

**Linkages between Good Governance
And State Asset Management Reform in Indonesia**

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Abstract

Better use of public resources continues to be a focus for public sector reform in both developed and developing countries. While the objective of reform is to improve public sector management, lessons learned from Western countries show mixed results. For the past decade, Indonesia has also pursued public sector management reform, with the reform of state asset management (SAM) an integral part of this broader reform. SAM reform was triggered by the establishment of a series of laws in public financial management during 2003 and 2004 that set the foundation for SAM reform in Indonesia and acknowledged the importance of good governance (GG) practices in state financial management.

This thesis explores the understanding of SAM reform and prescribed GG practices from the perspectives of government officials working with policy and procedures within the national bureaucracy. It does this through a case study that examines the SAM and GG practices in ministries and agencies within the Indonesian government, with a focus on the Ministry of Public Works. This ministry was selected because of the monetary value and scope of its assets and the officials' experience in managing assets. The exploratory nature of the research led to the adoption of a qualitative research methodology using in-depth interviews and document analysis. In this study, 25 officials responsible for managing state assets were interviewed. Their understanding of the reform phenomenon is valuable for this research as it captures their experiences of reform processes and provides an important basis for exploring the salience of contemporary reforms in SAM. Based on the perceptions of these officials, links between the SAM reforms, the adoption of GG practices in SAM, and SAM practices were identified.

This study found that the respondents, in general, saw Indonesian contemporary SAM reform (2006–2012) as successful. The success of reform can be seen from the perspectives of asset administration, asset reporting and asset utilisation. However, closer analysis of the officials' experiences of the importance and commitment to GG principles in SAM showed mixed results.

Two sets of factors identified by the respondents are seen as contributing to the success of the reform: a strong focus on laws and regulations, organisation, and processes and procedures; and a strong commitment from all parties involved in SAM to improve SAM practices. However, there were institutional, managerial, and cultural challenges that had deleterious effects on the reform effort as perceived by the officials, such as the capacity of human resources, the scope of assets, and the awareness and commitment to reform.

The key finding of this study is that there is a strong link between the reform of SAM, the adoption of GG practices in SAM, and SAM practices in terms of the thoughts and practices of government officials. The link is that they believe that the reform of SAM and the adoption of GG practices in SAM contributed to the improvement in SAM practices. This finding is significant as the link has not been explored in-depth before and is, therefore, the major contribution of this study.

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List of Acronyms

AAMCoG	Australian Asset Management Collaborative Group
ADB	Asian Development Bank
ANAO	Australian National Audit Office
APBN	Anggaran Pendapatan Belanja Negara (National Budget)
BLU	Badan Layanan Umum (Public Service Agency)
BMN	Barang Milik Negara (State Assets / State Property)
BOT	Build Operate Transfer
BPK	Badan Pemeriksa Keuangan (Supreme Audit Board)
BPN	Badan Pertanahan Nasional (National Land Authority)
BTO	Build Transfer Operate
CFO	Chief Financial Officer
COO	Chief Operational Officer
DIPA	Daftar Isian Pelaksanaan Anggaran (Budget Implementation Statement List)
DGSAM	Directorate General of State Asset Management
DJKN	Direktorat Jenderal Kekayaan Negara (Directorate General of State Asset Management)
GCG	Good Corporate Governance
GG	Good Governance
IBRA	Indonesian Bank for Restructuring Agency
IAM	Institute of Asset Management
IAR	Instructie en verdere bepalingen voor de Algemeene Rekenkamer
ICW	Indische Compabiliteits Wet
IP	Inventarisasi dan Penilaian (Inventory and Appraisal)
Keppres	Keputusan Presiden (Presidential Decree)
KNKG	Komite Nasional Kebijakan Governance (National Committee for Governance Policy)
KKN	Korupsi Kolusi Nepotisme (Corruption Colusion & Nepotism)
KSP	Kerjasama Pemanfaatan (Utilisation Cooperation with a Third Party)
LKPP	Laporan Keuangan Pemerintah Pusat (Central Government Financial Report)

LSM	Lembaga Swadaya Masyarakat (Non-Governmental Organisation)
MoF	Ministry of Finance
MoPW	Ministry of Public Works
MoPW&PH	Ministry of Public Works & People Housing
MoU	Memorandum of Understanding
MPR	Majelis Permusyawaratan Rakyat (People's General Assembly)
NJOP	Nilai Jual Objek Pajak (Tax Object Sale Value)
NPM	New Public Management
OECD	Organisation for Economic Cooperation and Development
PAF	Principle Agent Framework
PAN	Perhitungan Anggaran Negara (National Budget Calculation)
PAS	Publicly Available Specification
PFM	Public Financial Management
PSM	Public Sector Management
PNBP	Penerimaan Negara Bukan Pajak (Non-Tax State Revenue)
PPBMN	Pusat Pengelolaan Barang Milik Negara (Centre for State Asset Management)
PP	Peraturan Pemerintah (Government Regulation)
PU	Pekerjaan Umum (Public Works)
SAM	State Asset Management
SAP	Standar Akuntansi Pemerintah (Government Accounting Standard)
SDM	Sumber Daya Manusia (human resources)
SIMANTAP	Sistem Informasi Manajemen Pendataan Tanah Pemerintah (Government Land Data Collection Information Management System)
SIMAK BMN	Sistem Informasi Manajemen dan Akuntansi Barang Milik Negara (State Property Management and Accounting Information System)
SOP	Standard Operating Procedure
TPA	Traditional Public Administration
UNDP	United Nation Development Program
UNESCAP	United Nation Economic and Social Commission for Asia Pasific
UUD	Undang-Undang Dasar (Constitution)
UU	Undang-Undang (Law)
WDP	Wajar Dengan Pengecualian (Unqualified)

WTP Wajar Tanpa Pengecualian (Qualified)