



**Australia Indonesia Partnership**  
Kemitraan Australia Indonesia



# **M&E - CASE STUDY**

## **POLICY ADVISORY UNIT - MINISTRY OF TRANSPORT**



# **INDONESIA INFRASTRUCTURE INITIATIVE**



**Australia Indonesia Partnership**  
Kemitraan Australia Indonesia



**M&E - CASE STUDY**  
**POLICY ADVISORY UNIT - MINISTRY**  
**OF TRANSPORT**

**INDONESIA**  
**INFRASTRUCTURE**  
**INITIATIVE**

**May 2011**

## **INDONESIA INFRASTRUCTURE INITIATIVE**

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IndII M&E Team

Jakarta, May 2011

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## ACRONYMS

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AD	Activity Design
BRT	Bus Rapid Transit
DGCA	Directorate General Civil Aviation
DGH	Directorate General Highways
DGLT	Directorate General Land Transport
DGR	Directorate General Railways
DGST	Directorate General Sea Transport
Gol	Government of Indonesia
IndII	Indonesia Infrastructure Initiative
INTP	Indonesia National Traffic Police
LAU	Lead Advisory Unit
MoF	Ministry of Finance
MoT	Ministry of Transport
PAU	Policy Advisory Unit
PIU	Project Implementation Unit
PMU	Project Management Unit
WB	World Bank

## EXECUTIVE SUMMARY

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A key priority for the Government of Indonesia (GoI) is the reform and development of effective and efficient transport infrastructure. Recent legislative changes have been enacted by the GoI to introduce best practice reforms, increase private sector involvement, define the role of government and provide basic infrastructure.

In responding to these needs, the Indonesia Infrastructure Initiative (IndII) has supported the establishment, implementation and oversight of a Policy Advisory Unit (PAU) linked to the Office of the Vice-Minister.

The Ministry of Transport (MoT) to date has focused primarily on administrative issues rather than fulfilling its mandate of improving policy and planning for the sector. This is a problem and one that the MoT is cognisant of. IndII support is targeted specifically, through PAU, at strengthening policy frameworks and assisting the MoT establish itself as a central policy and regulatory agency.

PAU is also responsible for the oversight of IndII activities aimed at supporting this agenda. A number of Transport Master Plans are in the process of being developed which will add further credibility and strengthen the MoT's broader reform process and in developing the frameworks and leadership capacity required to drive infrastructure development and importantly, connectivity. IndII is also implementing a series of specialised activities to complement the Master Plan process (please refer to **Table 1**).

A separate technical report was prepared by the programmed End-Term Evaluation Mission (**Annexe 1**) which overviewed the progress of these activities<sup>1</sup>. The Review Report concluded that IndII's work within MoT is relevant, appropriate and meets a defined need. Importantly, it recognised PAU as a significant contributor to the implementation and management process and in developing a quality pipeline of activities. This Case Study aimed to assess the level of contribution PAU is making towards issues of capacity, partnership and policy.

PAU contributes to capacity development in MoT in an ad hoc and informal way. This level of support is appropriate given the absence of formal counterparts and the flexible support provided to the Vice-Minister. Moving forward there will be a greater need for capacity development as the MoT aligns itself as a central policy and regulatory body.

With regard to partnership, PAU is contributing to improved communication and coordination throughout the MoT. Unfortunately, partnership arrangements are limited as there is a perception that PAU is merely an extension of the Vice-Minister's Office. However this has benefits in terms of following up directives because PAU has greater influence. More work needs to be done to raise awareness of PAU at the directorate and sub-directorate levels. This will help with better communication and

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<sup>1</sup> Conducted by an Independent Reviewer, Mr Charles Melhuish.



also assist in identifying new activities as work groups will have a better idea about the role of PAU and through that, the assistance available through IndII.

PAU has made significant contributions to policy setting and implementation. There are several sources of evidence to support this and some are included in the annexes of this report. There is recognition from the Vice-Minister that policy dialogue has improved and better working and concept papers are being prepared based on sound analysis and research. This in turn has contributed to better decision making around policy and is something that has been noted by the Minister himself.

Overall PAU plays a significant role in supporting the policy functions of the Vice-Minister's office. The assistance provided to date has enhanced the quality and support of policy making and contributes positively to improved decision making based on evidence and in-depth analysis.

As evidenced by **Annexe 1- Programmed End-Term Evaluation Mission Report** and through the evidence collected in this Case Study, PAU is meeting its objectives and PAU is a model and structure that should be continued into the next phase of the IndII programme. Current resources should be maintained but flexibility provided for more technical assistance, particularly in the legal area. Budget costs should be maintained but increased in line with any additional Technical Assistance (TA) requirements.



## CHAPTER 1: BACKGROUND AND CONTEXT

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A key priority for the Government of Indonesia (GoI) is the reform and development of effective and efficient transport infrastructure. Recent legislative changes have been enacted by the GoI to introduce best-practice reforms, increase private sector involvement, define the role of government and provide basic infrastructure.

IndII is currently managing a number of activities to support this regulatory and institutional change: the National Port Master Plan (with Directorate General of Sea Transport – DGST); the National Railways Master Plan (with Directorate General of Rail – DGR); Bus Rapid Transit (BRT) System (with Directorate General of Land Transport – DGLT) and; provision work with the Directorate General of Civil Aviation (DGCA) to assist with an overall Master Plan strategy for civil aviation within Indonesia. IndII is also funding a series of other specialised activities in MoT (please refer to **Table 1**).

To ensure these activities and other policy related work are not developed in isolation or without adequate consultation with external stakeholders (i.e. other transport sector agencies), it is crucial that the MoT promotes coordination at senior levels.

In addition to coordination and drafting of sector Master Plans, there is a need to increase the level and quality of policy setting and implementation from the MoT. The Ministry has a central role in setting, developing and guiding policy implementation for the sector as a whole.

In responding to these needs, IndII has supported the establishment, implementation and oversight of a Policy Advisory Unit (PAU) linked to the Office of the Vice-Minister. Specific objectives of PAU are to:

- Maximise productive linkages between MoT priorities and IndII transport sector support
- Ensure Ministerial support for key elements of transport Master Plans
- Confirm, promote and socialise coordinated policy and planning across transport sectors
- Identify potential new areas for IndII support
- Develop necessary design documents for agreed IndII/MoT activities

A consistent issue that has emerged from consultations with MoT is the need to assist the MoT to “define the role and responsibility of the MoT within the transport sector.”

## CHAPTER 2: CASE STUDY METHODOLOGY

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The case study approach is a methodology used by IndII to assess a sample of activities funded across the broad spectrum of the programme. The methodology used to select activities for inclusion includes:

- Activities of strategic importance to GoI, AusAID and IndII
- Activities of a certain financial size
- Activities with specific management and advisory functions and services
- Activities of specific geographical focus
- Activities in technical areas that are representative of the programme (i.e. activities that are representative of the resources used by IndII – e.g. water and sanitation activities)

The case study for PAU followed a semi-structured interview process and engaged with a wide range of stakeholders to obtain a series of views and observations. Evidence was sourced and sighted as a means of strengthening the case for PAU's contribution towards the agreed outcomes and objectives outlined in the Activity Design (AD) and towards broader IndII facility and development objectives.

The main objective of the case study is to demonstrate impacts and results based on evidence to highlight performance in the MoT for future IndII programme implementation. Ultimately, the case study is seeking to address the following research question: To what extent has PAU, through IndII, contributed to enhanced programme management and implementation of activities in MoT?

The Activity was assessed against its defined objectives as well as its contribution to the broader IndII result areas of increased capacity, strengthened partnerships and improved policy/systems formulation and implementation. The study also considered aspects of sustainability, Australian identity and issues of gender.

A key difference in the case study process compared to common reviews include an attempt to remove bias and opinion, the identification of common and key themes and the verification of views supported by evidence. In effect the case study process is used to verify and present information that is validated and supported by a range of sources and to remove elements of subjectivity and bias. A programmed End-Term Evaluation Mission Report was used as evidence (**Annexe 1**). The End-Term Technical Evaluation Report provided a technical/management review of activities being implemented under the guidance of PAU as compared to this case study.

The case study was completed between 30 March and 1 May 2011. The case study used semi-structured interviews (**Annexe 2**) with questions for particular stakeholders. A range of stakeholders and individuals involved with the Activity were consulted and feedback was sought against key questions (**Annexe 3**)

## CHAPTER 3: INDII INVOLVEMENT IN MOT

PAU was designed and developed in January 2010 following the appointment of a new Vice-Minister for Transport. The primary focus of the Vice-Minister's role is on planning and developing new and appropriate policy. In achieving defined objectives, PAU had two main functions:

- Provision of policy advice to the Vice-Minister; and
- Harmonisation and coordination of Master Plan activities.

PAU in MoT is not unlike the Lead Advisory Unit (LAU) within the Directorate General Highways (DGH), however there are some subtle differences in the approach, structure and function of the two units. The main similarity is the 'presence' of IndII funded consultants working in the respective Ministries and the flexible, dynamic and proactive role both Units play is supporting senior echelons. The main difference is that PAU undertakes a more policy formulation role rather than a strict management, oversight and evaluation role, which is the main function of LAU.

The policy formulation work through PAU is in response to a general focus by the MoT on administration issues rather than policy and planning. This is a problem and IndII support is targeted specifically at strengthening policy frameworks and assisting the MoT to establish itself as a central policy and regulatory agency.

In addition to the policy functions managed by PAU, they also oversee a range of activities on behalf of IndII. **Table 1** provides a breakdown of the activities and financial values to the end of April 2011.

**Table 1: Portfolio of activities managed by MoT**

Activity No.	Activity Title	Contract value	AusAID Approval	Expenditure	Unspent
7	Proposals for an Improved Railway PSO Scheme	\$47,935	\$47,935	\$47,935	\$-
23	National Ports Master Plan	\$104,125	\$104,125	\$104,125	\$-
152	National Rail Master Plan Study	\$95,311	\$95,311	\$95,311	\$-
154	Railway Restructuring	\$21,199	\$24,600	\$21,199	\$-
154	Scoping for Bus Improvement Project	\$54,204	\$54,180	\$54,204	\$-
154	IndII Rail Sector Support	\$5,674	\$6,575	\$5,674	\$-

Activity No.	Activity Title	Contract value	AusAID Approval	Expenditure	Unspent
157	National Rail Master Plan Stage 2	\$723,239	\$721,081	\$723,239	\$-
165	National Ports Master Plan Stage 2b	\$118,496	\$118,496	\$118,496	\$-
166	National Ports Master Plan Stage 2a	\$88,288	\$88,288	\$88,288	\$-
172	Transport Systems PPP training	\$29,563	\$36,000	\$29,563	\$-
175	Bus Rapid Transport Development in Select Cities	\$170,634	\$170,634	\$170,493	
180	Assessment of Air Traffic Management Strategic Policy	\$554,592	\$577,116	\$435,879	\$118,713
181	MoT lead advisor	\$308,949	\$425,022	\$294,427	\$14,522
182	National Port Master Plan (Stage 3)	\$748,080	\$705,701	\$521,798	\$226,282
191	ASEAN Open Sky Policy	\$71,043	\$70,000	\$71,094	\$(51)
196	Guidelines for Special Purpose Railway Operation	\$77,034	\$77,000	\$77,034	\$-
199	Port Authority Stage 1	\$116,471	\$102,887	\$36,388	\$80,083
210	Bali Airport Development (Stage 1)	\$83,695	\$101,655	\$62,471	\$21,224
215	Bus Improvement Project Phase 2 Stage 1	\$440,205	\$1,598,573	\$240,675	\$199,530
220	ASEAN Open Sky policy Stage 2	\$482,421	\$491,194	\$211,892	\$270,529
223	Surabaya Urban Mobility Project (Stage 1 Phase 2)	\$223,100	\$245,488	\$186,191	
225	Guidelines for Special Railways (Stage 2)	\$269,859	\$296,933	\$269,859	\$-
229	Special Railways Stage 3	\$288,115	\$308,861	\$1,276	\$286,839
230	Scoping Study on PSO-IMO-TAC Framework	\$103,317	\$97,497	\$92,660	\$10,657

Activity No.	Activity Title	Contract value	AusAID Approval	Expenditure	Unspent
234	Jakarta Urban Mobility Project	\$112,420	\$107,180	\$48,883	\$63,537
235	SUMP Stage 2	\$111,401	\$145,917	\$16,816	\$94,585
239	Bus Operations Management Training - Palembang	\$95,000	\$98,278	\$-	\$95,000
240	Surakarta Bus Corridor Monitoring	\$79,992	\$95,255	\$15,416	\$64,576
TOTAL		\$5,624,364	\$7,011,782	\$4,041,287	\$1,546,026

Key achievements identified through the interview and consultation process have revealed that PAU:

- Is contributing to increased and improved policy support and advice directly to the Vice-Minister
- Has contributed to improved information flow and communication within the Ministry
- Provides effective oversight of IndII's portfolio of programmes being implemented in MoT
- Is well respected given PAU is staffed by Indonesian nationals and represents significant value for money
- Promoted licensing reform through a mapping and implementation process, which has led to the establishment of E-Licensing and Tourism Transport Licenses within the Land Transport Unit
- Developed concept notes to discuss and outline 'connectivity' issues for Indonesia for the ASEAN Secretariat

Prior to PAU, the Vice-Minister indicated that "policy advice was not at the level I found suitable." Observations from PAU are that the Vice-Minister now takes initiative on actions "based on evidence" and he now "delegates his authority" and "recognises the importance of having quality support to enable the process to continue."

Key challenges to PAU to date have been:

- The Vice-Minister and other work units were not always ready for change.
- PAU does not have directly appointed counterparts apart from the Vice-Minister himself.
- The Vice-Minister gets caught up in daily administrative tasks and is often distracted from receiving advice and support.

- Translation issues; in that most reports are produced in English and MoT staff do not respond, review or implement recommendations they do not understand.

Overall the MoT is very satisfied with the support received by IndII and the role PAU plays. As indicated in the technical report recently completed by another consultant (**Annexe 1**), PAU has “facilitated communications concerning individual project activities and has helped to ease the path of implementation.” The report also highlighted the role of PAU in supporting the Vice-Minister and “this has worked well and has helped to develop a better quality transport programme in MoT.” **Annexe 1** also provides more detailed analysis of the individual activities funded in the MoT but not covered by this Case Study.



## CHAPTER 4: CAPACITY BUILDING

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Capacity building to date through PAU has been ad hoc and informal. The main issue is that besides the direct work with the Vice-Minister PAU does not have a direct counterpart. This inhibits broader capacity building initiatives but also enables PAU to have a well defined focus in supporting the Vice-Minister.

Prior to the establishment of PAU, the Vice-Minister lacked detailed and quality advice. PAU now prepares concept papers, integrates the views of external stakeholders and researches documents on behalf of the Vice-Minister. PAU provides the advice and support to “reaffirm, refine and recommend”, thus enabling the Vice-Minister to proceed along an evidence-based policy agenda.

Discussions with the Vice-Minister reveal that he is very pleased with the support of PAU and sees the provision of “working papers, concept notes and presentations as examples of capacity building.” Specifically the Vice-Minister has noted strong improvements in the level and quality of support and believes it is appropriate to his needs and that of his Unit.

Moving forward into the future, the Vice-Minister sees a need for additional capacity support as the MoT develops its regulatory capacity. Questions such as, “How do we do it?” and, “What functions do we need to consider?” will become imperative and capacity support will be necessary to support this.

Capacity building options outside of the Vice-Minister’s office remain limited and this is not the mandate or priority area for PAU. Despite having limited scope and opportunity, there may be a need to increase capacity support functions if and when the MoT start to develop regulatory capacity. This is where a future PAU could have further influence and support, subject to adequate resourcing and agreement on strategic direction.

Capacity support with the MoT units to date has primarily been to strengthen capacity through the preparation of briefing notes and reports to the Minister. This ‘liaison’ role has been critical in the filtering of quality policy advice to the Vice-Minister but also in its efforts to strengthen the ability of units to prepare quality documentation. For example, the MoT Planning Bureau now prepares detailed analysis and recommendations based on evidence and statistics rather than just providing the raw data. These monthly summaries are a significant change initiated through PAU, and this has contributed to improved coordination and communication between the Vice-Minister and subordinate units.

The Vice-Minister has also acknowledged that as policy decisions become more sophisticated, there will be a need to source more technical assistance in specialised areas to support the reform process. Particular interest has been shown in having legal assistance to ensure that policy decisions are consistent with existing Government Regulations, and where necessary to develop and draft appropriate regulations and

decrees. This is in addition to the broader assistance required to support the regulatory reform process.

## CHAPTER 5: PARTNERSHIPS

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Like capacity building, partnership formulation both internally and with external stakeholders remains ad hoc and informal. One of the main challenges in establishing partnerships with internal MoT Units has been the perception that PAU is an 'extension' of the Vice-Minister's Office. This is not a problem per se, as PAU is able to have greater influence and opportunities for coordination "if the directives come from the Vice-Minister."

The issue is that PAU is not perceived as an IndII funded activity but rather an extension of the Vice-Minister. This may have implications in the future in terms of branding and awareness about the work that IndII is doing in MoT, but there is no evidence to suggest the situation represents a problem. In fact, the work to date through the Master Plans is high profile and provides a strong platform moving forward, particularly around the policy shifts towards strengthening regulatory capacity.

The Vice-Minister also mentioned that liaison officers have been established in each sub-directorate and these individuals "act as a link to PAU." A longer-term plan is the establishment of Project Management Units (PMU)/Project Implementation Unit (PIU) within each directorate and for PAU to play a macro role in supervising and coordinating the Units.

However in interviews at the directorate and sub-directorate level, the general view was that "we need to have more awareness and communication about PAU – what it is, what it is doing and what role it will play." While this was the view from one respondent, it was consistent with other findings that PAU does not really engage with lower level units unless the Vice-Minister gives a directive or there is a specific issue related to an IndII activity. One suggestion has been for PAU to establish "monthly coordination meetings" so directorates meet and can also discuss ideas, approaches and technical assistance requirements.

This approach would also be helpful to PAU in promoting its role and also as a means to liaise with key directorates and identify emerging priorities. It would also assist in differentiating the role of PAU from the Vice-Minister's office.

PAU also provides representation and coordination with IndII consulting teams working on MoT activities. The evidence for the quality of this work is anecdotal only as the study did not interview consulting teams. However PAU and the Vice-Minister have indicated the quality of work emerging is good and as outlined in the technical report (**Annexe 1**), "led to better integration and coordination in the approach to transport policy."

The main focus for external partnerships has been to raise the profile of the MoT as a central policy formulation and regulatory authority within the transport sector in Indonesia. A key priority has been a central role in the development of Connectivity

Plans for the development of Economic Corridors. This is a key commitment of the Government of Indonesia (GoI) aimed at promoting the further economic growth and development of the country with infrastructure providing a key foundation to support this. As the Vice-Minister stated, “there is a vital role for the MoT with Economic Corridors and we need to take a greater role in working with other stakeholders.”

## CHAPTER 6: POLICY SETTING AND IMPLEMENTATION

A key feature of PAU is the contribution it has made towards improving policy analysis and advice. The Vice-Minister has indicated that PAU “is very useful in helping to assess policy proposals and producing different scenarios to those provided by directorates.” More importantly, in the eyes of the Vice-Minister is that through PAU, “I am able to represent better options and opinions to the Minister.” Previously it was evident that policy advice and support was weak but has improved and decisions are now made on the basis of “evidence and analysis.”

**Annexes 5 and 6** provide some evidence of the quality of work now being prepared by PAU for the Vice-Minister.

Another key example is the Jakarta Port Master Plan that was developed with PAU support. The Vice-Minister noted that the plan contained “detailed analysis, statistics, terminal analysis and a variety of options were provided.” The outcome of this is more confidence to make decisions and to reduce political influence on decisions as more options are considered. PAU has been instrumental also in collecting opinions from other sources to validate findings and provide evidence.

Feedback from directorates indicates that whilst recognising the PAU role in providing and analysing policy advice, the MoT needs to improve its capacity to disseminate results, particularly “in sharing information across work units.” PAU is in a strategic position to assist work units gain insight into future strategic directions and decisions and should, with the approval of the Vice-Minister, spend more time communicating and liaising with work units to advise and guide.

PAU has provided strong support in continuing policy developments in licensing reform and connectivity, and provides an oversight role for the development of Master Plans to ensure that they are integrated and correlate to each other.

Given the involvement of LAU in DGH, there is a real opportunity to use PAU to provide policy related advice to LAU in order to inform senior echelons in DGH. This is evidenced by PAU’s recent work regarding policy discussions for connectivity in East Java. PAU engaged with MoT stakeholders and those linked with DGH, local governors in East Java and MoT sub-sectors, and policy positions were provided to the Vice-Minister. The policy implications are significant for roads as part of the economic corridors. There is a real opportunity, and advantages, for LAU to liaise with PAU around policy developments and their associated implications.

## CHAPTER 7: SUSTAINABILITY AND CROSS-CUTTING THEMES

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PAU represents significant value for money and is a key success factor. The use of Indonesian consultants is the preferred option for the MoT and also represents broad cost savings when compared with other advisor models.

Sustainability is enhanced through a defined focus on policy advice and support. The contribution of PAU is recognised and supported by the Vice-Minister and PAU could continue with funding support from the MoT. However PAU still has an important role to play in representing the interests of IndII and moving forward, the MoT is seeking to become a broader policy and regulatory influence in the sector; so representation is critical to remain relevant and proactive.

Gender awareness was assessed through a separate report and although PAU themselves are aware of gender considerations, there is not much opportunity available nor is it critical to the success of PAU. However, it is certainly important as part of the presentation of policy options and policy formulation.

## CHAPTER 8: AUSTRALIAN IDENTITY

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PAU is recognised as an Australian funded initiative by the Vice-Minister but unfortunately discussions with directorates and sub-directorates indicate that they are not aware of PAU or its role, not to mention that it is an Australian funded activity.

This also can be viewed in a positive light given that PAU is fully immersed in the functions and operations of the MoT and that a distinct 'Australian identity' may be blurred. This approach may also contribute to the levels of access and prestige PAU enjoy through their own work programme.

As highlighted earlier in the report, there is a real opportunity and need for PAU to increase its coordination functions with directorates and sub-directorates.

## CHAPTER 9: CONCLUSIONS

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PAU plays a significant role in supporting the policy functions of the Vice-Minister's office. The assistance provided to date has enhanced the quality and support of policy making and contributes positively to improved decision making based on evidence and in-depth analysis.

PAU also represents value for money by utilising the skills and knowledge of Indonesian consultants. This is a unique approach in the IndII programme and is well regarded and received by the MoT. There are significant advantages in terms of cost, personal relationships and knowledge of GoI systems and processes. Importantly, PAU support represents greater opportunities in terms of sustainability, as it is a cost-effective unit that could continue with or without IndII support.

Importantly, PAU provides access to senior management decision making processes and contributes to other IndII activities through the provision of quality technical support and understanding of policy implications and decisions.

PAU provides day-to-day capacity building support in terms of policy formulation and development and this is evidenced by the quality of policy briefs and working papers being presented to the Vice-Minister. PAU is also having influence on the quality of briefs and reports coming from directorates and sub-directorates and this is recognised and appreciated by the Vice-Minister.

Coordination is an area where PAU could increase its role, particularly with directorates and sub-directorates. More formalised meetings, awareness sessions and consultations could occur to ensure all levels of the MoT are aware of the role of PAU. Communication exchange on decisions and strategic directions would further enhance policy decisions and provide a valuable source of feedback to the Vice-Minister's office.

PAU support, like LAU in DGH, should be retained as IndII moves into Stage II. Flexibility should also be maintained and additional resources provided, particularly for emerging technical assistance needs and in the legal and regulatory reform area. Where possible, national consultants should be engaged to maintain the current 'national focus' and this also recognises the availability of suitable candidates within Indonesia.

Overall, the evidence is clear that PAU is meeting its defined objectives and is contributing to policy formulation and implementation and supporting the reform process underway in MoT. More coordination is required at the directorate and sub-directorate level as outlined. PAU should also remain flexible and proactive in response to the emerging needs of the MoT as the reform process continues in the coming years.



## ANNEXES

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### ANNEXE 1: INTERNAL REVIEW OF ACTIVITIES AT THE MINISTRY OF TRANSPORT.

## INTERNAL FINAL REVIEW OF ACTIVITIES AT THE MINISTRY OF TRANSPORT

Charles M. Melhuish

27 April 2011

## ACRONYMS

ADB	–	Asian Development Bank
BRT	–	Bus Rapid Transit
DGCA	–	Directorate General of Civil Aviation
DGLT	–	Directorate General of Land Transport
DGR	–	Directorate General of Railways
DGST	–	Directorate General of Sea Transport
DG	–	Directorate General
IEG	–	Infrastructure Enhancement Grants
IndII	–	Indonesia Infrastructure Initiative
LAU	–	Lead Advisory Unit
MOT	–	Ministry of Transport
NPMP	–	National Port Master Plan
PAU	–	Project Advisory Unit
RMP	–	Railway Master Plan
TOR	–	Terms of Reference
UKP4	–	Presidential Work Unit for Development Supervision and Control

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## **EXECUTIVE SUMMARY**

### **The Performance of the Indonesia Infrastructure Initiative (IndII) Transport Programme at the Ministry of Transport (MOT)**

The transport programme at the MOT has grown rapidly and is currently a AU\$ 4 million programme. This Review examined 19 different activities that cover the air, maritime, rail and land transport modes with the latter also involving urban transport. Indonesia has recognised the severe constraints that its transport sector imposes on the economy as a whole and has taken steps to introduce reform programmes that cover all modes. Implementing these reforms has not been easy as changes to the status quo require strong regulatory oversight. Transport agencies are not known for their capacity to deliver services and the reform agenda has taken time to evolve. IndII is providing valuable assistance to the MOT to prepare action plans, assess regulatory bottlenecks, provide capacity development, and strengthen institutions to enable them to implement the reform agendas in each of the modes.

The key lessons learned so far include the appropriateness of the progressive engagement policy which, although cautious, has facilitated well designed activities that have been appreciated by the recipient entities in the MOT. The majority of the activities have been well implemented and achieved their objectives. However, two activities have yet to be completed on time because in one case the terms of reference (TOR) was poorly formulated and did not consider the critical consultation process and in the other the staff of a consultant team performed unsatisfactorily.

#### **Support Arrangements at the MOT**

The Policy Advisory Unit (PAU) at the MOT has helped IndII to develop many of its MOT activities and provides useful liaison between IndII and the individual directorate generals at MOT. This has facilitated communications concerning individual project activities and has helped to ease the path of implementation. However, the primary role of PAU is to provide technical support to the Office of the Vice-Minister of Transport. This has worked well and has helped to develop better quality transport programmes at the MOT.

#### **IndII Management of the MOT Programme**

The IndII manages its transport programme through a centrally-located international Transport Director, two national technical transport staff and one national administrative staff. This team spends the bulk of its time on MOT assisted activities. The majority of the work at the Directorate General of Highways is outsourced to a Lead Advisory Unit that manages the programme. The review of activity outputs is outsourced to a peer review team provided by a firm of consultants. This ensures the high quality of technical reports and is appropriate given the large number and range of different activities.

## LOOKING AHEAD

### Future Support to the MOT

Poor quality infrastructure, coupled with inefficient and ineffective transport services, result in the substantial demand for improvements in services to eliminate bottlenecks and constraints to economic growth and social development. As a result, the IndII is continuously supporting the policies, programmes and projects of the MOT and its agencies. However, under IndII 2, it is expected that there will be fewer resources allocated for policy and capacity building, which are the mainstay of the current programme at the MOT. The annual IndII programme at the MOT is about \$4 million and this is likely to be reduced to between \$1 million to \$2 million a year in next 4 years of IndII 2. Thus, there is a strong likelihood that the programme will need to be reduced to meet resource availability. It is suggested that a prioritisation exercise is undertaken to identify the key issues and modes that should continue to obtain IndII 2 support. This exercise should focus upon the conduct of a stock take which would take into account the activities that have been carried out and take into account a range of important criteria that could be used to underpin future support. The latter might include the: (i) priority of the MOT policy makers to identify priorities of the reform programme by mode; (ii) annual work plans of the directorate-generals over the IndII 2 period; (iii) likelihood of success in the introduction of reforms based on knowledge gained from past and ongoing activities; and (iv) contribution to attaining the Millennium Development Goals and activities of other donors.

It is expected that the implementation of infrastructure enhancement grants (IEG) will be a major focus of IndII 2. At present, the activities at the MOT have prepared one project for the IEGs but in general, as the MOT is primarily a regulatory agency, it is not particularly suited to developing this type of grant. It is possible that sustainable urban transport pilot programmes such as being developed in Surabaya might qualify for such assistance but will require strong support at the city or municipality level and likely to be high risk. Another area with considerable IEG potential is road safety either as stand alone projects or as part of sustainable urban mobility programmes.

Support to the MOT is largely expected to be policy oriented and the regulatory reform, although a high risk activity, can generate substantial benefits in the overall economy, if completed successfully.

One area which the IndII has yet to explore is transport and the environment. Transport is a major generator of greenhouse gases as well as vehicular emissions and the sector is expanding at a pace greater than economic growth. It is anticipated that there would be opportunities for environment-focused activities if the IndII resources permit support for such activities.

Considerable resources are expected to be allocated for project preparation mainly for design and implementation of the IEG programme. However, such resources might also be used to prepare projects for other donors, in particular the World Bank and Asian Development Bank, to implement. It is recommended that the Transport team explore this opportunity with staff of the resident missions of the multilateral institutions.

## **Arrangements to Support the MOT Programme**

It is recommended to retain PAU at the MOT for another year. It is performing well and has the full support of the Office of the Vice-Minister as well as the directorate-generals. In addition to the existing staff positions, it would benefit from being able to access legal and regulatory specialists to provide better support to MOT's policy programme. A review should be undertaken after a year to assess its usefulness and ascertain whether it should be continued and in what form.

## **IndII Management of the Transport Programme**

The existing structure of the Transport Team has worked well and should be retained initially in IndII 2. It should be reviewed after the transport work activities have been identified. Given the heavy existing workload of the small team, hiring an additional local staff should be considered.

### **A. INTRODUCTION**

The Indonesia Infrastructure Initiative (IndII) is an Australian Government-funded project designed to promote economic growth in Indonesia by enhancing the relevance, quality and quantum of infrastructure investment. It was approved in 2007 and was designed as a 4-year \$50 million facility but as contracted, it became a 3-year AU\$ 40 million facility with a possibility of a further 4-year extension. The goal of IndII is to reduce policy, regulatory capacity and financing constraints on infrastructure investment at national and subnational levels.

IndII engaged the services of Charles M. Melhuish, Transport Economist and Policy Specialist<sup>2</sup> to conduct an independent review of its performance, strategy and portfolio at the Ministry of Transport (MOT).

### **B. BACKGROUND**

The primary objective of this report is to review the transport activities supported by IndII in the MOT to assess whether they have attained their intended outputs and outcomes in accordance with the activity design. A second objective is to examine potential areas of future IndII support to the transport subsectors under the responsibility of the MOT.

To meet these objectives, this review has summarised the detailed findings by: (i) undertaking a diagnostic review of the technical (strategy and performance) criteria and the management and organizational aspects of each activity; and (ii) suggesting

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<sup>2</sup> The services were provided through URS Australia Pty Ltd.

the future directions for possible IndII support at the MOT. The reviewer held consultation meetings with senior government officials of the MOT and its agencies; consultants assigned to various IndII activities that were currently in Jakarta; staff members of the IndII transport technical team; and IndII management. The list of persons met is included in **Appendix 1**.

## C. DIAGNOSTIC REVIEW

### 1. Technical Review of the Programme at the MOT

The IndII programme has provided a large number of technical assistance grants to the MOT covering all modes of transport. The list of activities required to be reviewed covers 19 project activities comprising 4 in railways, 4 in ports, 2 in land transport, 4 in aviation and 5 in urban transport. The full list of project activities and their current status is provided in **Appendix 2**. The programme at the MOT only began in late 2009. After a relatively slow start there has been a rapid escalation in the number of approved project activities and many of the activities have only received approval in the past 6 months. As a result, only 5 activities have been fully completed while 14 activities remain ongoing. A number of the latter were only approved recently and work has only just begun. Despite recent approval all activities are scheduled to be completed prior to the end of June 2011, the completion date of the current phase of the IndII programme. Many of the recently approved activities are designed to prepare future activities for implementation in the second phase of IndII (IndII 2). Since most of the activities are still ongoing and have yet to report, it is too early to determine whether they have or will achieve their intended outputs and outcomes. The Review has therefore undertaken its assessment based on the best information available.

Project activities at the MOT cover a wide spectrum of modes and involve all four of the directorates-general (DG) at the Ministry, namely, the Directorate General of Railways (DGR), Directorate General of Sea Transport (DGST), Directorate General of Land Transport (DGLT) and Directorate General of Civil Aviation (DGCA). In addition, IndII is also providing assistance to the Office of the Vice-Minister.

MOT has recognised the importance of delivering better and cost effective transport services across the economy. It is perceived by senior government policy makers, the private sector and civil society to be an institution that has consistently underperformed in the past and today inefficient and ineffective transport services are inhibiting economic growth and social development across the archipelago. The MOT is known to be an institution that has been slow to adopt reforms with the result that many of its activities are rooted in outdated processes largely designed to control sector operations rather than manage development of transport services in a competitive environment. The Government of Indonesia has recognised the urgent need to implement reforms in transport and has adopted new legislation designed to reform the air, sea, rail and road modes of transport. Adoption of these policies needs to be accompanied by action plans to realise the proposed reforms and change management processes. The IndII has provided considerable support to help identify

bottlenecks and solutions to the required reforms at the MOT and this support is well recognised by MOT policy makers and those in other government agencies. However, the impact of its assistance can only be measured after sufficient time when the proposals and potential solutions have been absorbed and acted upon by the various policy makers in MOT and its agencies.

#### **(a) Railway Sector**

**Activity No. 157: Railway Master Plan Stage 2 (\$723,586):** Law No. 23/2007 required the MOT to develop a railway Master Plan (RMP) that sets out development of the railways over a 20-year period and provides an umbrella for the development of subnational rail Master Plans. The DGR has initially prepared a plan but noted that it did not incorporate good international practices and experience which was vital if Indonesia was to be successful in attracting foreign investment and operators to the country. As a result, they approached IndII to provide assistance to cover these shortfalls and help prepare a RMP that was relevant and appropriate to the needs of the country.

Thus, the primary objective of the activity was to assist in preparing a RMP that incorporated good international practice and result in a plan that is responsive to the developing market for railway services. An innovative development was to separate the work of the international experts from national experts. The thrust of the international work was to initially prepare a series of working papers that covered the key aspects of the RMP that incorporated good international policies and practices. This phase was covered by a series of focus group discussions to obtain understanding and feedback from a wide range of stakeholders. A group of national experts were then used to prepare an independent local view of the Master Plan taking into account the initial DGR draft, the working papers and the outputs of the focus group discussions. Finally, the DGR would modify the initial RMP document and prepare a draft final of the RMP.

The work was successfully completed on time and within the contract amount. The DGR indicated that it was satisfied with the work of the international and national consultant teams that provided excellent inputs to improve the RMP document. The Minister MOT has already signed the RMP and it has been printed for public circulation. However, for final completion, the DGR needs to issue the document as part of a ministerial regulation and this is currently under preparation and is expected to be completed before the end of April 2011.

While the RMP has currently little impact, it is expected to provide the basis for the long term development of the railway sector. For the past several decades, the state-owned railway has failed to compete with road-based transport that has grown rapidly since the 1970s. At present, the high passenger flows particularly in Java and the large demand for mineral deposits in Kalimantan and Sumatera suggest that rail could and should play a significant role in key corridors. The Government of Indonesia acknowledges the lack of infrastructure is constraining economic development and



thus, supports railway development through removing bottlenecks and impediments to investment and competitive services. The RMP is expected to provide the basis to achieve change in the rail sector but it is too early to assess the impact of the IndII support.

**Activity No. 225: Guidelines for Special Railways (Stage 2) (\$292,868):** The specific objective of the activity is to develop guidelines for special railways<sup>3</sup> that will serve as a template for national and subnational governments to develop licenses and issue regulations under which special railways can be developed. The three objectives are to: (i) reduce uncertainties faced by prospective investors by providing dedicated railway services to support mainstream enterprise activities; (ii) clarify licensing practices and regulations under existing laws to make investment more attractive; and (iii) suggest long-term modifications in the legal and regulatory framework that will align Indonesian practices in special railways with accepted international practices.

This activity is currently the subject of a special case study which will report on the work undertaken in depth at a later date. This Review examined briefly the final output which was a well researched document undertaken by competent and experienced consultants. Where the conclusions are not easy to comprehend, this reflects the complexity of the existing legislation. The issues have to be well researched prior to committing them to rules and regulations underpinned by legislation that does not correspond to actual real world requirements. With the magnitude of investment required to construct a special railway, the private sector needs to have clear guidelines that provide the framework for regulation.

The type of activity that deals with legal issues and regulations are often difficult to attain positive results. International experts are often not familiar with the local language and in particular, the peculiarities associated with the legal language. In this case, the international and national consultants working as a team appear to have had a good understanding of the Indonesian issues and were able to provide good practice examples based on international experience to adapt to the situations prevailing in Indonesia. In addition, the recommendations are made more complex since the “best” solution is to have legislation that is clear and concise. This, however, will require a new law. In Indonesia, like many other countries in Asia, government officials prefer to try to make do with existing legal structures that they can adjust, such as ministerial regulations, rather than attempt to enact a new law.

Overall, this activity was implemented well and the DGR is of the opinion that it will be a good basis for moving the problems associated with special railways forward. This indeed reflects the fact that a subsequent phase of assistance requested by the DGR and the Government of Indonesia has been approved by IndII to implement the recommendations of the activity.

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<sup>3</sup> Special railways are broadly defined as non-public railways intended to serve the activities of an enterprise such as a mine site.

**Activity No. 229: Special Railways Phase III (AU\$ 308,861):** This activity is a logical follow-on from activity 225, described above, which provided assistance to develop guidelines for special railways. The activity was designed to implement the recommendations of the Phase 2 assistance which were to develop and implement a new MOT ministerial regulation and a new or revised government regulation to increase opportunities for private sector investment in the railway sector.

The consultants commenced work in March 2011 and the work programme is scheduled to be implemented for 3 months ending in June 2011. There is thus a potentially tight deadline to complete the activity within the IndII time frame of end June 2011. At present, the consultants are assessing the existing regulations and laws as a guide to the proposed draft regulations they will prepare as primary deliverables. In this respect, the outputs are not yet due.

**Activity No. 230: PSO-IMO-TAC (Phase 1) (AU\$ 108,025):** This recently approved activity was designed to undertake preparatory work to formulate an appropriate framework for public service obligations (PSO), infrastructure maintenance and operations (IMO) and track access charges (TAC) for the rail sector. The study examined the functioning of the three schemes and their rationale in the context of the reform of the railway sector and concluded that they are an essential component of the institutional reform agenda that the government is undertaking to revitalise the rail sector. Their overall aim is to rationalise costs, make government financial support transparent, and facilitate a level playing field in the transport market. The PSO functions imperfectly but the IMO and TAC schemes require separation of the railway into infrastructure operations and train operations before they can function. The latter requirement is one of the key reforms expected to be implemented in the railway restructuring agenda. The study recommended a number of measures that could be taken under the existing institutional set up to improve the PSO system and prepare the IMO and TAC for future implementation.

This Review considers that while there may well be useful aspects that can be assessed prior to full implementation of IMO and TAC, the real benefits can only be realised after full separation has been attained. Therefore, it is recommended that further work on the PSO-IMO-TAC should only be undertaken after the MOT and the railway operator (PT KAI) have a time bound programme to move ahead with the railway reform agenda.

## **(b) Maritime Sector**

**Activity No. 165: National Port Master Plan Stage 2b (AU\$ 92,300):** This activity was undertaken to design the scope of work to prepare a national port Master Plan (NPM). The scoping exercise provided five primary outputs including a report on containerised and general port traffic forecasts, a port traffic forecast for key commodities, maps of port hinterlands and how they might adjust over the period to 2030 and a report on the vision of the port sector in 2030. To support the development of the latter a well

attended stakeholder workshop was conducted. The quality of the outputs was rated as good to very good.

The activity was completed on time and within budget. It was used to prepare the third phase of the NPM activity, described in Activity 182 below, and is judged to have been successful in achieving its objectives.

**Activity No 182: National Port Master Plan (Refinement) (AU\$ 693,487):** Work on this third stage of the NPM commenced in January 2010 and was anticipated to be implemented in 6 months. However, a technical review of the consultants' outputs indicated severe quality issues and considerable time was taken to review the outputs and obtain comments from the consulting firm engaged for the activity. The firm has acknowledged some of the quality issues that have been raised on their work but has also indicated (at the start of the last quarter of 2010) that it has fulfilled its TOR. Subsequently, IndII and the Contractor were involved in a three-month mediation effort. By late 2010, the Contractor had agreed to supply two additional staff to amend the technical report as requested by IndII. However at the end of 2010, the mediation efforts broke down and subsequently the contract was terminated by IndII. As a result, the final document of the NPMP remains to be finalised and has not yet been published. To overcome the immediate problem, the IndII has engaged the services of another consulting firm to review and update portions of the work that were undertaken previously and prepare updated working papers covering some of the key components of the NPMP, namely, remedial measures to address port congestion, traffic forecasts for containerisation at key ports, and institutional development issues including economic regulation together with a brief summary report setting out the conclusions and recommendations. These key aspects are the long-term needs of the sector and the papers are intended to provide for future planning needs.

The difficulties encountered in completing the NPMP have highlighted a number of issues in undertaking large complex studies in Indonesia. It is critical that sufficient resources are allocated to fulfil the required tasks. While the original budget allocated for this task amounted to \$586,800, it only provided for about eight person-months of international expert inputs to fulfil the TOR. As a result, the international experts were only in Indonesia intermittently and this is not conducive to good working arrangements particularly in collating technical information and its analysis. In addition, it does not provide adequate time to understand the local situation or having significant interaction between the technical experts and government counterpart team members to work together and provide needed capacity building to the latter. In this instance, it is also suspected that not all international team members had sufficient expertise in their technical background and knowledge as significant parts of the analysis were deficient. It would also have been preferential to have full time national team members who would have provided a bridge between international experts and counterparts and helped to obviate problems with information and data inconsistencies. The TOR also need to be well written and provide specific direction to the consultants on the expected outputs required. For the NPMP, it was anticipated that the consultants would primarily provide advice to an Indonesian team who would actually prepare the NPMP document. While this approach places emphasis on

ownership of the final documents and plans, it also underestimates the need for expert analytical skills to assess critical analyses and support document drafting.

The maritime sector is a major constraint in the logistics chain in Indonesia and it has a widespread adverse impact on delivering efficient and effective economic and social development across the archipelago. It is therefore critical to have a coherent NPMP in moving forward. While the NPMP is designed to provide the framework for the necessary actions to be taken over the five-year plan period to 2014 and beyond, it has to address the critical needs of the sector and particularly those areas that are in need of urgent major reform. The Vice-Minister informed the Review that there were major reforms in the port sector that will need to be taken in the next 12 months and these will set the scene for significant changes in port operations and administration and include major involvement of the private sector. To ensure that port reforms receive adequate attention and utilise good international practices commonly adopted in the region and elsewhere, it has been suggested that IndII should supplement the NPMP by preparing a ports strategy paper that would articulate those issues that were not adequately addressed in the NPMP. This Review supports this proposal as it is clear that the MOT will need to take “tough” decisions on port reform in the near future and the Vice-Minister indicated that the ports sector will encounter the most difficult decisions in moving forward. The proposed ports strategy paper should involve close consultation with other key agencies including the Ministry of State Owned Enterprises.

**Activity No. 199: Port Authorities (Phase 1) (AU\$ 102,887):** The primary objective of this activity is to assist the MOT/DGST to develop and empower the proposed port authorities and port management units. The activity is a scoping exercise that will identify the detailed arrangements that will be necessary to support further assistance towards the establishment of port authorities as mandated under the shipping law promulgated in 2008. The consultant team was mobilised in mid March and is expected to report its findings in mid May 2011. The Review fully supports the proposed work on the development of port authorities as this will require significant reforms in the next 12 months to bring in private sector entities to operate port facilities and investment in added capacity to alleviate current constraints and provide for increasing demand. Assistance will also be required to strengthen the regulatory capacity of DGST and the port authorities to enable them to carry out their role in an efficient manner.

### **(c) Land Transport Sector**

**Activity No. 154: Vehicle Weight Control (AU\$ 50,000):** The work under this activity commenced recently and is designed to be a scoping exercise to determine the nature and scale of possible future assistance to address truck overloading. Truck overloading was originally identified as a key issue in the roads sector in the 1980s when considerable investment was made in vehicle weighbridge stations. Currently, there are over 175 stations nationwide with a high proportion that do not operate due to broken and obsolete equipment and lack of staff. However, even where weighbridges are operational they are ineffective in controlling overloading due to corrupt practices

combined with ineffective management and weak enforcement. Overloading imposes a high costs on the road sector by accelerating damage on road pavement structures including bridges. This cost to the public sector is often at the expense of the increased profits gained by private operators through overloading their vehicles. If enforcement of overloading can be sustained, the economic returns of investment in mitigation measures are high.

In the past, several initiatives by the Government of Indonesia and supported by the World Bank have failed to produce the results envisaged. Given the high costs attributable to overloading and the fact that previous attempts were undertaken some time ago, it is useful to re-examine how the issue might be addressed. However, it needs to be recognised that an activity to address vehicle overloading is a high risk strategy. There are also institutional issues to be overcome since weighbridges are regulated at central government, managed at the local level by provincial and municipal governments while the police manage the vehicle registration process and collect registration fees. If such a project is to be supported under IndII 2, it will be vital that it has full support from the highest levels in the different tiers of government and the arrangements to mitigate overloading will need to provide incentives to truck operators, regulators and enforcement agencies to attain positive results.

The Review was informed that a likely recommendation of the scoping activity will be to increase the pavement strength. While pavements in Indonesia might be weak and axle load limits low, this recommendation will need to be gauged carefully. Stronger pavement are likely to be economically justified and higher axle loads and gross vehicle weights will enable the trucking industry to take advantage of modern trucks that are more efficient. However, the trucking industry has to reform and to embrace modern management techniques. Without the latter, the larger and heavier trucks will also become overloaded and still continue to damage road infrastructure unless the managers of the road sector are willing to take enforcement more seriously. In other countries, the lack of overloading enforcement also exists alongside widespread poor enforcement of road rules and regulations and this promotes poor road safety outcomes and other aspects of road use.

**Activity No. 237: Road Safety Scoping Study (AU\$ 97,000):** This activity is to support the Government of Indonesia agencies to scope potential projects to support capacity development in the delivery of road safety programmes. It was approved in March 2011 and is scheduled to be completed in June 2011.

Deteriorating road safety is a major sustainability issue in the road sector and the number of deaths and injuries attributable to road crashes in the country is rapidly increasing as a result of steep increases in the motorised vehicle fleet. IndII has had a significant success in the national road agency, DGH by supporting road safety audit and road safety training activities. Given the widespread problem and the requirement to address road safety throughout the country, there is a need to initiate activities to address road safety across the national, provincial and local government agencies, all of which require capacity development in this regard. The proposed activity is examining the potential scope for future assistance to deliver road safety outcomes

across the broad spectrum of agencies including the central government, the DGH, the DGLT, local and provincial government agencies responsible for roads and transport, and the national traffic police. The activity will also examine the possibility of enhancing inter-agency cooperation to address road safety. The Review supports the IndII's focus in road safety because it is an issue prevalent in Indonesia. The Road Safety Decade promulgated by the United Nations and various road safety organizations worldwide commences in May 2011 and the continuing efforts under the IndII to address this issue are commended.

#### **(d) Aviation Sector**

**Activity No. 180: Air Traffic Management Master Plan (AU\$ 508,951):** Work on the air traffic management (ATM) Master Plan was originally undertaken from January 2010 to June 2010. Due to various delays, the consultant eventually commenced work in June 2010 but the key deliverable, ATM, has yet to be finalised. In general, the work progressed well and the first two deliverables, a summary report on traffic and forecasts and an ATM planning review were completed on schedule to an acceptable quality and were published by the IndII in June 2010 and July 2010, respectively. A draft Master Plan document was submitted in late 2010 but IndII and its independent peer reviewer has identified a large number of comments and shortcomings which partly also reflect a poorly formulated TOR. Following recent AusAID approval of additional funding to address inadequate TOR and to further strengthen the consultation process it is now anticipated that the draft final report will be submitted by end April/early May 2011.

Discussions with the DGCA indicated that they do not have knowledge on why the final report is delayed. In their opinion, the consultants had worked well with their counterpart staff though it would have been better if more of the analysis had been done in-country rather than in the consultants own country as this would have provided for greater opportunity for capacity building which is a priority need. They expressed concern that the document was urgently required as it would provide the primary guideline for the establishment of the single air navigation services provider that is mandated under the Law 1/2009 on aviation that envisages the new provider will be in position by 12 January 2012. While it is commendable that the activity has been useful to guide the development of policy reform, it is somewhat disappointing that the report has been delayed and is deficient in quality in certain areas. The IndII needs to ensure that the report is of acceptable quality to provide good guidance to the DGCA regulators in creating the single air navigation services provider.

**Activity No. 191: Open Sky 1 (AU\$ 71,043):** In late 2009, the ASEAN Transport Ministers Meeting agreed to adopt a policy package to extend open skies policy between their countries. For Indonesia the commitments are to provide open access to five major airports in Jakarta, Medan, Surabaya, Bali, and Makassar. In addition, the country is committed to addressing a number of potential challenges that may occur when the policy becomes fully effective which include the readiness of domestic airlines to compete with international airlines, the limited capacity of domestic airlines

to compete beyond ASEAN routes, and the weak investment in the Indonesian aviation industry could lead to the national market being dominated by international airlines.

The initial stage of the activity focused on undertaking a review and scoping exercise and involved an assessment of the multilateral agreements associated with the new ASEAN policy and identification on how they would impact upon the Indonesian aviation sector. This was followed by an assessment of the preparedness of the sector to implement the new agreements and also how the new policy is expected to impact other ASEAN countries. Based on these assessments, recommendations were made on the need to undertake further work and the TOR has been prepared.

The work was successfully completed on time and within budget and provided the basis for implementing the second stage of open skies described under Activity 220.

**Activity No. 210: Bali Airport (AU\$ 80,536):** Ngurah Rai airport is the gateway to Bali and is one of Indonesia's major airports. As an international gateway, the airport will be one of five airports that will be included in the Government's commitments to the forthcoming sixth package of ASEAN air transport services commitments to extend open skies to those international routes linking cities between ASEAN countries. In 2009, the airport catered to 9.6 million passengers and 76,000 aircraft movements. At peak times, an average of 26 aircraft per hour use the airport with a single runway with adequate length to handle B747 aircraft. The options for developing the airport face limited options for runway extension and road access, geological faults and potential adverse social impacts on nearby residential areas and the built environment. The primary purpose of the IndII-supported activity was to provide international specialist advice to a DGCA team that were examining the issues pertaining to the infrastructure development needs of the airport in the long term.

A key finding was by adopting certain measures; it is possible to increase the capacity of the existing runway to over 40 movements an hour which is significantly above the existing 26 movements in peak hours. Thus, by implementing a series of relatively low cost measures, any investment in additional runways can be postponed for several years. With respect to road access, the implementation of traffic management measures and improvement in public transport access could remove a significant portion of the existing access constraints despite an expected substantial increase in passenger movements.

The activity commenced in October 2010 and was successfully completed within budget in early March 2011. The DGCA staff indicated that they were pleased with the conduct of the assistance which demonstrated how additional capacity can be generated at an airport with relatively little investment. The use of such techniques will be useful in studying infrastructure requirements at other airport locations. However, DGCA informed the Review that despite the study findings, it is likely that local politics will dictate that private sector investment in a second Bali airport will go ahead in the near future. Local government is committed to the private sector to construct and operate the second airport which is expected to focus on local traffic rather than international or long distance domestic movements.

**Activity No. 220: Implementation of Open Sky Policy 2 (AU\$ 422,342):** The activity is a follow-on second stage resulting from activity 191 described above. The objectives of the activity are threefold: to accommodate the Open Sky policy within Indonesia's civil aviation law; produce a "road map" identifying the actions required to implement the open sky policy; and quantify the benefits to Indonesia from the implementation of such an open sky policy. The work under this activity commenced in January 2011 and is expected to be completed at the end of May 2011. The work is thus ongoing and the inception report was the only document available for this Review. At the time of the review, the consultants were also not in the field.

The DGCA was pleased with the performance of the consultants so far and were of the opinion that they were likely to provide a very useful report which will guide them to prepare for the introduction of the ASEAN open skies policy by 2015. The domestic and international air traffic has expanded rapidly over the past decade and this is forecast to continue especially within ASEAN as its economies are growing quickly. Air travel is especially important in an archipelagic country where communications by alternative modes such as land or sea are lengthy and unreliable and the DGCA are of the opinion that future assistance from the IndII will be sought to help them prepare for and build the capacity for a strong regulatory authority which will be important to provide appropriate oversight of its competitiveness in operations and facilitate its growth. They anticipate that the next stage of the IndII assistance for open skies will help them implement the road map resulting from the ongoing phase.

#### **(e) Urban Transport Sector**

**Activity No 175: Bus Improvement Project 1 (AU\$ 165,000):** This activity commenced in January 2010 and was completed in June 2010. The overall objective of the activity was to support the planning of bus rapid transit (BRT) in Indonesia so that the services would maximise their short- and long-term potential success. The scope of the activity was to be implemented in two phases and the initial activity was limited to provide training, guidance and assistance to those responsible for planning BRT services in selected pilot cities. The cities of Bogor, Palembang, Surakarta and Yogyakarta were selected under the activity scope and the key staff were provided with training on planning and implementing BRT systems and participated in a fact-finding tour to Australia to better understand BRT and public transport planning in general. Subsequently, a workshop was conducted on planning BRT in Indonesian cities which was followed by "hands-on" assistance in the individual cities examining their BRT proposals and discussing possible adjustments and changes to improve BRT operations and services. Finally, the activity assessed the investment requirements in each city for improving the BRT services and prepared the TOR for a subsequent phase 2 and 3 relating to implementation of the investment and ongoing technical assistance, respectively.

The activity was successfully completed and is considered successful because additional knowledge on BRT was provided to city transport planners and policy makers that facilitated improvements in the BRT systems in each of the four cities. The



discussions between stakeholders and policy makers resulted in proposed solutions that were appropriate to local conditions. The risks associated with the recommendations are low since the infrastructure requirements to be provided in each city remain small scale. At the end of Phase 1, the anticipated infrastructure requested by each city was as follows:

**Palembang:** construct 119 new bus shelters with associated footpath improvements in their immediate vicinity and provide road markings and signs at 357 bus shelters;

**Surakarta:** construct 13 new bus shelters with associated footpath improvements in their immediate vicinity and to improve the bus system – rail integration facility at Jebes station;

**Yogyakarta:** construct 10 new bus shelters with associated footpath improvements in their immediate vicinity and to enlarge the shelter at the Prambanan terminal and at the Adisutjipto airport; and

**Bogor:** subject to the Technical Team review of the public transport supply problem in the city, construct 10 new bus shelters with associated footpath improvements in their immediate vicinity subject to budget availability.

While the proposed investment of about AU\$ 1.2 million is relatively small, the review is of the opinion that building bus stop shelters is not considered to have significant developmental impact. Nevertheless, the review supports the ensuing project given it emanated through the IndII process which incorporated capacity building on appropriate BRT systems and policies as well as advice on bus shelter design and its environment, and taking into account that the expectations from public transport planners and senior policymakers in the cities are high.

**Activity No. 215: Bus Improvement Project 2 (Stage 1-AU\$ 247,460; Stage 2- AU\$ 1,195,060):** This second phase of the project takes into the account the oversight comments of the IndII Technical Team concerning the optimistic timing, funding and budgetary processes required to provide the infrastructure efficiency grants. It was intended that the Stage 1 planning and procurement phase would be implemented from July 2010 to December 2010, while the Stage 2 infrastructure implementation phase, if subsequently approved by AusAID, will be implemented from January 2011 to July 2011.

Stage 1 has progressed as planned with the completion of the engineering designs and the special study of the public transport supply in Bogor. However, a problem arose with the approval of the grant approval mechanism since it was not originally anticipated that the DGLT would need to become involved with the process. Since the latter was not involved mainstream with the project from the inception, as the primary thrust was with the municipalities, DGLT has not been expedient in responding to requests to approve the proposed grants. However, recent discussions with the DGLT indicate that the initial problems have now been resolved and they expect the grant will be approved before the end of April 2011.

The risks associated with the activity were recognised at the time of approval although the time required to obtain approval of the grant process has taken significantly longer than originally anticipated. As a result of the delay in the implementation, Stage 2 infrastructure grants cannot be completed by the end of June 2011 which is the completion date of IndII. It is, therefore, necessary for the implementation of Stage 2 to be carried over to the second phase of IndII (IndII 2). Given that payment of the grant will use an output-based approach where municipalities will be reimbursed for expenditures incurred in construction of facilities on a rolling basis it is likely that the implementation period might take more than the 6 months as envisaged at the time of the activity design document. This should be re-examined prior to AusAID's approval of the Stage 2 funding commitment.

**Activity No. 223: Surabaya Urban Mobility Project 1 (AU\$ 221,520):** This activity was implemented for 3 months (from September 2010 to December 2010). Its objectives included a review of BRT proposals for the city of Surabaya and the preparation of a TOR to undertake the design and implementation of a first phase BRT system and also prepare urban mobility policy guidelines and a TOR to prepare and implement urban mobility demonstration projects and action plans. The overall project was also to include appropriate measures to undertake consultation and interaction with stakeholders and residents of Surabaya.

The work resulted in a final report on Improving Urban Mobility in Surabaya which provided a set of urban mobility guidelines that should help the city initiate the process of improving mobility for its residents. The focus on mobility is an approach that has yet to be adopted in Indonesia and shifts the emphasis away from focusing on vehicle movements and addressing congestion to one that places attention on the movement of people and goods. This approach has been adopted in many cities in other parts of the world where it has been successful in improving transit operations by promoting integrated transport approaches and policies by prioritising public transport and non-motorised transport including pedestrian movements. The city government has indicated that it plans to implement a strategy that will reverse the declining trend in mobility by adopting a mobility strategy. The strategy is expected to have BRT at its core together with measures to manage transport demand, improve non-motorised transport, facilitate pedestrian movements, improve safety and address complementary institutional and regulatory arrangements.

The adoption of a mobility strategy by Surabaya will be of interest to other cities in Indonesia all of which have severe urban transport problems. The activity is therefore a useful precursor to adopting a pilot programme that could be used by municipal governments across the country to adopt similar measures to improve transport mobility in their jurisdictions. The outputs of the activity were fully supported by the Surabaya authorities and other government agencies involved with urban transport and were subsequently used by IndII to develop the second phase of the project as described below in Activity No. 235.

Of special note, the work under this activity incorporated two cross-cutting specialists, namely, a monitoring and evaluation specialist to assist in preparing baseline

performance indicators for urban transport in the city and a specialist to take gender issues into account and incorporate them as a component in the design of the mobility plan.

**Activity No 234: Support to UKP4 to Improve Urban Mobility in Greater Jakarta (AU\$ 107,180):** This activity was requested by the Presidential Work Unit for Development Supervision and Control (UKP4) to facilitate and monitor the progress of UKP4 action plans relating to Jabodetabek<sup>4</sup> urban mobility planning. As this activity only commenced in late February 2011, the review is largely based upon the inception report prepared by the team of consultants who have been tasked to recommend to UKP4 a range of efficient and effective performance tools for implementing the actions plans along two showcase corridors in Greater Jakarta that have been designed to improve urban mobility.

The activity commenced in February 2011 and will be completed in early June 2011. Aside from the inception report, the other deliverables will include an interim report to outline the progress of the baseline survey results, stakeholder consultation, media outreach, issues and challenges that are hampering implementation in the showcase corridors. This will be followed by a final report that provides greater detail on project activities than the interim report, and an activity completion report. The final report will also include proposals for further follow-on activities for possible IndII 2 support.

The proposal to commit AU\$ 107,180 to the Government's UKP4 to monitor the implementation of the action plans is considered reasonable given the volume and complexity of the tasks involved and the innovativeness of the approach. However, the UKP4 is an ad hoc coordinating organisation that has been created to address the deteriorated and congested conditions in the Jabodetabek metropolitan region, but it has been provided with limited budget and resources to sustain its operations. The Review considers that while the findings of UKP4 could provide interesting and new concepts to address increasing congestion, support for such organisations should be accorded lower priority than the mainstream institutions whose primary functions are to manage, develop and administer transport infrastructure in the country. Ad hoc organisations outside of the mainstream institutions often do not add to the capacity enhancement of the sector, are under-resourced and tend towards ineffectiveness over time as their usefulness and political priority diminishes.

The engagement of the Indonesian Transportation Society (MTI), a civil society organisation, to undertake the research, analysis, design, and report activities under the Greater Jakarta urban mobility project is supported. The involvement of non-government organisations in assessing mobility options is expected to bring new concepts and ideas to the debate which is likely to extend the range of options examined and the use of less traditional approaches that have not had substantive success in the past. Under the activity, the consultants are monitoring various action plans to reduce congestion such as on-street parking, restoring the function of

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<sup>4</sup> Jabodetabek is an acronym referring to the metropolitan area comprising Jakarta, Bogor, Depok, Tangerang and Bekasi.

sidewalks, use of slow lanes for motorcycles, integrated ticketing for public transport, provision of park-and-ride and improved busway services, and examining how these approaches are effective in two major corridors from the south, namely, Depok – Ragunan – Dukuh Atas (25.5km) and Serpong – Lebak Bulus – Dukuh Atas (34.1km).

**Activity No. 235: Surabaya Urban Mobility Project Stage 2 (AU\$ 106,107):** This project activity is a follow on from Stage 1 which was completed in January 2011 and comprised a review of the BRT options in the city and provided the TOR for subsequent activities. The general findings suggested that the BRT should be a core feature for improving urban mobility in the city but needed to be a component of a comprehensive urban mobility strategy and accompanying action plan for the city. To assist Surabaya to build such a strategy, it is recommended that Stage 2 conduct a series of training sessions and workshops with stakeholders to provide knowledge and experience on how to transform their knowledge on urban transport, to develop an urban mobility strategy suited to the conditions pertaining in Surabaya.

The activity commenced in April 2011 and is scheduled to be completed by the end of May 2011. A series of training sessions and workshops is being conducted together with discussions on developing a possible pilot project that would demonstrate the key principles of good urban mobility practices. The pilot project is expected to comprise a number of different elements including a demonstration BRT route, bicycle network, pedestrian facilities, road safety, parking restraint, traffic calming and traffic management.

This activity is considered to have high risks. Surabaya has had several previous attempts to implement elements of the pilot project supported by different donor agencies over time. There has been an investigation concerning corruption on an earlier BRT project and this has had a significant adverse impact on implementing BRT in the city since. While the risks remain, the concept of a pilot project that demonstrates sustainable urban transport would be of tremendous value to Indonesia where there has been little to no investment in urban transport infrastructure or effective policy for many years. The implementation of such a concept would demonstrate what could be achieved in many cities across the archipelago. The cost of such a pilot project is unknown at this stage but the planning, detailed engineering and construction cost of the infrastructure requirements are expected to be in the range of AU\$ 5 million to AU\$ 10 million.

## **2. Transport Support Arrangements at the MOT**

The arrangements to support activities at the MOT are different from those used at the Ministry of Public Works to manage activities. At the latter, the Lead Advisory Unit (LAU) takes a key role in the day-to-day management of the IndII-supported activities while at MOT, this responsibility remains with the IndII Transport team at headquarters. The MOT is a much weaker organisation than the DGH and its various DGs require significant support. For administrative purposes, this support is provided by the IndII directly to the DGs through a small office established with critical

administrative equipment and an office administrator to attend to day-to-day enquiries. This office acts as a liaison between the DG and the IndII. The cost of this set up is small and appears to be cost effective. At the MOT, the linkages between the DGs and senior policy makers, particularly the Vice-Minister, are not well developed since the institution of Vice-Minister is a recent addition to government policy. At the request of the Vice-Minister, the IndII provided technical support to his office to facilitate policy analysis of various transport proposals from the DGs and to act as a channel of communication between policy advisors in the MOT. It was agreed to provide such support through a Policy Advisory Unit (PAU) staffed by national officers the primary objectives of which are to: (i) support key MOT policy makers; (ii) analyse key transport issues; (iii) monitor IndII activities at MOT; and (iv) review and report on work undertaken. Thus the role of PAU is markedly different from that of LAU located in DGH and there are few similarities between the two units.

In discussions with the Vice-Minister, it was indicated that PAU was very useful in helping to assess policy proposals and producing different scenarios to those provided by the DGs. The point was made that PAU is assisting senior policy makers to make better decisions by enabling different options to be assessed and different points of view to be considered. Also by regularly questioning memoranda and reports submitted to the higher echelon often meant that better work was undertaken at the lower levels since they are aware that comments and questions will be asked on their projects and proposals. The Vice-Minister indicated that since the creation of his post, no technical staff had been assigned to support the position and in this respect, PAU enables him to be more effective in carrying out his duties. He indicated that PAU has done high quality work and has proved its value in terms of the quality of its outputs. The value of PAU is not only in the outputs it produces but also the fact that it enables the Vice-Minister to liaise with and coordinate work across the MOT much more efficiently and effectively. This process results in less work being undertaken in “silos” with more broad based approaches involving staff and work units across the MOT. This is perceived to have led to better integration and coordination in the approach to transport policy. The existence of PAU also provides the individual DGs and other work units with better access to the Vice-Minister’s office.

A review of various PAU periodic reports indicates that the vast majority of its work covers MOT activities, more than 70 percent, while less than 30 percent of its time is spent on direct IndII activities. Within the latter activities, PAU has been instrumental in helping IndII to develop a strong pipeline of support activities at the MOT. PAU also facilitates the arrangement of high level meetings especially for those consultants that only have periodic inputs in Indonesia. Feedback from a number of these consultants indicated the usefulness of PAU contacts in the MOT hierarchy. PAU works with all DGs and appears to have a good working relationship across the spectrum of modes.

For undertaking its existing role, PAU appears to have the right number of staff and appropriate mix of skills. While it does not embrace all skills, there are potentially additional skills that are required in PAU but these do not necessarily require full time appointments. This is taken up in more detail in the “Looking Ahead” section in paragraphs. 83-85.

### **3. IndII Management of the Transport Programme**

IndII manages its transport programme through a small team located in its headquarter in Jakarta. The team comprises an international Technical Director who is supported by two national technical staff and an administrative assistant. This is a lean team that perhaps struggles to keep up-to-date and on top of all activities, given the rapidly growing portfolio of transport activities. The evolution of IndII management has taken into account AusAID's desire to keep overheads low and management costs to a minimum. This has been achieved by outsourcing several activities. Within the transport sector, this has included the establishment of LAU at DGH which manages the large road sector portfolio. The net effect is that the IndII Transport Team has fewer inputs in the road sector work than the transport policy and regulatory activities at the MOT which are managed directly by the team. However this Review examined 19 activities at the MOT, many of which are still ongoing and the work load is heavy for the small team involved. The majority of the assistance focuses upon policy and regulatory advice which often requires substantial technical input and high level of knowledge and skills across the transport modes.

Because the number of activities is large, the number of documents for review and comment is high. The IndII recently awarded a contract to a consulting firm to provide independent reviewers to facilitate the technical review of documents produced under the IndII transport programme. Given the limited capacity of the transport team, this is a sensible approach since it enables quality technical experts to be available to undertake peer review. This should assist to ensure the continued quality of IndII outputs all of which are available on the website in both Bahasa Indonesia and the English language. The major disadvantage of outsourcing is that it places the team personnel one step away from the actual activity.

As the number of activities expands, there will be a need to keep abreast of all ongoing activities and perhaps the need for a wider range of technical skills. The IndII management needs to monitor the workload of the Transport Team to make sure that it does not become too overburdened with activities and thereby prone to making administrative errors. To date, the two projects with problems have not been caused by such problems but by underperforming consultants and insufficiently funded activities that have not provided sufficient time inputs to complete the work specified in the TOR.

During the first phase of IndII the management of the transport portfolio has been successful. In the initial years, pressure was placed on the need to identify and develop projects since the AusAID funds needed to be disbursed. The emphasis was to develop a healthy pipeline in the transport infrastructure ministries and initially there was no separate Transport Team. The creation of the Team in early 2010 coincided with a rapid rise in different activities and within one year a substantial portfolio has been created. This has been a considerable success and currently the portfolio includes all modes of transport and the IndII is deeply involved in a wide range of policy, planning, regulatory reform, capacity building and institutional strengthening in the transport sector. Much of the recent work has been conducted in conjunction with the Ministry

of Finance, Bappenas and the MOT to prepare future projects for disbursement in IndII 2. The one area that has eluded inclusion in the first phase of IndII is the use of infrastructure enhancement grants (IEG) in the transport sector.

#### **D. LOOKING AHEAD**

Planning for the second phase of IndII (IndII 2) has already been initiated and agreement has already been reached at the IndII Board to work towards an extension of IndII for another 4 years. Moreover, it is planned IndII 2 will continue to focus on and extend the foundations that underpinned the first phase, which include transport in addition to water supply, sanitation, and policy and investment. One of the primary aims will be to deepen existing assistance rather than broadening it. A focus will also be placed on assisting weaker agencies as requested by the IndII Board. Continuation of this policy needs to be re-examined since working with weaker agencies is both more expensive and time consuming compared to the stronger agencies.

Discussions with IndII management have suggested that IndII 2 is expected to place its main focus on the provision of grants for infrastructure investments. While a portion of IndII 2 will be allocated for technical assistance such as policy studies, institutional strengthening and capacity building, the major portion of TA will be allocated for preparing projects and programmes to support the implementation of the infrastructure grants. This shift in emphasis will have an important impact on the overall focus of the work conducted in the transport sector, which in the current phase has placed most emphasis on providing policy and planning technical assistance. Mention was made to the Review that under the IndII 2, the funds allocated for technical assistance would be capped at about \$5 million a year. At this amount the funding available for transport activities at MOT would be considerably less than the allocations disbursed in the past 12 months. The projects included in this review amount to approximately \$4.5 million which suggests that they are totalling about \$4 million on an annual basis. Under IndII, 2 it is possible and indeed likely, that substantially less funding will be available for MOT-supported activities.

#### **1. Potential for Future Support to MOT**

The MOT is an important infrastructure ministry that covers the aviation, maritime and land transport sectors, each of which is very important to delivering efficient and effective transport services to the economy and generating widespread economic growth and social development. There is, therefore, considerable scope for IndII 2 to support policies, projects and programmes in these sectors to reduce bottlenecks by adopting policies and eradicating impediments that will improve delivery of transport services and promote efficient logistics.

IndII has already provided substantial support to the MOT across these transport modes. To date this assistance has been directed at priorities identified by MOT and its

agencies and has covered wide ranging priorities rather than following a defined strategy to achieve specific objectives in any one mode. It is suggested that under IndII 2, steps are taken to focus assistance in priority areas that are designed to achieve progress in policy development in key transport subsectors based on the various master plans and studies that were supported under the first phase. This will build upon the activities that have already been completed and help deliver a chain of efficiency benefits that will lead to improved transport services in the future. Thus the key focus will be on deepening the existing support rather than broadening it.

At present, assistance has been based on the concept of progressive engagement where the approach has been initially cautious to develop trust between IndII and government agencies and obtain a good understanding of the issues before expanding assistance to priority areas. Use of this concept has enabled a good understanding of the risks involved and the potential limits on future success to be well understood before embarking on major activities. This concept has currently worked well in the MOT activities and should be continued in the IndII 2.

As noted earlier, the IndII has provided substantial assistance to each of the transport modes that are under the responsibility of the MOT. In the second phase it is likely that the amount of resources for supporting policy and planning studies will be less than the demand. It is, therefore, crucial that future support be directed to priority areas to achieve the defined goals and objectives. To achieve this objective, it is recommended that the IndII jointly with the MOT, undertake a review of the policy objectives and business plans of the MOT to identify the core areas where IndII resources could target MOT. This will provide a 'road map' for potential IndII assistance over the next 4 years and clearly identify the expected areas to receive assistance and the achievements to be attained. While the bulk of the assistance to the MOT would be defined by this review, it is also suggested that additional resources should be programmed to support other priority areas in the MOT that would benefit from IndII assistance to support policy assessment and implementation. This might include the continuation of ongoing lower priority activities. At this stage, this additional assistance is not anticipated to be large over the 4-year period but it might be significant in the first year when several follow-on activities could be supported.

Based on an overall perspective of policy needs the maritime sector is likely to have the highest claim on future IndII 2 support. The ports sector is expected to be subject to significant reforms in the next 2 to 3 years based on the requirements set out in the Port and Shipping Act No 17/2008. Discussions with the Vice-Minister and senior officials suggest that this sector will be the primary focus for change although the new laws for the railway and civil aviation sectors also foresee significant reform. The DGST is a weak institution that will require considerable external support to provide advice on good practices commonly adopted in other countries of the region and elsewhere. Capacity building and institutional strengthening programmes are likely to also be important to build the regulatory capacity of its staff. With the private sector taking over many of the operational responsibilities it will be necessary that the regulatory authorities have adequate capacity to properly manage the sector and ensure efficient and competitive operations. The demand for external support is expected to be high.



As noted in paragraph 24, it would be pertinent to undertake a port strategy study which would highlight the key reform issues required in the ports sector, and provide a document that would guide transport policy makers through the issues that need to be addressed and establish goals and objectives for the sector to achieve. Such a document would then be used as a basis for IndII 2 to develop a stream of assistance to the ports sector over the 4-year period as well as to monitor the effectiveness of the assistance provided.

IndII has provided considerable support to the railway sector. The key impediments to rail development concern the institutional framework and particularly the legal framework that IndII has already provided considerable assistance. The situation has been reached where the Government of Indonesia needs to take action to provide a framework that is conducive to private investors. Unless this action is taken development of the railway in Indonesia will not take place. It is suggested that further assistance to the railway sector await the necessary government reforms before consideration is given to provide additional support.

The IndII support to the civil aviation sector has been considerable and generally successful. This mode has perhaps the best performing institution of the transport modes even though it still requires considerable capacity building. The assistance on developing the ASEAN open skies policy has been well accepted by DGCA and while the ongoing phase will develop an implementation road map to implement the open skies policy' it is likely that further assistance will be required to provide oversight advice on its implementation. The Review considers further support to implement the open skies policy is provided priority. This is expected to build on the success already achieved. The Bali Airport Study demonstrated useful conclusions in that an increase in airport efficiency can be achieved at low cost through application of peak spreading mechanisms and low cost physical measures to improve capacity. Such measures could be applicable at many airport locations throughout the archipelago and might be further explored in IndII 2

In general external donor agencies do not accord high priority to supporting the civil aviation sector as it is considered to be a sector that generally supports higher income groups and has limited impact on achieving the Millennium Development Goals which is a primary developmental objective of many donors including AusAID. Given the limited resources that are likely to be available for policy support under the IndII 2, a decision will need to be made on the importance of continued support for the civil aviation sector.

Throughout Indonesia, there is a large need to address urban mobility. However, the risks of success in this area are high and it is recommended that IndII 2 proceed with caution. If the ongoing activity in Surabaya makes good progress and the municipal government accepts the need to implement a pilot project, it is recommended that IndII 2 consider supporting the implementation of the pilot project components with IEGs. If a larger project results (in Surabaya) with perhaps a multilateral agency taking the lead, IndII assistance could also be used to implement key components using IEGs under parallel co-financing. In this way, the IndII assistance would not be delayed by

the multilateral finance institutions' bureaucratic procedures and the assistance would be provided under the umbrella of the project as a whole.

A substantial demand for support for urban transport will often have a short-term political motive and IndII will need to consider carefully the projects that are accepted for assistance. The cities that are likely to have the best success are those with mayors that have a vision for improved future mobility in their city and cities which by their size have a manageable mobility problem. There are several other donors involved with urban transport in Indonesia including GTZ, Cities Development Initiative for Asia and the multilateral organizations comprising the World Bank and the Asian Development Bank (ADB). To create success it will be necessary for IndII 2 to work in partnership with these organizations to minimise risks and achieve project goals and objectives.

One area that has been an undoubted success in the IndII at present has been the safer roads, a road safety activity at the DGH. Safety is a major transport issue in Indonesia and is widely recognised in each of the modes. In addition to road safety, the country has significant air, maritime and railway safety issues which need to be addressed. The Government of Australia is also addressing safety issues under its ITSAP programme. Discussions with the Vice-Minister indicated that safety is likely to remain on a modal basis as the MOT is not keen on developing a separate safety authority. Within the modes road safety should remain the priority mode for IndII 2 assistance. This would continue the focus already placed on road safety but it could broaden to cover different aspects of road safety such as safety education at schools, improved enforcement by the traffic police, better emergency services and strengthened cooperation, coordination and management of road safety overall. Activities in road safety should also be broadened to include partnering with other agencies and civil society organisations such as ADB, World Bank, Global Road Safety Partnership, World Health Organisation and the International Red Cross and Red Crescent Societies all of which are involved in Indonesia. The scope for activities is high and this Review also expects that this will also include the potential use of IEGs to support implementation activity at the local level.

Under IndII 2, greater focus will be accorded to project preparation activities. The main focus of this activity is to prepare and implement IEG. Within the responsibility of MOT there might be opportunities to prepare IEG in areas such as demonstration or pilot projects for urban mobility but in general such grants are not likely to provide many opportunities in MOT since the ministry is primarily a regulatory agency rather than a project or operations agency. However, opportunities might arise to prepare larger projects suitable for a multilateral donor such as the World Bank or ADB. It is recommended that the IndII transport team liaise on a regular basis with these organisations to examine the opportunities for IndII to prepare projects for subsequent support by the multilateral finance institutions. This type of assistance could provide substantial leverage of AusAID assistance as a relatively small investment of \$1 million to \$2 million could result in a large multimillion dollar investment programme by external donors. The benefits of MFIs using IndII are also large since IndII is flexible,

able to move quickly and avoid most of the lengthy bureaucracy required by these organizations to mobilise and utilise funding.

Addressing environmental issues is one area where IndII has yet to use its resources. Transport is one of the major generators of environmental problems through both tail pipe emissions and production of greenhouse gases. Indeed the transport sector is the fastest growth area for greenhouse gas emissions as the number of vehicles is rising steeply throughout the region and especially in Indonesia. In addition, Indonesia has been slow in adopting measures to reduce or curb emissions. It was the last country in ASEAN to remove lead from gasoline and due to the circumstances prevailing it continues to market relatively low quality transport fuels. Policies to mitigate greenhouse gases have lagged behind many other countries in the region and given the large size of its transport sector it is a significant contributor to transport emissions. This Review considers that there is substantial scope to assist MOT and the Ministry of the Environment to develop policies to mitigate transport emissions which would complement the growth in transport and the reforms that will facilitate the growth. This Review did not have the resources or time to examine the possibility of including environmental issues in transport in detail but considers that this aspect should be included in the proposed stock take which is proposed during the early IndII 2 period.

## **2. Possible Arrangements to Support the MOT Programme**

The potential arrangements to support the IndII 2 programme at the MOT will depend upon the scale and magnitude of the future programme. It is possible that in the first year of IndII 2, the programme could be large due to the large number of projects that could be carried over from the current programme. However, this Review is suggesting that given the significantly smaller amount of funds that are expected to be allocated for planning and policy studies in the next phase, the IndII 2 is likely to require greater focus and narrow its activities to achieving core aims. Under this scenario the resources allocated to the MOT is expected to remain at about AU\$ 1 million to AU\$ 2 million a year. This compares to the current level of approximately AU\$ 4 million a year.

As noted earlier, PAU has two primary roles: to provide the office of the Vice-Minister with technical support; and to provide an interface for the IndII activities at the MOT through coordination and liaison with the various DGs at a senior level. The assessment of PAU indicates that it is currently performing a useful role in both these activities and, moreover, the Vice-Minister is expecting that PAU will continue to provide similar services in the subsequent phase. This Review supports the retention of PAU under the IndII 2 particularly in the first year when the number of activities is expected to remain high. The number of staff positions in PAU should also remain the same. To ensure that PAU continues to perform a useful role it is recommended that its role be reviewed prior to the completion of one year to assess whether its continuation is warranted. This will depend upon the level of IndII 2 activity at the MOT expected over the remaining second phase of IndII assistance.

If PAU is to be retained then what type of structure is preferred? It could remain as a centralised structure as at present located in the office of the Vice-Minister or it could be decentralised with staff members located in each of the DGs or at least in those DGs where IndII 2 activities are to be based. The problem with the latter approach is that it would require additional staff positions if all DGs are to be included since IndII currently has activities prepared for each mode. The most persuasive position is to retain PAU as a centralised unit because its primary function is to provide technical support to the office of the Vice-Minister. If its staff were dissipated in the DGs its policy advice would be weakened as there would be less capacity to undertake cross-modal policy analysis through its weakened skills base.

Generally the current PAU works well and has the skills required to undertake most activities. However, to improve its usefulness it should have access to a greater range of skills to cover key technical areas that requires specialist skills. The key areas that would benefit the work of PAU are legal and regulatory skills both of which are important to the reform programmes agenda that are ongoing at the MOT. Such skills are not required on a full time basis but could be provided by the IndII pool of consultants on an ad hoc basis or by providing unallocated person-months under PAU activity design document. It is recommended that the future PAU be provided with a small number of unallocated person-months of national consultants covering legal and regulatory skills to be used only after seeking approval from the IndII Transport Director.

### **3. IndII Management of the Transport Programme**

The composition of the Transport team under IndII2 will largely depend on the volume and type of work included in the programme. This will include activities at both MOT and DGH as the quantum of activity is expected to change at both organisations. At the MOT, the staff activities are expected to remain the same, namely, to help identify new activities, assist with the processing of new activities, as well as manage implementation of activities technically and administratively. If the number of activities remain the same or increases in the first year of IndII 2, it would be prudent to add one additional staff to the team as the current team is overstretched.

The peer review of technical outputs from the activity consultants will continue to be a major requirement. Given the wide range of activities and skills required it is recommended that this task continues to be outsourced as specialists can be made available as needed. The existing practice provides flexibility and should ensure quality outputs.

The existing management structure of the Transport Team has worked well and should be retained in IndII 2 initially. It should be reviewed after 6 months, and if necessary again after 12 months, and adjusted if the scope and scale of transport activities changes. The one area where significant changes might occur is the introduction of the IEG. While the oversight of these grants will most likely be by a consultant team

reporting to the IndII there might be a need to have additional oversight arrangements in the Transport Team to handle grant procurement and disbursement functions.

## LIST OF PERSONS MET

IndII Transport Team	David Shelley, Technical Director, Transport Efi Novara, Senior Transport Programme Officer Maria Renny Herdanti, Transport Programme Officer
IndII Project Advisory Unit (MoT)	Darwin T. Djajawinata, Lead Advisor Wimpy Santosa, Senior Transportation Specialist Yoke A. Saputra, Research Officer
IndII Management	David Ray, Facility Director
IndII Advisor	Ty Morrissey, Monitoring & Evaluation Specialist
AusAID/IndII Advisor	David Hawes, Advisor
Directorate General of Railways	Nugroho Indrio, Secretary, Directorate General Directorate General of Sea Transport Kemal Heryandri, Secretary, Directorate General Hari Budiarto, Deputy Director, Sub-Directorate Ports and Dredging
Directorate General of Land Transport	Djamal Subastian, Deputy Director, Sub-Directorate Integrated Mode of Urban Transport Iman Sukandar, Officer, Integrated Mode of UT Directorate General of Civil Aviation Arfiyanti Samad, Secretary, Directorate General
Bappenas	
Ministry of Transport	Bambang Susantono, Vice-Minister
Consultants	Clell Haral, HWTSK (Railways and Vehicle Overloading) David Overington (Bus Improvement Project) Tory Damantoro (Bus Improvement Project and Surabaya Urban Mobility) Bill Vincent (Surabaya Urban Mobility) Paul Kent, Nathan Associates (Maritime) Eric Howard (Road Safety and Traffic Police) Ray Taylor, (Road Safety Education) Graham Gleave, M&E Sector Specialist

## INDII TRANSPORT ACTIVITIES TO BE REVIEWED

Division	No.	Sector / Activity [Name and Number]	IndII Activity Deliverables/Output (Time of Consultants' Submission)	Status
Railway	1	Act# 230 : PSO-IMO-TAC (Phase I)	a. Activity Design including TORs; b. Final Technical Report (end March/beginning April)	Ongoing
	2	Act #229 : Special Railways Phase III	a. Activity Design including TORs; b. Inception Report; c. A draft Ministerial Regulation on Special Railways and Interconnected Special Railways (Limited Public Railways); d. A proposed Government Regulation (PP); e. A revised, inter-ministry approved, Government Regulation (PP) for submission to the President; f. A new or amended Ministerial Regulation on interpreting the new Government Regulation (PP) submitted to Minister of Transportation for approval; g. A Final Technical Report which collates, coherently all previous individual research, consultation and reports, including an Activity Completion Report (as an annex)	New
	3	Act #225 : Guidelines for Special Railways (Stage 2)	a. Activity Design including TORs; b. Inception Report;	Completed

Division	No.	Sector / Activity [Name and Number]	Indll Activity Deliverables/Output (Time of Consultants' Submission)	Status
	4	Act #157 : Railway Master Plan Stage 2	<b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b> <b>c. A Final Report</b> , including all working papers, final consolidated and final interface report.	Completed
Sea/Port Transport	1	Act #199 – Port Authorities (Phase I)	<b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b> <b>c. Report</b> on port policies, procedures, infrastructure development, challenges, system risks, and future planning activities operating at an agreed selection of four main ports and five local/ regional ports. <b>d. Draft organisational matrix</b> / matrices for Ports' operations, under the new arrangements; including a <b>draft schedule</b> to indicate broad implementation of port authorities and port management units, supported by a <b>draft transition plan</b> . <b>e. Technical Report</b> including (among other identified supporting material and annexes): (a) Draft <b>Terms of Reference</b> for Stage 2 of the Port Authorities / Management Units activity; and (b) an <b>Activity Completion Report</b> .	Ongoing
	2	Act #182 : National Port Master Plan (Refinement)	<b>(Indicative Documents – subject to further confirmation with Consultants)</b> <b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b>	New



Division	No.	Sector / Activity [Name and Number]	IndII Activity Deliverables/Output (Time of Consultants' Submission)	Status
			<b>c. A Final Technical Report</b> summarising all previous research, analysis, consultations, and previous reports into a single document, and which complies with the IndII M&E Framework, Gender Strategy and Risk Management Plan. (The Final Technical Report will include <b>a revised NPMP summary document, a draft decree, traffic forecasts, and nine Working Papers</b> as well as <b>draft AD/TORs</b> for the identified next stage of IndII support to DGST, including budget estimates and timelines.)	
	3	Act #182 : National Port Master Plan (DWA)	<b>a. Activity Design including TORs;</b> <b>b. Inception Report</b> <b>c. FGD and consultation</b> <b>d. Workshop</b> <b>e. Draft Technical Report</b> , including all working papers.	Pending ( <i>Draft Technical Report</i> )
	4	Act #165 : National Port Master Plan Stage 2b	<b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b> <b>c. A Final Technical Report</b> , including port traffic forecast report, a report vision national port system in 2030 and activity completion report	Completed
Land Transport	1	(Act #154) : Vehicle Weight Control	<b>a. Activity Design including TORs;</b> <b>b. Background paper;</b> <b>c. Final Report</b> incl. (i) paper proposing nature and scope of IndII assistance,(ii) Draft Activity Design document, and (iii) Activity Completion Report	Ongoing

Division	No.	Sector / Activity [Name and Number]	Indll Activity Deliverables/Output (Time of Consultants' Submission)	Status
	2	(Act #237) : Road Safety Scoping Study	<b>a. Activity Design including TORs;</b> <b>b. Scoping documents</b> setting out draft TORs for each supported project/group <b>c. End-client liaison and consultation</b> with key stakeholders for each project <b>d. Approved funding mechanisms</b> for each project, particularly those PGs and LGs <b>e. ACR</b> (Activity Completion Report)	New
Aviation	1	Act #180 : Air Navigation Blue Print	<b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b> <b>c. Working group MoM;</b> <b>d. Activity Monthly Report and Completion Report.</b>	Ongoing
	2	Act #191 : Open Sky 1	<b>a. Initial Activity Request</b> <b>b. Activity Design including TORs;</b> <b>c. Activity Completion Report.</b>	Completed
	3	Act #210 : Bali Airport	<b>a. Activity Design including TORs;</b> <b>b. Inception Report;</b> <b>c. Activity Completion Report.</b>	Ongoing
	4	Act #220 : Implementation of Open Sky Policy 2	<b>a. Activity Design including TORs;</b> <b>b. Inception Report.</b>	Ongoing

Division	No.	Sector / Activity [Name and Number]	Indll Activity Deliverables/Output (Time of Consultants' Submission)	Status
Urban Transport	1	Act #175 : Bus Improvement Project 1	a. Activity Design including TORs; b. Activity Monthly Reports and Completion Report.	Completed
	2	Act #223 : Surabaya Urban Mobility Project 1	a. Activity Design including TORs; b. Activity Monthly Reports and Completion Report.	Ongoing
	3	Act #215 : Bus Improvement Project 2	Activity Design including TORs.	Ongoing
	4	Act #235 : Surabaya Urban Mobility Project 2	Activity Design including TORs.	New
	5	Act #234 : Support to UKP4	a. Activity Design including TORs; b. Weekly Report; c. Important MoM.	Ongoing

## **ANNEXE 2: SEMI-STRUCTURED INTERVIEW**

### **IndII Case Study Questions March 2011 Policy Advisory Unit (PAU)**

#### **1. Background and Context**

- Please provide us with some background to the (Activity name) – what was the initial problem that the activity was meant to resolve?
- What have been two major achievements to date for the Activity?
- What have been major challenges to date for the Activity?
- Have the stated objectives of these activities been met?
- Overall, how satisfied are you with the input and support of IndII and in particular the LAU? (e.g. contributing to change and impact – road safety, roads design etc.)

#### **2. Capacity Building**

- Have appropriate staff been identified and actively participating in the (Unit)?
- What capacity building initiatives have been used in the (Unit)? What have been positive contributions (i.e. new skills, knowledge applications etc.)?
- Have training workshops and other activities increased your knowledge and awareness in your job function? Please provide examples.
- Do you perceive you have more capability to execute your job tasks and functions? What about for others in the (Unit)?
- Is the (Unit) formally recognised as part of the broader DGH restructure?
- What are you doing in your job differently now to what you were doing before?
- What has changed in the (Unit) as a result of support? (i.e. what systems, processes and approaches are being used now that did not exist before?)
- Is continuing LAU support important for further expansion and consolidation of road safety capability?

#### **3. Partnership Building and Performance**

##### **3.1 External**

- Has IndII support assisted (Unit) to improve relations with other agencies (e.g. traffic police and DGLT)

- Will the partnership be sustained after LAU and IndII involvement? If yes, how will this be managed?

### **3.2 Internal**

- Have partnerships been established with other units within DGH?
- Have there been any barriers to forming strengthened partnerships? How has the LAU assisted you strengthen partnership and interactions?
- Do you believe your work unit has established good partnerships? If yes, please explain why and provide an example of how the partnership has worked.

### **3.3 Work Unit Performance**

- Overall would you say your (Unit's) performance has improved with LAU support? Please explain why and use examples.
- How will performance be maintained and improved with the completion of the activity (i.e. Exit Strategy)
- Have you considered strategies to use to increase the effectiveness of the (Unit) after the LAU completes its assignment?

## **4. Policy Setting and Implementation**

- Has the Activity contributed to improved policy dialogue and development? If so what have been some tangible outputs (new strategies, new processes etc.)?
- What systems and processes have been strengthened in the (Unit)?
- Have new systems contributed to improved capacity and capability to complete job functions>

## **5. Sustainability**

- What are the next steps in promoting policy and capacity enhancements derived through IndII support?
- Has the LAU developed a long-term strategy including an exit strategy to transition responsibility?

## **6. Australian Identity**

- Were you aware that the Australian Government through IndII funds the LAU?

## **7. Concluding Questions**

- Based on your views, understanding and experience – what improvements could be made to the Activity?
- Is there anything else you would like to add to the discussions?

**Thank you for your time and effort to contribute to this case study.**

**ANNEXE 3: LIST OF KEY PEOPLE CONSULTED**

Name	Position
Mr David Shelley	Technical Director, Transport, IndII
Mr Darwin Djajawinata	PAU
Ms Yoke Saputra	PAU
Mr Wimpy Santosa	PAU
Dr Bambang	Vice-Minister, MoT
Pak Bambang Tjahjono	Director General, Civil Aviation
Ibu Arfianti Samad	Secretary of Directorate General DGCA
Pak Agoes Soebagio	Chief Multilateral Cooperation and International Development, Directorate of Air Transport
Ibu Yudisa	Deputy Director of Land Transport
Pak Ahmed Yuahyudi	Directorate of Land Transport
Pak Edward Silooy	Director, Air Transport
Ibu Sri Windrasari	Deputy Director for Air Transport Cooperation

#### ANNEXE 4: INTERVIEW TRANSCRIPTS

Questionnaire Section	Response Transcript
<b>Background and Context</b>	<p>Designed after the appointment of a new Vice-Minister to fulfil a new role/structure within the Ministry. Primary focus on planning. Problem was the new role has no supporting structure. Assistance was requested and AusAID/IndII agreed to fund the concept. PAU is about two main function – 1) Policy advice to the Vice-Minister and 2) Harmonizing and coordinating Master Plan work and other IndII programmes. Vice-Minister has many responsibilities - PAU aids in advising and discussing key decisions and regulations from the VM to key staff in the lower directorates. Work with directorate staff to develop concept papers and respond to policy requests at the VM and Echelon 1 level.</p> <p>MoT often focuses on administration issues rather than planning – shift in focus to better planning. VM is taking more time to consider policy advice – 4 units report directly to the VM. PAU has four staff – 1 Lead Advisor, 2 Coordinators for specific sectors and 1 M&amp;E and Research. Facilitate communication with study teams (Master Plans) and coordinate and integrate. Respond to directives and regulations provided through the VM.</p>
<b>Key Achievements</b>	<ol style="list-style-type: none"> <li>1. Licensing reform – established, completed initial mapping and now implementing the reform process– led to development of Land Transport Unit developing E-Licensing and Tourism Transport Licenses.</li> <li>2. Connectivity – ASEAN Secretariat – developed Master Plan- VM head of delegation – PAU assisted with concept notes and briefs – providing advice on application to Indonesia connectivity issues.</li> <li>3. Improving information flow and communication within Ministry – concept papers - flow of communication. Support VM with regulation of information flow – Center for Data/Info – development of online management information and M&amp;E system – work of PAU.</li> </ol> <p>Prior to PAU the advice provided to the VM was not at a level that he found suitable. The VM now takes initiative on actions based on evidence and delegates his authority. He is now more reliant on his own people and the process can continue. PAU does not have any direct counterpart. Stage II continuation would be appropriate – refine approach and develop stronger partnerships</p>



Questionnaire Section	Response Transcript
<b>Key Challenges</b>	<ol style="list-style-type: none"> <li>1. VM and work units not always ready for change – importance of maintaining communication and working to longer time frames.</li> <li>2. VM often gets caught up with daily tasks and often is distracted from receiving advice and support</li> <li>3. Translation issues – most reports in English – people do not respond, review or implement recommendations if they do not understand – PAU work spends considerable time working through reports to provide relevant briefs.</li> </ol>
<b>Overall Satisfaction</b>	Very satisfied with support received from IndII – close relations with Technical Director. Would be good to have flexibility to be able to request specialised support services (e.g. legal support). Also like to broaden the technical base of PAU to provide advice across a broader range of functions and subject areas. Can be restrictive at times, particularly if we need to respond to immediate requests.
<b>Capacity Building</b>	<p>Do not have a defined and definite counterpart. Capacity Building to date has been more ad hoc and informal. More responsive CB through the input of Units into the development of concept notes. PAU liaising and communicating with Units. Trying to strengthen Units to be able to develop their own concepts. VM lacks details and needs detailed advice from PAU – PAU prepare concepts, integrate views and research documents – concept provided to VM – formal meeting to discuss with stakeholders “reaffirm, refine and recommend” – Directive given to proceed. Licensing – established unit taskforce – responsible to develop document.</p> <p>** Increase capacity and improvement in the quality of recommendations and briefing notes coming from Units e.g. Monthly meeting to discuss economic issues and inflation – Planning Bureau now prepares detailed analysis and recommendations rather than just data and statistics. Modelled on PAU structure and approach. Refer to PAU documents as a guide.</p>
<b>Partnership</b>	<p><b>1. Internal</b></p> <p>Work with Units and sub-sectors. More ad hoc than formal coordination mechanisms. Coordinating through the VM office – represent the VM when collaborating. More results and improved coordination if the directives come from the VM.</p> <p><b>2. External</b></p> <p>Working with other agencies – pursue engagement. Office of the President and also with Statistical Office (BSP) – data collection, analysis and presentation. Small steps and role but guiding and advising on key strategic partnerships to form and maintain.</p>

Questionnaire Section	Response Transcript
<b>Policy Setting and Implementation</b>	Improved performance – PAU carry most of the workload for the VM office. Provide a filtering and analysis role. Objectives and provide opinions. Prepare policy briefs and review reports and presentations. Policy advice a prototype for capacity building – approach to discuss policy options together. Consultations with PAU prior to the decisions – Example – Policy discussion for connectivity in East Java - PAU engaged with R&D Unit – then linked with DGH, LG in East Java and MoT sub-sectors – proposal provided to Vice-Minister regarding connectivity in East Java. Need to ensure Master Plans are integrated and correlated to each other. Important to link to road corridor plans – LAU link?
<b>Sustainability</b>	Leading by example. Sustainability in systems and processes – briefing notes, policy discussions. No formal capacity building workshops or plans – budget available.
<b>Australian Identity</b>	Yes
<b>Conclusions</b>	No response to lessons learned in reports – some persistent problems have been raised but limited feedback from IndII. PAU goes through constant change – had to work hard to define focus and role. Happy with current focus – not sure what the VM may ask in the future. VM requests drive the agenda and not policy priorities. PAU is an extension of the VM office. Four elements for the future – ethics, research methodology and analysis, reporting and economics and commerce. Training programme to be developed that aligns to these priorities.

Questionnaire Section	Response Transcript
<b>Background and Context</b>	There are two elements to IndII's response – at the macro level – policy advice and development and at the micro level – working with directorates. Both vitally important as MoT has been a latecomer to the reform process. The process is still evolving – developing systems and strengthening capacity. Assisting in both directions (micro/macro) is a good model for future assistance.
<b>Key Achievements</b>	IndII is supporting the reform process – but you need time to see results. There is strong commitment from the senior echelons of MoT to support the reform process and agenda. Looking to develop regulatory capacity and establish a new body to handle regulatory capacity.

Questionnaire Section	Response Transcript
<b>Key Challenges</b>	Things do take time and there has been no 'radical change' in the overall institution – can be a positive with new institutions working within existing institutions – long-term cost savings. Need additional short term assistance – particularly in the legal area
<b>Overall Satisfaction</b>	IndII is doing a very good job. PAU is a good model – responds to the needs of the VM – importantly has a large amount of access to influence policy across the Ministry. They now have status in the Ministry. Policy advice needs to be deeper rather than broader – the current focus is good. Maybe look at Ports and Railways moving into the future.
<b>Capacity Building</b>	Working papers and presentations are examples of on-the-job training. Future capacity support will be required as MoT develops its regulatory capacity – how do we do it? What functions do we need to consider? The regulator needs knowledge supported by a consultant to boost capacity building.
<b>Partnership</b>	<p><b>1. Internal</b></p> <p>Liaison officers in each sub-directorate – act as a link to PAU. PAU is responding to need and working with these units. A PMU/PIU structure would be helpful and PAU provides oversight and work through these units.</p> <p><b>2. External</b></p> <p>Priority is the Connectivity Plans – Economic Corridor concepts. MoT is driving the policy change – multi-model development – MoT role vital into the future – need to take a greater role in working with other stakeholders.</p>
<b>Policy Setting and Implementation</b>	Strong improvements in policy decision-making. More analysis – part of the wide range of options. The assistance helps the VM represent options to the Minister. Before the advice was weak but now it is good and feeds into the decision-making process. Decisions are now made on evidence. Minimise political influence this way as decisions are made on evidence and analysis. The analysis briefs are very helpful. The Jakarta Port Master Plan is an excellent example – work with statistics, sea terminal analysis and options to consider – all presented to the Minister – Decisions are being made quicker. Review options provided by other donors – second opinions and IndII is coordinating this process.
<b>Australian Identity</b>	Yes

Questionnaire Section	Response Transcript
<b>Conclusions</b>	Very impressed with IndII and the Minister is very satisfied with the advice and support he is receiving – particularly the provision of options based on evidence and analysis. IndII is contributing to the reform process. The use of IndII expertise is an important part of this moving forward into the future.

Questionnaire Section	Response Transcript
<b>Background and Context</b>	Does not have strong perceptions about PAU but rather viewed them as part of the Vice-Minister. For Civil Aviation – have the Aviation Law no. 1/2009 (466 paragraphs) that calls for the establishment of a National Airport Plan and also to have a policy and regulation function. Ministerial decrees also support the shift towards regulatory works.
<b>Key Achievements</b>	Establishing an operations and regulatory function – Linking to ICAO standards.
<b>Key Challenges</b>	The main issue is the budget. Policy and regulation is okay. But need funding to support and meet the requirements of ICAO.
<b>Overall Satisfaction</b>	Do not have much interaction with PAU at present but this will change, as the Civil Aviation Master Plan is developed – Current policy – 1. Ability to fly to any airport within 1 day from key city. 2. Accommodate 737s at every airport and 3. Develop isolated and border areas to build airports.
<b>Capacity Building</b>	Have a team of Inspectors who are being trained and currently conduct surveillance, audits and checks – issue certificates and ensure compliance. Look at findings to mitigate risks.
<b>Partnership</b>	<ol style="list-style-type: none"> <li>1. Internal</li> <li>2. External</li> </ol> <p>Strong linkages with ITSUP, ASA and CASA – strong involvement with Australian safety regulators and study tours have been undertaken. Some experts have travelled to Indonesia to provide capacity support.</p>

Questionnaire Section	Response Transcript
<b>Policy Setting and Implementation</b>	N/A at this stage – following current GOI decrees and regulations.
<b>Conclusions</b>	PAU will play a greater role as we develop the Master Plan. Assist us indirectly with our relations with the Minister and Vice-Minister.

Questionnaire Section	Response Transcript
<b>Background and Context</b>	Very grateful for all assistance provided through IndII to date – PAU and individual activities.
<b>Key Achievements</b>	PAU is responsive to our needs and is a point of reference for our enquiries. We now have improved relations with the Vice-Minister and his office – we now have better access and more information on what decisions are being made and why.  It is much easier now for us to coordinate and PAU is acting as a central body.
<b>Key Challenges</b>	There have been delays with ATM but that is a very complicated activity. Reporting and financial schedules are not always aligned. When activities are designed there is often a lag, which does not always fit with our own GoI reporting schedules and budget timeframes.
<b>Overall Satisfaction</b>	Would like to see PAU initiate more formal meetings and structure around those meetings rather than the ad hoc meetings we currently have. Monthly meetings and coordination. Unit has established an IndII Task Force to monitor activities under our responsibility and coordinate progress and take action. Need more flexibility in TA – support requests.
<b>Capacity Building</b>	No real influence on capacity building at this stage.

Questionnaire Section	Response Transcript
<b>Partnership</b>	<p><b>1. Internal</b></p> <p>We need to have more awareness and communication about PAU – what it is, what is it trying to do and what role it will play. Good to have personal relationships and strong interactions with PAU. We have known some key members for a long time.</p>
<b>Policy Setting and Implementation</b>	IndII needs to take a stronger role in disseminating results – particularly in sharing information and results across units.
<b>Sustainability</b>	There is a desire for more local consultants
<b>Conclusions</b>	Need more information about design and process of activities – what is the mechanism for approving and selecting projects? Strategic planning will become an important issue moving forward.

Questionnaire Section	Response Transcript
<b>Background and Context</b>	Not really aware of PAU (only new to the job). Work specifically on road traffic – sub-directorate. Responsibilities include formulating guidelines and traffic management for inter-urban roads. Also focused on monitoring and control of overloaded vehicles – this is a key area where we need ongoing support – particularly to develop policies around this.
<b>Key Challenges</b>	Limited support to date in developing policies
<b>Overall Satisfaction</b>	PAU needs to make itself more visible and engage with what we are trying to do. Good to know there is assistance available.
<b>Capacity Building</b>	N/A

Questionnaire Section	Response Transcript
<b>Partnership</b>	<p><b>1. Internal</b></p> <p>We need to know more about PAU and how they can assist us. Other sub-directorates may know but I am new to the job and would be grateful for a more in-depth information session.</p>
<b>Policy Setting and Implementation</b>	<p>Policy support is a key feature – develop an overall macro-policy for road traffic and transport. Face challenges with different approaches in each province – different standards are being applied – need consistency in the approach. A Master Plan is something that may need to be considered.</p>
<b>Sustainability</b>	N/A
<b>Conclusions</b>	<p>Policy support is critical. We are also very interested to know what DGH is doing – look at building in overloading considerations into Performance Based Contracting (PBC). Future plans around improved monitoring – using CCTV for monitoring and data collection. Vehicle inspections. We need better coordination with DGH and understanding of roles and responsibilities. MoT needs to know their role.</p>

## ANNEXE 5: EXAMPLE OF WORKING PAPERS PREPARED FOR VICE-MINISTER THROUGH PAU



# PENYUSUNAN PROSEDUR BAKU PENERBITAN PERIZINAN DI LINGKUNGAN KEMENHUB



Bahan Masukan untuk Acara Pengarahan  
Wakil Menteri Perhubungan, 13 Agustus 2010



### Perkembangan Reformasi Perizinan

- ❖ Gugus Tugas Khusus Penyusunan Prosedur Baku Penerbitan Perizinan di Lingkungan Kementerian Perhubungan dibentuk untuk melakukan reformasi di bidang pelayanan perizinan.
- ❖ Hal-hal yang telah dilakukan Balitbang:
  - ✓ Membentuk tim internal kesekretariatan
  - ✓ Inventarisasi perizinan
- ❖ Gugus Tugas Khusus bekerja dari tanggal 8 Juni 2010, dan diharapkan menyelesaikan tugasnya pada tanggal 31 Desember 2010.
- ❖ Gugus Tugas Khusus wajib melaporkan kegiatan kepada Menteri melalui Wakil Menteri Perhubungan. Laporan kegiatan dan hasil kerja wajib dilakukan pada setiap akhir bulan dan pada akhir setiap tahap kegiatan.

1





## Langkah Kerja dan Status Reformasi Perizinan

### ❖ Rencana kerja Balitbang:

- ✓ Menyusun target dan keluaran
- ✓ Menyampaikan jadwal keluaran sesuai dengan waktu kerja yang ada sampai dengan 31 Desember 2010
- ✓ Menjelaskan konsep besar output Gugus Tugas mengenai penyederhanaan perizinan
- ✓ Mengkaji seluruh perizinan yang ada dalam lingkungan Kemenhub

### ❖ Prinsip-prinsip kajian Penerbitan Perizinan:

- ✓ Jenis perizinan yang mutlak diperlukan
- ✓ Prosedur yang singkat dan mudah diikuti
- ✓ Batas waktu pengurusan perizinan yang jelas dan tidak terlalu lama
- ✓ Biaya dibuat seminimal mungkin
- ✓ Persyaratan yang jelas dan sederhana
- ✓ Adanya insentif dan disinsentif dalam pengelolaan proses perizinan
- ✓ Tersedianya informasi yang lengkap / jelas / dan mudah dipahami tentang persyaratan perizinan, prosedur dan proses pelayanan penerbitan perizinan.
- ✓ Kemungkinan implementasi perizinan online
- ✓ Reformasi dasar hukum

2



## Tahapan Kerja Gugus Tugas Khusus Penyusunan Prosedur Baku Penerbitan Perizinan



3



### Jadwal Kerja Gugus Tugas Khusus Penyusunan Prosedur Baku Penerbitan Perizinan

❖ Pembentukan	: Juni 2010
❖ Pengarahan Pleno	: Juli 2010
❖ Pengarahan Wamen	: Agustus 2010
❖ Pemetaan Perizinan	: Juli – Agustus 2010
❖ Konsep Reformasi Perizinan	: Agustus 2010
❖ Analisis dan benchmark	: Agustus 2010
❖ Opsi Penyederhanaan dan Quick Win	: September 2010
❖ Uji coba implementasi (percontohan)	: September – Desember 2010
❖ Pedoman Perizinan & Penyempurnaan	: September - Desember 2010
❖ Pelaporan	: Juli – Desember 2010

Selanjutnya untuk jadwal kerja rinci disusun lebih lanjut oleh Gugus Tugas Khusus

4



### Tujuan Penyusunan Prosedur Baku Penerbitan Izin

Pembentukan Gugus Tugas Khusus  
(Keputusan Menteri No. KP 293/2010)

Prosedur baku penerbitan perizinan

- Pelayanan perizinan yang transparan, akuntabel, dan cepat
- Penjaminan kepastian hukum
- Penjaminan kepastian berusaha

5



## Struktur Organisasi Gugus Tugas Khusus

### Gugus Tugas

#### Pengarah

#### Pelaksana

Ketua:  
Menhub

Wakil  
Ketua:  
Wamenhub

Anggota

Ketua:  
Kepala  
Balitbang

Wakil  
Ketua I:  
Kepala Biro  
Hukum dan  
KSLN

Wakil  
Ketua II:  
Kepala  
PKK-PJT

Anggota

6



## Tugas-tugas Gugus Tugas Khusus

#### Pengarah

- Memberikan arahan sesuai ketentuan perundang-undangan

#### Pelaksana

- Inventarisasi perizinan pada subsektor darat, KA, laut, dan udara
- Melakukan rapat dalam rangka menyusun prosedur baku penerbitan perizinan
- Menyusun prosedur baku penerbitan perizinan
- Sosialisasi prosedur baku penerbitan perizinan
- Melaporkan hasil kepada Menhub melalui Wamenhub

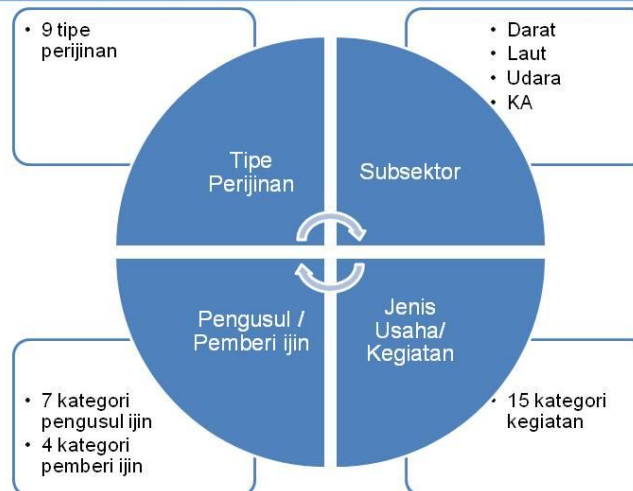
7

## Preliminary Findings: Pemetaan Perizinan pada Sektor Perhubungan

8



## Pemetaan Perizinan Kegiatan/Pelayanan/Usaha Bidang Perhubungan



9



## Pemberi usulan dan pemberi ijin

### Pengusul

Bupati  
Walikota  
Penyelenggara pelabuhan  
Penyelenggara angkutan  
Pengangkut  
Pembuat /perakit /importir  
Badan usaha pencetak  
dokumen sekuriti

### Pemberi ijin

Menteri  
Direktur Jendral  
Gubernur  
Bupati/Walikota



## Jenis Perijinan



11



## Perijinan sektor perhubungan

Penetapan	Persetujuan	Ijin Usaha
<ul style="list-style-type: none"> <li>• Diajukan oleh pemrakarsa proyek</li> <li>• Disetujui oleh Pemerintah Daerah atau Dirjen Perhubungan</li> <li>• Menyangkut lokasi fisik dan fasilitas pendukung</li> </ul>	<ul style="list-style-type: none"> <li>• Diajukan oleh penyelenggara</li> <li>• Disetujui oleh Menteri, atau Pemda</li> <li>• Terhadap rancang bangun fisik, AMDAL</li> </ul>	<ul style="list-style-type: none"> <li>• Diajukan oleh penyelenggara</li> <li>• Disetujui oleh Menteri, atau Pemda</li> <li>• Menyangkut kelengkapan usaha bidang angkutan dan usaha penunjang</li> </ul>
Ijin Pelaksanaan	Sertifikasi	Pengujian
<ul style="list-style-type: none"> <li>• Diajukan oleh pemrakarsa proyek</li> <li>• Disetujui oleh Pemerintah Daerah atau Dirjen Perhubungan</li> <li>• Menyangkut rencana pembangunan fasilitas fisik</li> </ul>	<ul style="list-style-type: none"> <li>• Terhadap kondisi alat angkut, keselamatan, kelas operasi prasarana, dan keahlian SDM</li> <li>• Diusulkan oleh penyelenggara</li> <li>• Disetujui oleh Menteri/Dirjen/Pemda atau pihak ketiga</li> </ul>	<ul style="list-style-type: none"> <li>• Terhadap rancang bangun alat angkut, emisi dan kondisi pelayanan dari alat angkut</li> <li>• Disulkan oleh penyelenggara</li> <li>• Disetujui oleh Pemda/Dirjen</li> </ul>

12



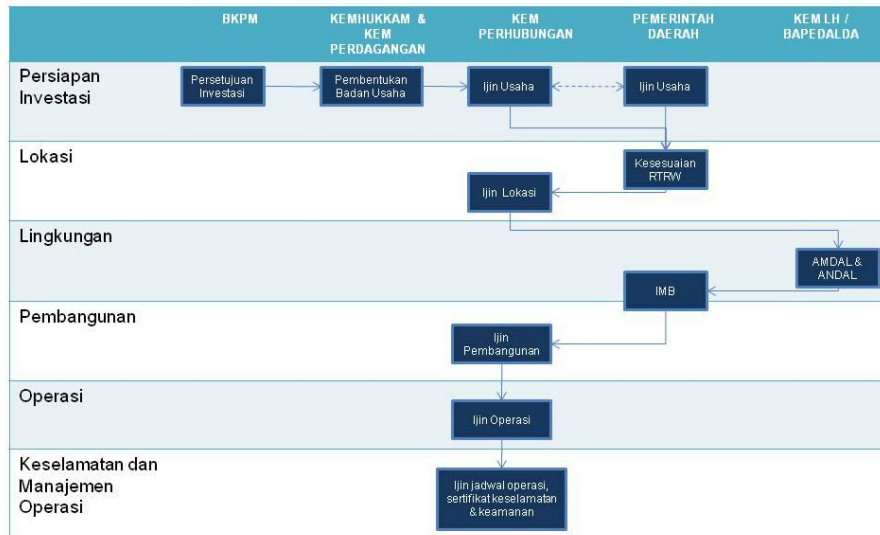
## Perijinan sektor perhubungan

Ijin Operasi	Ijin Trayek
<ul style="list-style-type: none"> <li>• Diajukan oleh penyelenggara</li> <li>• Disetujui oleh Pemda atau Dirjen</li> <li>• Menyangkut kelayakan operasi, kepemilikan dan fasilitas pelayanan operasi</li> </ul>	<ul style="list-style-type: none"> <li>• Diajukan oleh penyelenggara</li> <li>• Disetujui oleh Pemda atau Dirjen</li> <li>• Menyangkut kepemilikan trayek</li> </ul>
Pemberitahuan	
<ul style="list-style-type: none"> <li>• Diajukan oleh pemrakarsa proyek</li> <li>• Disetujui oleh Pemerintah Daerah atau Dirjen Perhubungan</li> <li>• Menyangkut lokasi fisik dan fasilitas pendukung</li> </ul>	

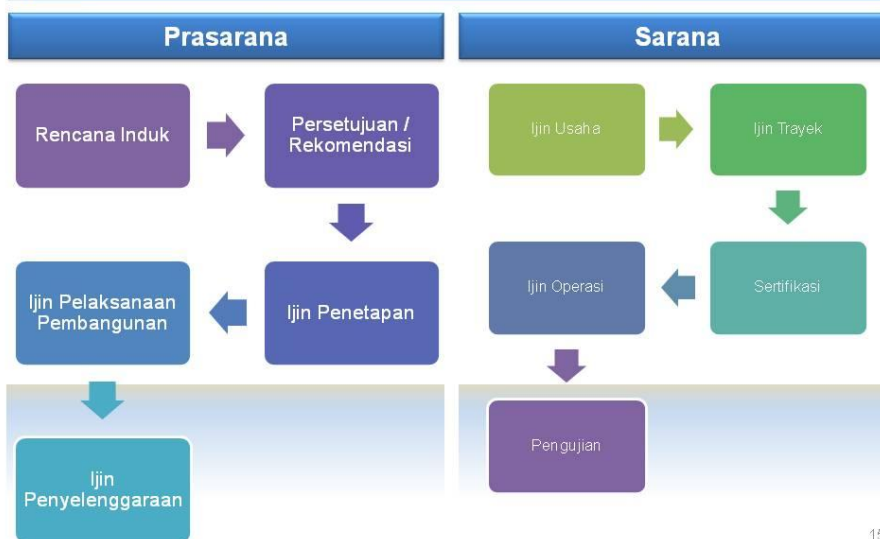
13



## Alur Perijinan Investasi Sektor Transportasi



## Alur umum perijinan



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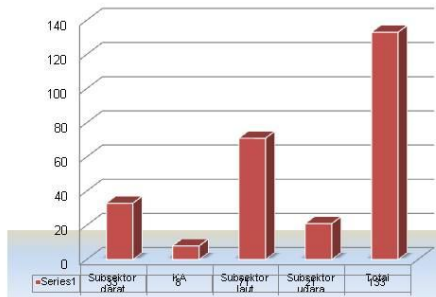


## Jumlah Perijinan

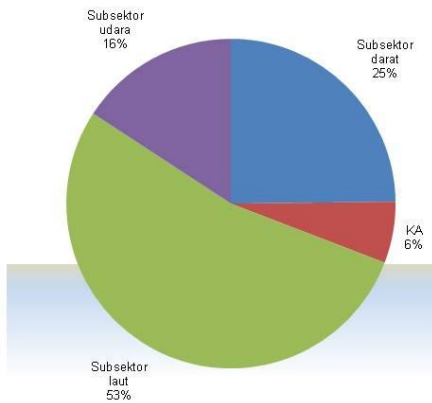
### Jumlah perijinan

### Komposisi jumlah perijinan

#### Jumlah Perijinan Sektor Perhubungan



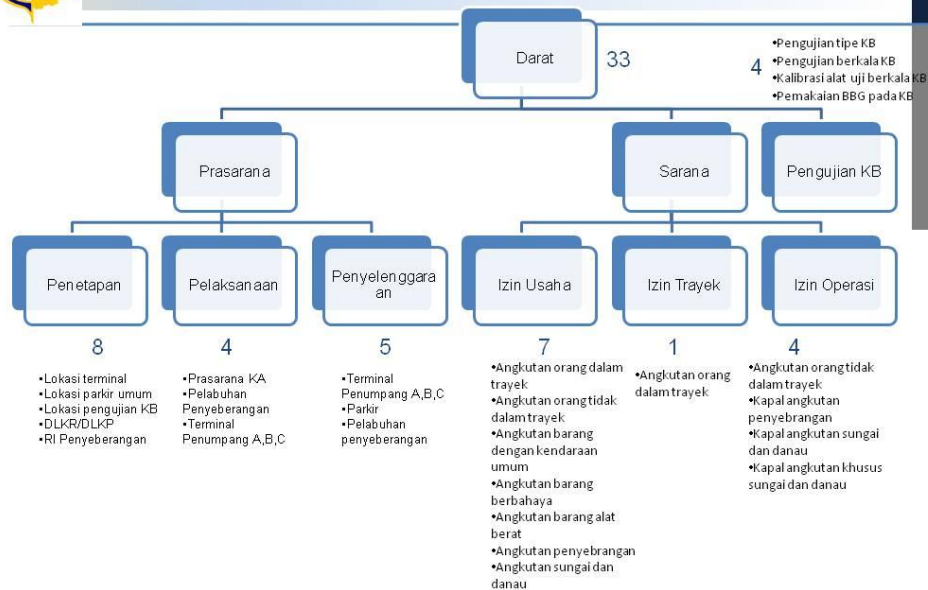
#### Persentase jumlah perizinan untuk usaha di bidang perhubungan



16

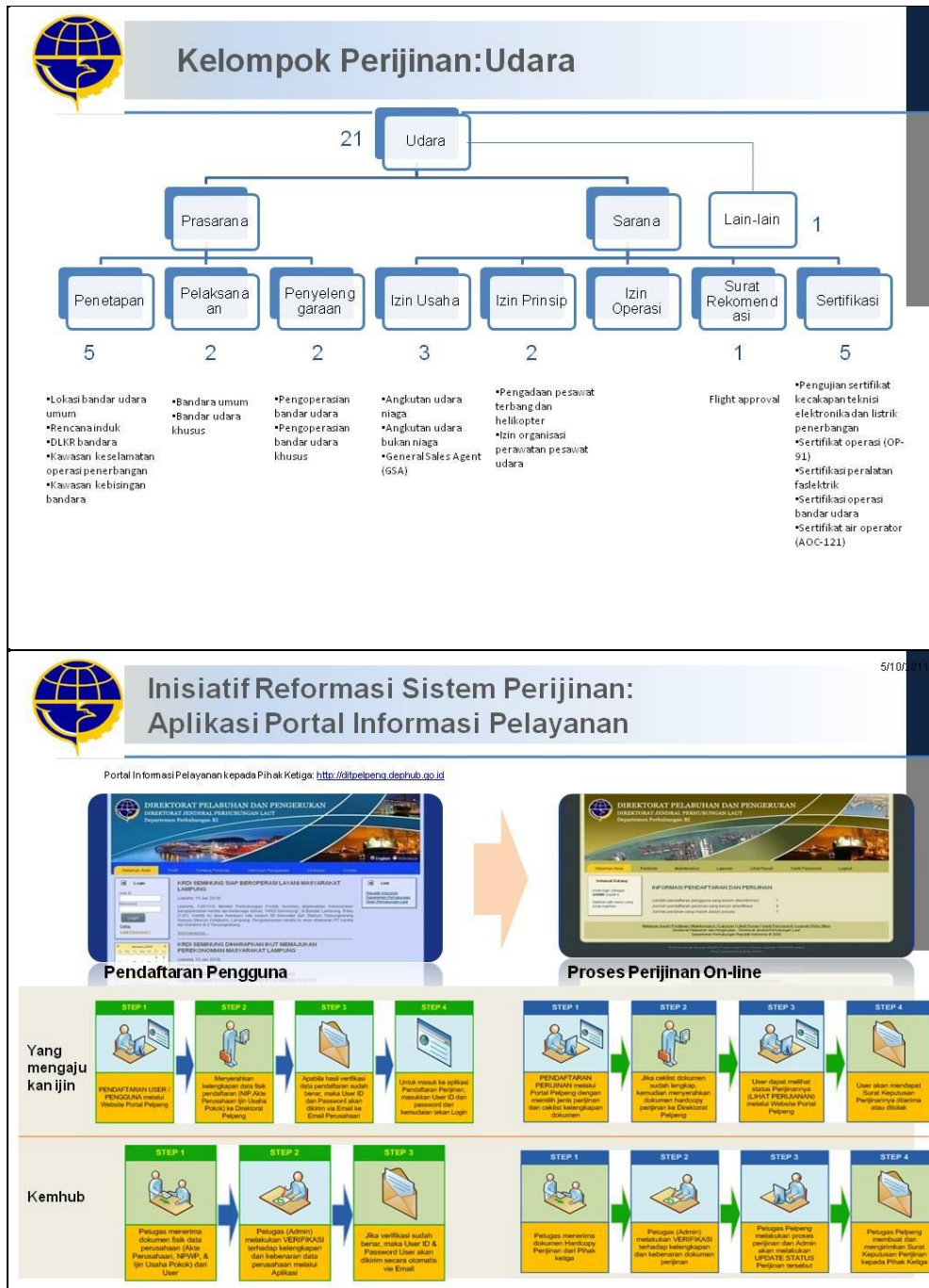


## Kelompok Perijinan: Darat











### Rencana implementasi sistem perizinan *on-line*

- ☐ Tahun 2010, periode uji coba sistem perizinan *on-line*
- ☐ Tahun 2011, penerapan sistem ISO dalam perizinan kepelabuhanan
- ☐ Tahun 2012, implementasi skala penuh sistem perizinan kepelabuhanan dengan standar internasional

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### Appendix

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## Usulan Jadwal Kerja Gugus Tugas Reformasi Perizinan

Aktivitas	May-10				Jun-10				Jul-10				Aug-10				Sep-10				Oct-10				Nov-10				Dec-10			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
Pembentukan Gugus Tugas																																
Penerbitan SK No. KP 293/2010																																
Inaugurasi Gugus Tugas dan <i>kick off meeting</i>																																
Pemetaan dan Penilaian																																
Identifikasi status dan <i>progress</i> perizinan																																
Identifikasi studi kasus perizinan																																
Pembentukan database																																
<i>Benchmarking</i>																																
Perbandingan dengan perizinan dari beberapa negara																																
Pertemuan para ahli/ <i>Focus Group Discussion</i>																																
Identifikasi mekanisme utama untuk reformasi perizinan																																
Pembentukan Kriteria																																
Menentukan kumpulan kriteria yang akan digunakan																																
Cek <i>Compliance</i>																																
Penyusunan matriks <i>compliance</i>																																
Penyusunan daftar <i>compliance</i>																																
Penerbitan Skema Pilihan																																
Pembentukan beberapa pilihan																																
Pengusulan mekanisme yang dipilih																																
Rekomendasi Rencana Strategis																																
Rancangan dan implementasi penuh sistem on-line																																
Implementasi																																
Pembentukan sub-gugus tugas																																
Pemilihan mandat																																
Penyusunan SK baru																																
Pemantauan, Pelaporan, dan Evaluasi																																
Pelaporan langkah-langkah kunci																																
Pelaporan bulanan																																

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### Perizinan: Pembangunan dan Pengoperasian Pelabuhan Laut (Umum)

#### Izin Lokasi

- kesesuaian lokasi pelabuhan dengan RTRW,
- rekomendasi dari Pemda,
- rekomendasi dari Adpel,
- studi kelayakan (aspek teknis, ekonomi, lingkungan, aksesibilitas, keamanan dan keselamatan, pertahanan dan keamanan),
- kesesuaian dengan Rencana Induk Pelabuhan Nasional

#### Izin Pembangunan

- bukti pemilikan tanah,
- proposal/rencana kegiatan,
- rekomendasi Adpel,
- Rencana Induk Pelabuhan,
- studi kelayakan (ekonomis dan finansial, keselamatan pelayaran),
- desain teknis,
- studi lingkungan hidup (Amdal)

#### Izin Pengoperasian

- pembangunan pelabuhan atau terminal yang telah rampung,
- sistem dan prosedur pelayanan,
- dokumen keselamatan dan keamanan pelayaran,
- dokumen sistem pengelolaan lingkungan,
- dokumen SDM di bidang teknis pengoperasian,

Catatan: Proses baku perizinan dengan skema KPS belum ada.

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## Perizinan: Pembangunan dan Pengoperasian Terminal Khusus



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## Perizinan: Pembangunan dan Pengoperasian Bandar Udara Umum



Catatan:

1. Sertifikat Bandar Udara (SBU) diberikan untuk bandar udara dengan kapasitas pesawat udara >30 orang, Register Bandar Udara (RBU) untuk bandar udara dengan kapasitas pesawat udara <30 orang, dengan persyaratan yang sama dengan SBU, tanpa sistem manajemen keselamatan operasi
2. Izin pengusahaan bandar udara sedang disusun melalui ketentuan Permenhub

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### Perizinan: Pembangunan dan Pengoperasian Bandar Udara Khusus



Catatan: Perizinan Bandara Khusus hanya diberikan untuk bandar udara khusus dengan pesawat yang berkapasitas <30 orang.

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### Perijinan: Pembangunan & Pengoperasian KA

#### KA Umum



#### KA Khusus





Kementerian Perhubungan  
Jl. Medan Merdeka Barat No.8  
Jakarta Pusat 10110

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**ANNEXE 6: EXAMPLE PRESS RELEASE ISSUED THROUGH VICE-MINISTER'S OFFICE****PRESS RELEASE****KEGIATAN PENYERAHAN SERTIFIKAT ISO 9001:2008 DAN LAUNCHING PENERAPAN E-LICENSING PENERBITAN IZIN PENYELENGGARAAN ANGKUTAN PARIWISATA SERTA PEMBERIAN PENGHARGAAN LIFETIME ACHIEVEMENT KEPADA PERUSAHAAN ANGKUTAN UMUM**

Jakarta, 16 Maret 2011

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**I. PENERAPAN STANDAR ISO 9001:2008 PADA PELAYANAN PERIZINAN ANGKUTAN PARIWISATA****A. Latar Belakang**

Sebagaimana diamanatkan Undang-Undang Nomor 22 Tahun 2009 tentang Lalu Lintas dan Angkutan Jalan, Pasal 179 ayat (1) huruf a tentang Izin Penyelenggaraan Angkutan Tidak Dalam Trayek, tentang kewajiban Menteri yang bertanggungjawab dalam Bidang Sarana dan Prasarana LLAJ, memberikan Izin Penyelenggaraan Angkutan Pariwisata yang sesuai dengan standar pelayanan.

Melihat kondisi operasional di lapangan yang membutuhkan suatu pemberian izin yang cepat dan sesuai aspek legalitas, maka diperlukan sebuah Panduan atau Pedoman Teknis yang dapat dijadikan acuan dalam pelaksanaan Pemberian Izin Penyelenggaraan Angkutan Pariwisata yang sesuai Prosedur dan Persyaratan ISO 9001:2008 tentang Sistem Manajemen Mutu.

Pelaksanaan kegiatan dalam upaya Pemberian Izin Penyelenggaraan Angkutan Pariwisata sesuai Prosedur dan Persyaratan ISO 9001:2008 telah dilaksanakan sejak Tahun 2009 s/d 2011, dimulai dari Tahap Persiapan, Jasa Konsultasi dan Implementasi Pelaksanaan yang dibiayai oleh Daftar Isian Penggunaan Anggaran Direktorat Jenderal Perhubungan Darat.

Pada Tahap Awal, Unit Pelayanan Izin Penyelenggaraan Angkutan Pariwisata, Direktorat Jenderal Perhubungan Darat telah Menetapkan Komitmen untuk Menerapkan suatu Sistem Manajemen Mutu (SMM) yang telah terbukti dapat memperbaiki kinerja organisasi yang mengadopsinya, terlepas dari jenis dan bentuk organisasi tersebut, yaitu Sistem Manajemen Mutu ISO 9001:2008.

Selanjutnya, setelah dilakukan persiapan dan pelaksanaan jasa konsultasi, dilakukan upaya penerapan dan implementasi Standar ISO 9001:2008 pada Unit



Pelayanan Perizinan Angkutan Pariwisata di Lingkungan Direktorat Jenderal Perhubungan Darat.

## **B. Dasar Hukum**

Dasar hukum pelaksanaan kegiatan Penerapan Standar ISO 9001:2008 pada Unit Pelayanan Perizinan Angkutan Pariwisata adalah :

1. Undang-Undang Nomor 22 tahun 2009 tentang Lalu Lintas dan Angkutan Jalan;
2. Peraturan Pemerintah Nomor 44 tahun 1993 tentang Angkutan Jalan;
3. Kepmenhub Nomor KM 35 tahun 2003 tentang Penyelenggaraan Angkutan Orang di Jalan dengan Kendaraan Bermotor Umum;

## **C. Maksud dan Tujuan**

Maksud dari Kegiatan Penerapan Standar ISO 9001:2008 pada Unit Pelayanan Pemberian Izin Penyelenggaraan Angkutan Pariwisata, adalah :

1. Terbangunnya sistem pengukuran kinerja yang komprehensif dan integratif, terutama pengukuran Kepuasan Pelanggan, yang memudahkan evaluasi dan melakukan Peningkatan Berkelanjutan (*Continous Improvement*).
2. Agar Petugas Pelayanan dapat terbiasa mengumpulkan dan menganalisa data/informasi secara sistematis, sehingga meningkatkan kemampuan dan efektifitas pengambilan keputusan.
3. Meningkatkan Citra dan Profesionalisme Pelayanan;
4. Meningkatnya Mutu Pelayanan dan Kinerja Lainnya secara Berkesinambungan.
5. Meningkatkan Partisipasi dan Pemanfaatan Kompetensi Karyawan.

Adapun tujuan yang ingin dicapai adalah :

1. Terbentuknya Tim Committee ISO 9001:2008 dan Management Representative untuk menjamin pemeliharaan dan peningkatan sistem pelayanan secara kontinyu dan berkelanjutan.
2. Adanya Tim Committee dan Management Representative yang terlatih dan memahami tentang dokumentasi yang diperlukan serta teknis penerapannya.
3. Tersedianya Dokumentasi Sistem Manajemen Mutu sebagai Panduan Mutu (*Quality Manual*), Prosedur Operasional dan Dokumen Pendukung lainnya.

4. Adanya Personal atau Petugas Pelayanan yang tertunjuk dan terlatih untuk dapat melakukan Audit Internal.
5. Mendapatkan Sertifikat ISO 9001:2008 dari Badan Sertifikasi Internasional.

#### **D. Ruang Lingkup Kegiatan**

Ruang Lingkup Pelaksanaan Kegiatan ini adalah Penerapan Standar ISO 9001:2008 adalah pada Unit Pelayanan Perizinan Angkutan Pariwisata di Lingkungan Direktorat Jenderal Perhubungan Darat.

Lingkup Umum Standar ISO 9001:2008 adalah adanya Peningkatan Kemampuan dan Konsistensi dalam memberikan jasa Pelayanan Perizinan Angkutan Pariwisata yang memenuhi Persyaratan dan Peraturan Perundangan yang berlaku, dengan tujuan untuk meningkatkan Kepuasan Pelanggan melalui Efektivitas Sistem dan Peningkatan Berkelanjutan (*Continuous Improvement*).

#### **E. Pelaksanaan Kegiatan**

##### **1. Tahapan Proses**

Proses pelaksanaan penerapan Standar ISO 9001:2008 pada Unit Pelayanan Perizinan Angkutan Pariwisata, terdiri atas 5 (lima) tahapan, yaitu :

1. Tahap Persiapan
2. Tahap Dokumentasi
3. Tahap Implementasi
4. Tahap Audit
5. Tahap Sertifikasi

##### **2. Penetapan Sasaran Mutu**

Pimpinan Unit Pelayanan Izin Penyelenggaraan Angkutan Pariwisata, menetapkan Sasaran Mutu Tahun 2010 Pelayanan Izin Penyelenggaraan Angkutan Pariwisata, adalah sebagai berikut :

- Tingkat Kepuasan Pelanggan : 90 % / bulan
- Tingkat Keluhan Pelanggan : 1 % / bulan dari jumlah pelanggan

- Tingkat Ketepatan waktu Pelayanan : 98 % / bulan ( proses 7 hari kerja)
- Tingkat Ketepatan Pelayanan : 98 % / bulan

### 3. Penetapan Kebijakan Mutu

Pimpinan Manajemen Pelayanan Izin Penyelenggaraan Angkutan Pariwisata, telah menetapkan Kebijakan Mutu yang diketahui dan dimengerti oleh seluruh Karyawan. Kebijakan Mutu tersebut adalah : “ *DENGAN TAQWA, TANGGAP, TANGGUH, TERAMPIL DAN TANGGUNG JAWAB SERTA SENANTIASA TERUS - MENERUS MENINGKATKAN KINERJA PELAYANAN TERHADAP MASYARAKAT* ”

### F. Hasil Yang Diharapkan

Hasil yang diharapkan dalam Kegiatan ini, adalah :

1. Diterimanya Sertifikat ISO 9001:2008 dari Badan Sertifikasi Internasional sebagai jaminan bahwa adanya Perbaikan Kinerja dan Kualitas Pelayanan pada Unit Pelayanan Perizinan Angkutan Pariwisata di Lingkungan Direktorat Jenderal Perhubungan Darat.
2. Sebagai Panduan atau Pedoman dalam rangka Meningkatkan Sistem Manajemen Mutu yang berkelanjutan, sehingga tingkat kinerja dan pelayanan kepada masyarakat dapat tetap terjaga.
3. Adanya kemudahan bagi masyarakat dalam melakukan permohonan dan proses perizinan angkutan pariwisata.

## II. PENERAPAN PROGRAMME E-LICENSING PADA PELAYANAN PERIZINAN ANGKUTAN PARIWISATA

### A. Latar Belakang

Perkembangan teknologi informasi yang telah berkembang dengan sangat pesat pada saat ini, ternyata sangat berpengaruh terhadap paradigma dan cara pandang masyarakat dalam kehidupan sehari-hari. Hal ini sangatlah wajar, mengingat dengan kemajuan teknologi informasi tersebut telah mempermudah dalam segala macam jenis kegiatan masyarakat.

Menyikapi hal tersebut, Unit Pelayanan Perizinan Angkutan Pariwisata berinisiatif dan melakukan inovasi terkait perkembangan teknologi informasi dimaksud. Inovasi dan kreasi yang dihasilkan adalah berupa adanya kegiatan

Penyusunan Programme E-Licensing Dalam Pelayanan Perizinan Angkutan Pariwisata.

## **B. Dasar Hukum**

Dasar hukum dalam pelaksanaan kegiatan Penyusunan dan Penerapan Programme e-Licensing pada Unit Pelayanan Perizinan Angkutan Pariwisata adalah :

1. Undang-Undang Nomor 22 tahun 2009 tentang Lalu Lintas dan Angkutan Jalan;
2. Peraturan Pemerintah Nomor 44 tahun 1993 tentang Angkutan Jalan;
3. Kepmenhub Nomor KM 35 tahun 2003 tentang Penyelenggaraan Angkutan Orang di Jalan dengan Kendaraan Bermotor Umum;

## **C. Maksud dan Tujuan**

Maksud dan tujuan yang ingin dicapai dari Kegiatan Penyusunan dan Penerapan Programme e-Licensing pada Unit Pelayanan Pemberian Izin Penyelenggaraan Angkutan Pariwisata, adalah :

1. Mengikuti perkembangan zaman di bidang Teknologi Informasi sehingga dapat sesuai dengan kebutuhan pengguna jasa;
2. Meningkatkan Citra dan Profesionalisme Pelayanan;
3. Meningkatkan Mutu Pelayanan dan Kinerja Lainnya secara Berkesinambungan.
4. Meningkatkan Partisipasi dan Pemanfaatan Kompetensi Karyawan.

## **D. Ruang Lingkup Kegiatan**

Ruang Lingkup Pelaksanaan Kegiatan ini adalah Penyusunan dan Penerapan Programme e-Licensing adalah pada Unit Pelayanan Perizinan Angkutan Pariwisata di Lingkungan Direktorat Jenderal Perhubungan Darat.

Lingkup Umum Kegiatan Penyusunan dan Penerapan Programme e-Licensing adalah adanya Peningkatan Kemampuan dan Konsistensi dalam memberikan jasa Pelayanan Perizinan Angkutan Pariwisata yang memenuhi Persyaratan dan Peraturan Perundangan yang berlaku, dengan tujuan untuk meningkatkan Kepuasan Pelanggan melalui Efektivitas Sistem dan Peningkatan Berkelanjutan (*Continous Improvement*).

#### **E. Pelaksanaan Kegiatan**

Proses pelaksanaan penyusunan dan penerapan programme e-licensing pada Unit Pelayanan Perizinan Angkutan Pariwisata, terdiri atas 5 (lima) tahapan, yaitu :

1. Tahap Persiapan
2. Tahap Dokumentasi
3. Tahap Implementasi
4. Tahap Uji Coba
5. Tahap Evaluasi

#### **F. Hasil Yang Diharapkan**

1. Adanya kemudahan dan peningkatan pelayanan bagi masyarakat dalam melakukan permohonan dan proses perizinan angkutan pariwisata.
2. Mengurangi adanya kecenderungan praktek percaloan dalam pengurusan izin penyelenggaraan angkutan pariwisata;
3. Peningkatan dan Pemanfaatan Sumber Daya Manusia di Lingkungan Direktorat Jenderal Perhubungan Darat, khususnya yang terkait dengan Sistem dan Teknologi Informasi.

### **III. PEMBERIAN PENGHARGAAN LIFETIME ACHIEVEMENT KEPADA 10 PERUSAHAAN ANGKUTAN UMUM**

#### **A. Latar Belakang**

Transportasi merupakan tulang punggung perekonomian negara yang dalam perjalanannya tidak terlepas dari peran dan pengabdian seorang pemimpin perusahaan angkutan dalam memimpin perusahaan untuk selalu memberikan pelayanan angkutan yang terbaik kepada masyarakat.

Adapun peran dan pengabdian tersebut dipandang perlu diberikan apresiasi berupa penghargaan pengabdian seumur hidup (*lifetime achievement*) di bidang angkutan jalan sehingga dapat memberikan dorongan dan motivasi untuk lebih meningkatkan kualitas pelayanan jasa angkutan umum yang terbaik kepada masyarakat.

Penghargaan tersebut, perlu diberikan kepada pimpinan perusahaan angkutan umum yang telah berperan dan mengabdikan jiwa dan raganya di bidang angkutan jalan serta dengan penuh dedikasi dan loyalitas yang tinggi membantu tugas pemerintah dalam penyelenggaraan jasa angkutan umum khususnya pelayanan angkutan antar kota antar provinsi (AKAP) dan pariwisata.

## B. Dasar Hukum

Dasar hukum dalam pelaksanaan kegiatan Pemberian Penghargaan Lifatime Achievement kepada Perusahaan Angkutan Umum, adalah :

1. Undang-undang Nomor 22 Tahun 2009 tentang Lalu Lintas dan Angkutan Jalan;
2. Peraturan Pemerintah Nomor 41 Tahun 1993 tentang Angkutan Jalan;
3. Peraturan Presiden Nomor 9 Tahun 2005 tentang Kedudukan, Tugas, Fungsi, Susunan Organisasi dan Tata Kerja Kementerian Negara Republik Indonesia;
4. Keputusan Menteri Perhubungan Nomor KM.35 tahun 2003 tentang Penyelenggaraan Angkutan Orang di Jalan dengan Kendaraan Umum;
5. Peraturan Menteri Perhubungan Nomor KM. 43 Tahun 2005 tentang Organisasi dan Tata Kerja Departemen Perhubungan;

## C. Maksud dan Tujuan

Maksud dan tujuan yang ingin dicapai dari kegiatan Pemberian Penghargaan Lifatime Achievement kepada Perusahaan Angkutan Umum, adalah :

- a. Penghargaan diberikan kepada pimpinan perusahaan yang memiliki dedikasi dan loyalitas yang tinggi kepada pemerintah khususnya Kementerian Perhubungan dalam memberikan pelayanan jasa angkutan Antar Kota Antar Provinsi (AKAP) atau Pariwisata kepada masyarakat.
- b. Pemberian penghargaan ini diharapkan pula dapat memberikan motivasi dan suri tauladan kepada perusahaan angkutan umum lainnya untuk lebih meningkatkan kualitas pelayanan jasa angkutan umum kepada masyarakat.

## D. Ruang Lingkup Kegiatan

Ruang Lingkup Pelaksanaan Kegiatan ini adalah Pemberian Penghargaan Lifetime Achievement Kepada 10 (sepuluh) Pimpinan Perusahaan Angkutan Umum di bawah Bimbingan dan Pembinaan Direktorat Jenderal Perhubungan Darat.

Kesepuluh Pimpinan dan Perusahaan Angkutan Umum tersebut adalah sebagaimana Tabel di bawah ini :

NO.	PIMPINAN PERUSAHAAN	NAMA PERUSAHAAN	DOMISILI
1	2	3	4
1	H.Abdul Wahab Usman	PO. Kurnia	Nanggroe Aceh Darussalam
2	Drs.H.Joni Sidik,MM.MH	PO. Sinar Dempo	Sumatera Selatan
3	Alizar	PO. Gumarang Jaya	Lampung
4	G.T. Soerbakti	PO. Lorena	DKI Jakarta
5	Soewondo S	PO. Good Will	Jawa Barat
6	Judi Setiawan H.	PO. Sumber Alam	Jawa Tengah
7	H. Eddy Hariadi	PO. Akas	Jawa Timur
8	Ig. Dharma Widjaya, BA	PO. Puspasari	Bali
9	Krisna Hidayat	PT. Hiba Utama	DKI Jakarta
10	Dr. Purnomo Prawiro	PT. Big Bird	DKI Jakarta

#### DIREKTORAT JENDERAL PERHUBUNGAN DARAT