-so. But then finally we give some input to the minister. We have to do that.*

Then the minister says well, we are going to do this SOP. Then there is no other option from the DG so that we prepare the SOP. One thing that we can learn from the process is that we have to standardize the format of the SOP. So that everybody has the same format, the same—even the column and the shape of the SOP—the flowchart has to be the same. Even though the form of the circle, it has to be the same. What is the meaning of the chart. Then we established the small thing which is responsible to SOP, we just [Indecipherable] our organization at the time. Then we have established the supervising team. We just directly goes to every echelon I to supervise how to prepare the SOP.

Well surprisingly one institution can prepare almost 1000 SOP because every single activity should be put in the SOP. Then after that we kind of contrasting, meaning is the SOP prepared by certain echelon I is already good enough to be put publicly.

MAJEED: The evaluation.

MARWANTO: *Yes, the evaluation. Then the final decision is that if it is okay, if it already evaluated by the team and everything is okay, then we have to put the President, the ministerial decree. When we put the ministerial decree the question is, is every single SOP should be put in the ministerial decree. Then finally at the kind of dedicate some of the decision to the echelon I. SOP [Indecipherable 01:03:06]. Okay would then dedicate to the echelon I, to the DG level.*

MAJEED: So that they could have their own decree.

MARWANTO: They could have the decree. But originally it is decided by the minister. The minister kind of issuing the decree so that every echelon I should have the SOP. Then what is the requirement, what is the format, how is the procedure. Everything is put in the decree.

MAJEED: To be able to create the decree was done internally by the Ministry of Finance, it was the reform team?

MARWANTO: The reform team prepared, all the [indecipherable 01:03:55] the daily taskforce which is preparing all the ministerial decree.

MAJEED: So just to get the sense—just to get the structure right, there is the central, the main reform team which you were doing with major day operations, and then you had the smaller unit, the reform unit that was working under you.

MARWANTO: Yes.

MAJEED: And then—.

MARWANTO: Also Echelon I also had the separate reform team in Echelon I.

MAJEED: On their own.

MARWANTO: Yes, we just [indecipherable 01:04:22].

MAJEED: So when you say there was the reform team that was managing this, that would be the reform team under you?

MARWANTO: Yes.

MAJEED: That was under the Secretary-General?

MARWANTO: Yes.

MAJEED: Then how would the evaluation team fit into the structure?

MARWANTO: The evaluation team is under the reform team in the headquarters here.

MAJEED: So that would be the reform team under you.

MARWANTO: Yes.

MAJEED: Very good. In terms of—so the initial phase was that all the director-generals would do their SOPs and this would be managed by the reform team. Then how would the review or the process work subsequently every year after that?

MARWANTO: Well there should be kind of periodically evaluation for the SOP. If they needed to improved then we start—we have the very interesting issue with the—it is quite interesting because you know one of the quick wins of the Treasury is to process the payment under one-hour process. So the bill—I don't know—we have the [indecipherable 01:05:59] and then to disburse the money from the spending ministries and goes to the Treasury office. The process needed just one hour to do that. This was quite impressive at the time. It is good, but finally, I think last year, we have the kind of case where the officer—because there are several proposals so the officer is not so diligent and bring the cross-section of the data.

The [Indecipherable] minister is kind of to placate, use the unoriginal form and the money is already disbursed.

Then those persons are treated as corruption, working together with the person from the [Indecipherable] ministry. So right now we are [Indecipherable 01:07:29] thing that when one of us is impressive but the cost of our visit here because it is not giving enough time to checking. So it is kind of evaluation. It is just recent; I don't know whether it is already [Indecipherable 01:07:52]. Put some more time for that kind of thing.

MAJEED: One thing that I wanted to explore a little bit you had said here that the purpose of SOP of course was to improve service and also corruption was one area in terms of—but also it said changing the behavior of people.

MARWANTO: Yes.

MAJEED: How do you think the SOP has contributed to kind of helping people change their culture and changing their behavior and also was there resistance from people in terms of implementing initially when it was started?

MARWANTO: *One of the ministerial decrees we discussed on that team is how we should kind of force so that these SOPs are implemented properly. So we asked every office to put the flow chart of the SOP in the front office so that everybody knows exactly what is the SOP. See?*

MAJEED: Yes.

MARWANTO: *The challenges are not only from our officer but also from the stakeholders. Because, for example, to disburse the money for example needs five requirements for example. If someone forgets to fulfill the one requirement so they just keep four requirements, meaning we have to complete one more back to the office and come again to our office. The origin, well, trying to manipulate, well, I can give you the requirement tomorrow, keeping sometime, then it is done. So the first day of the reform is just trying also to convince to the customer that you have to do, you have to complete all the requirements so that you are going to get excellent services from the Ministry of Finance. So to educate the customer needs some time to change the behavior of the customer. Well it is what—it creates sometime you know because some spending minister who is already familiar with that system before actually knows the officer in front of the window and “what happened? You know last time you can give me your services with this kind of requirement but why not know.”*

So you know it takes some time, maybe six, under one year, to change that kind of behavior, not only from our officer but also from the stakeholder. At the time, several times I mentioned to my colleague at the DG level that the challenge is to maintain the spirit of the reform. But then year of 2008, 2009, Sri Mulyani sent me to the ADB and then I am not involved directly in the reform. So for the last two years I am not directly involved in the reform.

MAJEED: In terms of the SOPs and kind of institutionalizing them, what would you say if there were any, what would be the main obstacle or obstacles that you encountered in terms of moving that part of the reform forward?

MARWANTO: *I think the change of the behavior and to maintain the spirit of the reform, then we have to improve and improve every single service to the customer, to the stakeholder. The spirit of keeping the excellent services to the customer is*

already there. But without any continuous evaluation and monitoring, you know, it would face other challenges. So it is very important I know that we establish a whistle-blowing system which is still currently established. Everybody could send information about the bad habits of our officers including if they were treated unfairly.

MAJEED: When was the whistle-blowing system started?

MARWANTO: *The beginning of this year I think.*

MAJEED: It is only for the Ministry of Finance?

MARWANTO: *Only the Ministry of Finance. The system we are having before is just, well, it is kind of a whistle-blowing system but not electronically available. What we are having during the reform then, we have the what you call the [Indecipherable 01:14:30] office, we have the [Indecipherable] in the post office that everybody can complain to us. Then we have also the call center so that everybody can ask the problem they face. Then we have fax [Indecipherable 01:14:50] so that our customer can complain if they got unfair treatment from us.*

When I mention the whistle-blower system is the electronic system, it was just introduced this year. So we were concerned by opening our website and then send the name of the officer and what is the action, that you thought was being unfairly treated by the officer to the customer.

MAJEED: Just two clarifications if time is okay.

MARWANTO: *It's okay.*

MAJEED: You mentioned earlier that one of the important reforms was not just the standard of rating procedures but also the performance indicators. You had said that one of the things I wanted to ask was for the performance indicators how many indicators were there? Because [Indecipherable] said you had 119 indicators but that seems to be a lot. If it was that many how was that managed?

MARWANTO: *For example in our office right now there are—it is graded according to the level of the office. For example right now I have three Echelon I after performance indicators contracted with the minister. It ranged from 10 up to 25 I think, it depends.*

MAJEED: So every officer would have ten to twenty?

MARWANTO: *Every DG.*

MAJEED: Every DG.

MARWANTO: *Yes, because we use the balanced scorecard system, so then the performance indicators contracted with the minister then is going to be cascading to our, to my directors and my director is going to have kind, maybe around 10-15 performance indicators. Then the director it will cascade also to the KPD Director which is around 10-15 also.*

MAJEED: So everybody would have about 10-15 indicators?

MARWANTO: *Yes. Then the indicators are going to be evaluated every month. We use the balanced scorecard and then we already have the balanced scorecard system.*

So every month the minister has a meeting with us, which one is read, which is yellow, which is green. The beauty of the system is that if one indicator is read then we know exactly what is the problem, what is the constraint and how to fix it and how the time to go to fix it. The red indicator sometimes also involved other institutions. So if they need some synergy from other Echelon I then it is going to be discussed there.

MAJEED: Another question I had was the excellent SOP program, was that linked to meeting within the directorate offices so would there be regular meetings just to check the 35 excellent SOPs as well?

MARWANTO: *Well the excellent SOP is directly linked to the performance indicators. See? So then if you're talking about the time for the services—.*

MAJEED: So they would be made part of the KPGs.

MARWANTO: *Yes. So practically then it is monitored every month then.*

MAJEED: Every month?

MARWANTO: *Yes, because for example I have one of our performance indicators is that I have to evaluate every proposal of the local, we call it the local regulation related to the local tax. Then if they just give me 15 days to finish all the evaluation. Then if the time consumed—if I deliver in more than 15 then my alarm will be yellow and it can be red also. It is directly linked to the SOP then.*

MAJEED: Very good. Also in terms of getting the director-generals to participate or at least doing the SOP reforms, and you had mentioned there was a lot of political commitment from the minister and the reform team had the mandate. But in terms of the director-general were there other mechanisms to get them to participate in the reforms? For example would there be any prizes for offices that did well in terms of documenting SOPs and coming up with excellent SOPs or would they get a chance to present what they were doing in front of the minister?

MARWANTO: *Yes, we had quarterly meeting discussing the reform, monthly meeting for discussing the performance indicators. So then every problem faced by the progress of the reform will be reported and discussed among the—we call it the Board Meeting which is a meeting among the minister with all these [Indecipherable 01:21:43] we have every month.*

MAJEED: Okay.

MARWANTO: *Then the performance indicators will be cascaded to the individual. Until now what we are doing is up until Echelon IV. So not all the office, but actually the time level is [Rino?] is cascaded to the Echelon IV but I just heard that [Rino] in my office already goes to the individual but not completely I think. So if then I know exactly if my indicator, if my performance is right I can cascade to my director and my director can cascade to the Deputy Director, the Echelon III as long as they can know exactly who was the naughty officer who made the red in this run and then hopefully it goes to the staff person.*

I think in terms of changing the behavior it is good because then we know exactly what this [Indecipherable] is contributing in each single task given to us. The beginning of the evaluation is very difficult at that time. It is shaming someone. You know if I got my indicator is red then I will feel very uncomfortable and I will be very ashamed. So at the time I proposed to the minister, make a kind of

situation where you are not giving the penalty minister, but give a very informal situation. If you can make it a kind of joke situation. At the time I remember we have every red one is going to keep the red star colored. Then after the meeting we put who got the most red star. Then we've got—a two-day meeting, who gets the red star. It is trying to make the situation not in a very serious situation. So the one who gets the most red stars will feel uncomfortable and ashamed. It is kind of a way—.

You know in our culture it is very impolite to expose the weakness of somebody in front of the public. I think it is very challenges but [Rino] already knows because then everybody is already aware that we have responsibility in achieving our performance contracted to the minister.

MAJEED: Excellent. Those were most of the questions I had. Just some final reflections on at least the SOP reforms, how you think they are working now even though you are not directly involved but just based on your experience now. Do you think that the reforms have been pretty much institutionalized and what could others learn from your experience?

MARWANTO: *Yes, at the time where the challenging question came from Sri Mulyani because she called me in the last day of her position at the time. The question is very interesting. Marwanto, Marwanto, are you sure that our reforms are going to continue, be sustainable in the long-term? Well, based on my experience dealing with my colleague in the reform team at least in every Echelon I there are several young, middle- position government officials who are very dedicated and very loyal and be a prime mover of the reform. Then I am very confident. In fact most of the Echelon I at the time were already aware of the importance of the reform.*

Still I thought the evaluation, monitoring still needed so that we can have kind of feedback from our services to the public. The feedback should be, take into account the input to improve our services system. In terms of the SOP then if the feedback is showing some change is needed then DG levels will also be aware that they are too also to improve the SOP. So in terms of speed of reform I think it is already there and right now someone is feeling uncomfortable if she or he is not following the reform. I think, that is a good sign to us right now that the reform is already institutionalized in our organization.

MAJEED: Thank you so much Dr. Marwanto.