

CIVIL SERVICE REFORM

NATIONAL AGENCY FOR CIVIL SERVICE ADMINISTRATION (NACSA)

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Strategic challenges in civil service reform

The post election Government of Indonesia has to start as early as possible a systematic program to reform the civil service administration to improve its overall performance. Although it has contributed significantly to three-decade of sustainable economic growth and social development of the country, it is still been considered a very centralized, rigid and inefficient system of questionable quality to overcome the problems of a coalition government, a more decentralized administration and, increasing public demand for a clean and good governance.

In order to properly readjust itself to the new task environment, Indonesian civil service administration needs to overcome four major constraints. It is based on outdated regulations unable to protect from political spoilage of an unstable coalition government, inefficient operations due to minimal use of information and data processing technology, ineffective personnel selection method, a very subjective staff assessment which nurture unproductive bureaucratic culture, and a very uncompetitive and poorly administered rewards system with all its consequences.

CSA Reform

1. Assessment and amendment of outdated regulations

The basic law regulating civil service administration of Indonesia has been Law Number 8 Year 1974, the Basic Law on Civil Service. At least 8 Articles of this Law has to be ammended to make it properly adjusted to the coalition government, a more decentralized personnel administration, and to facilitate the formulation of Civil Service Commission and a National Civil Service Agency with strong mandate to formulate national civil service policies, rational rewards policies, and the selection of top government officials. To implement this Law, approximately 12 Government Regulations and Orders have to be issued as replacement of the outdated ones. This has to be accompanied with assessment of all civil service regulations to ensure successful implementation of the new Law.

2. Strengthening of Civil Service Management

The second part of the Civil Service Administration Reform would be the setting up of the Indonesian Civil Service Commission to be chaired by the President and the strengthening of the organizational capacity of the National Civil Service Agency. The present function of the Commission is limited only to selection of high level government officials (Secretary General, Director General, and Agency Head). To

foster civil service reform at the highest level, the Commission's mandates should be enlarged to include the formulation of appropriate civil service policies for all government agencies and departments and, of rational rewards policies. Civil Service Management Strengthening Program include four related components:

- a) Electronic Civil Service Documentation.
- b) Civil Service Information Updating.
- c) SIMKRI Networking.
- d) NCSA Staff Development.

3. *Selection and Performance Assessment Management*

Rational rewards policy and civil service management reform without an objective selection testing and a viable performance assessment management would be like planting genetically designed seeds on infertile soil. The seeds would never grow to be productive plants. In order to ensure that rewards policy reform would result in excellent civil service performance, Indonesian civil service needs to install an effective staff selection procedure and a performance assessment based on individual competency of the civil service. As neighboring countries are already embarked on such programs, the best way for Indonesia to pursue this would be to carry joint development arrangement with Thailand in the development of the competency based performance assessment management and, with the Philippines in the development of the computer-aided-personnel-selection.

- a) Computer Aided Personnel Selection (CAPS).
- b) Competency Based Performance Assessment (CBPA).

4. *Reward policy reform*

The existing civil service reward is probably the lowest in the region, very fragmented as take home pay varies widely between departments and government agencies, and very uncompetitive to the private sector, at least before the financial crisis. The management of social insurance funds, health insurance programs and house loan program are not transparent causing tremendous inefficiency. Civil service reform has to focus on all aspects of civil service rewards (See World Bank's Rewards Assessment Report, March 1999).

Participating Agencies

Civil service reform effort of a wide scale to improve the long-term performance of the Indonesian civil service needs a very solid support from all government agencies. With this in mind, it is proposed that the following agencies shall participate in the formulation of civil service reform initiatives including the Office of the Coordinating Minister for Administrative Reform, the State Secretariat, National Institute of Public Administration, National Civil Service Agency, and the National Development Planning Board.

