

Analysis of Formulation of National Development Risk Management Policy Using Regulatory Impact Analysis Method

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Abstract: *The existence of several government program failures that occurred finally forced the government to issue Presidential Regulation Number 39 of 2023 concerning National Development Risk Management or “Manajemen Risiko Pembangunan Nasional” (MRPN). MRPN is aiming to manage cross-sectoral risks crucial to achieving Indonesia’s 2045 vision. However, the formulation of this policy needs to be analyzed so that its impact on the common good becomes clearer. Regulatory Impact Analysis (RIA) is essential in shaping policies to mitigate overlapping regulations and enhance national development. The research uses a qualitative paradigm that combines document reviews and in-depth interviews with key informants who focus on their roles in policy drafting and risk management. The results, MRPN, are a significant step toward national development risk management, but improvements in policy alternatives, stakeholder engagement, and cost-benefit analyses are required for better outcomes. Enhancing inter-entity coordination to ensure technical guidelines are actionable policies and making a user-friendly technological tool to facilitate communication and data management among stakeholders is also essential to make policy implementation effective.*

Keywords: *regulatory impact analysis, RIA, national development, risk management.*

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Introduction

Regulations are imperative to regulate various aspects in a state. Legislation sometimes creates inefficiencies that lead to poor economic performance. President Joko Widodo once complained about the number of regulations in Indonesia, which has reached 43,005 regulations (Saputra, 2019). This has the potential to hinder sustainable economic development in Indonesia. In fact, based on the Indonesian regulatory database on the official website of the Directorate General of Legislation (Direktorat Jenderal Peraturan Perundang-undangan) (2024), Indonesia currently has 59,300 regulations, of which 56,120 are still valid, 3,561 are not valid, and 10,849 are in the form of regulatory relations. This fact further reinforces that it is possible that there will be overlaps between existing regulations.

Indonesia's 2045 Vision aims to establish a prosperous, just, and sovereign country through four pillars of national development (Bappenas, 2019). There are many challenges and risks that will hinder the achievement of the vision. Risks might come from many aspects such as geopolitical changes, economic growth, socio-cultural integration, population demographic bonuses, and rapidly developing technology. Risk is a concept that indicates uncertainty or events hindering the achievement of goals. The risk management process based on ISO 31000 consists of three main processes (context setting, risk assessment, and risk handling) and is accompanied by aspects of communication and monitoring (Sudarmanto, 2020). The Orange Book by the UK Government (2023) defines risk management as a comprehensive, integrated, and collaborative process that is essential for effective organizational functioning and decision-making. It's a

system put in place to oversee risks and ensure internal processes are working correctly within a company. This means that risk management is not just a standalone process but is integrated into the overall operations of the organization. Reflecting on these phenomena, the government of Indonesia has issued Presidential Regulation (Perpres) Number 39 of 2023 concerning National Development Risk Management or Manajemen Risiko Pembangunan Nasional (MRPN). The policy is designed to coordinate cross-sectoral risk management, yet its success depends on its policy implementation. However, it is still necessary to further analyze whether the law does not overlap with other regulations. Plenty of regulations, some even similar, tend to have the potential for overlapping regulations and hindering each other. As we know, Indonesia already has a rule that also implies undertaking risk management in the public sector by using Government Regulation (PP) Number 60 of 2008 concerning the Government Internal Control System or Sistem Pengendalian Intern Pemerintah (SPIP). For this reason, Regulatory Impact Analysis (RIA) is an important instrument to be utilized by policy designers considering all aspects of the burden and impact that may arise by formulating and implementing the policy.

Regulatory Impact Assessment (RIA) is a systematic approach to evaluating the costs and benefits of new or existing regulations to enhance policy quality (Kirkpatrick & Parker, 2004). RIA is a systematic process of identifying and assessing the expected impact of policy proposals using consistent analysis methods (OECD, 2009). It aims to improve public policy by integrating evidence-based analysis into the decision-making process (Hertin et al., 2009). In practice,

the RIA method should be integrated with the public consultation process, which can provide information to support the analysis and provide opportunities for influential parties to identify and correct erroneous assumptions and reasoning (Hikmah, 2020). The existence of RIA as a method of policy decision-making, both ex ante and ex post, can help limit economically harmful regulatory discretion and reveal cases of regulatory conflict between government agencies or across sectors (Kirkpatrick & Parker, 2004). Several researchers, both in Indonesia and abroad, have also examined regulatory impact assessment (RIA) mechanisms. Srivithaya, S. (2024) found that the preparation of reports assessing the impact of legislation in Thailand has traditionally been conducted post-drafting. Regulatory Impact Analysis (RIA) reporting is often perceived by relevant Thai agencies as a procedural obligation rather than an integral aspect of the lawmaking process. RIA's low quality in Brazil also happened to be influenced by factors linked to the bureaucratic context, the political process, the influence of actors, the procedures adopted, and the level of knowledge of civil servants (Saab, F., & Midlej e Silva, S. A., 2023). RIA's implementation in Indonesia also remains suboptimal, despite its potential to yield significant benefits (Kurniawan, et al., 2018). Various challenges hinder its effective use, including issues related to the commitment and perceptions of relevant authorities, their capacity and expertise, the dissemination and awareness of RIA, and constraints in budget allocation. While RIA encourages exploring multiple regulatory alternatives, many developing countries, including Indonesia, lack a structured mechanism to evaluate all possible policy options systematically (Suska, 2016). These

factors collectively limit the impact and efficiency of RIA in the policymaking process. In this way, RIA can contribute to the improvement of regulatory governance.

The Organization for Economic Co-operation and Development (OECD) provides guidelines and frameworks to enhance policy and decision-making processes. One important tool is the OECD Checklist for Decision-Making, which has evolved over time, including updates between 2008 and 2023. While the general principles remain constant, aiming to foster better regulatory quality and decision-making, there are notable differences in the 2008 and 2023 versions that reflect changes in climate change and clarify expectations on established due diligence concepts. RIA has expanded to include a wider range of impacts, such as social and environmental outcomes (OECD, 2020). Furthermore, the 2023 updates to the OECD Guidelines for Multinational Enterprises highlight the need for an audit trail that documents the decision-making process, ensuring that uncertainties and alternative scenarios are communicated effectively (Ingrams, 2023). Thus, the author used the basic checklist that was more suitable in this study. The OECD Reference Checklist starts by examining and clearly defining the issue. The goal is to make sure that the chosen regulatory method ultimately results in the most positive overall benefit for the public (OECD, 2008).

According to the OECD Checklist (2008), there are ten minimum questions to implement the RIA method, which include: 1) Defining the problem well; 2) The need for government involvement; 3) Type of regulation or other forms of government involvement; 4) Legal basis of the regulation to be drafted; 5) The extent of government involvement; 6)

Cost/benefit analysis; 7) Transparency of impact distribution; 8) Accessibility of regulations that are clear and consistent as well as comprehensive; 9) Involvement and equal opportunity of each party in expressing ideas; and 10) Implementation of regulations. By answering the questions, RIA can ensure that government regulations are effective, efficient, and fair. Regardless, regulations can be unclear, inconsistent, and can have unintended negative consequences. RIA enables the government to make informed decisions that promote economic growth and social welfare (Kurniawan et al., 2018). The importance of strategic decision-making in the face of regulatory changes and external crises, providing a comprehensive framework for understanding the financial dynamics of businesses during challenging times (Dunne et al., 2023).

However, Badan Perencanaan Pembangunan Nasional (Bappenas) has guidance for regulatory impact analysis to assess a policy in the institution. By this fact, the authors also elaborate with a literature review and RIA implementation process by Bappenas' guidance to enhance this research. The authors are using OECD's checklists for this research to enhance the quality of MRPN policy or regulation and align it with international standards. The purpose of this study is to analyze the formulation of MRPN policy implementation using the RIA method by the OECD Reference Checklist. By doing so, it may provide insights into the next process of drafting technical guidelines to complement the presidential regulations that have already emerged. Since MRPN is also a new policy that has arisen by 2023, this study also examines the extent to which existing research has developed and what opportunities exist for future

research to develop the similar field of study.

Method

This study adopted a qualitative research paradigm, utilizing a desk study approach to analyze relevant literature, regulatory documents, and policy frameworks related to Regulatory Impact Assessment (RIA). The descriptive research design was chosen to facilitate an in-depth exploration of policy-making processes, regulatory environments, stakeholder interactions, and institutional challenges (Creswell & Poth, 2018). A qualitative approach was deemed suitable for capturing the complexities of policy formulation and implementation, particularly aspects that are difficult to quantify through numerical analysis (Muzari et al., 2022).

Data collection was conducted through semi-structured interviews with members of the Manajemen Risiko Pembangunan Nasional (MRPN) Task Force in early 2024. This method was employed to clarify policy objectives, assess stakeholder engagement, and evaluate policy outcomes (Pin, 2023). A flexible thematic framework guided the interviews, ensuring consistency while allowing for emerging insights (Patton, 2002). The participation of key informants was crucial in understanding policy implementation and governance structures, as they provided firsthand knowledge on institutional decision-making and regulatory challenges (Denzin & Lincoln, 2018).

Additionally, document analysis was conducted to supplement interview findings. Sources included BPKP's performance documents, risk management implementation reports

from ministries and local governments, regulations, and standard operating procedures (SOPs) related to MRPN. This multi-source approach ensured triangulation, enhancing the study's reliability and depth of analysis.

The informants were divided into two groups: those from the central office who are representing strategic-level policymakers and others from the representative offices who are providing operational-level perspectives from local government contexts. This distinction allowed the study to capture insights from both policy formulation at the national level and practical challenges in regional implementation. Table 1 presents the key informants who contributed to this research.

Table 1. Details of Informants

Code	Role	Workplace
I1	Secretary	BPKP Head Office
I2	Compiler	BPKP Head Office
I3	Compiler	BPKP Head Office
I4	Compiler	BPKP Head Office
I5	Compiler	BPKP Head Office
I6	Compiler	BPKP Head Office
I7	Auditor	BPKP Representative
I8	Auditor	BPKP Representative

Source: (Author, 2024)

All informants were interviewed by using the depth interview method through face-to-face and chat/meeting applications (such as Zoom and WhatsApp). The analysis of information was summarized in transcripts, and the triangulation data source was checked by seeing the consistency of information.

Combining document analysis and qualitative interviews, this study ensures a triangulated approach that enhances the validity and reliability of findings (Nurfajriani et al., 2024) and also increases the credibility of its research (Winaryati, 2019).

Result and Discussion

Based on the results of brainstorming and interviews with resource persons and review of existing literature, the preparation of the MRPN policy using the OECD checklists assistance resulted in the following results.

Problem Definition

MRPN is an important element in efforts to provide adequate assurance for institutions in achieving their targets or objectives. This has been proven from joint discussions both internally (BPKP) and with Bappenas, which agreed that risk management is important in bureaucratic reform, especially against the risk of corruption. Technically, the policy formulation team also uses literature review techniques in defining existing problems. The National Development Risk Management (MRPN) was prepared due to the uncertainty in national development goals. The definition of uncertainty that causes risk refers to programs that are not interrelated between ministries/agencies.

"Uncertainty in national development goals involves many interrelated stakeholders where activities and targets are cross-sectoral; for example, illegal, unreported, and unregulated (IUU) fishing activities involve several agencies, not only the Ministry of Maritime Affairs and Fisheries but also the role of the Marine Security Agency (Bakamla), Water Police (Polair), and Customs."

The compiler's statement effectively captures the actual conditions encountered by both central and regional governments, as evidenced by the perspectives of senior auditors from BPKP who are responsible for evaluating risk management within the public sector. This is aligning with the concept that risk and uncertainty are fundamental to public policy design, which necessitates a structured approach to managing them (OECD, 2009). This synergy sometimes becomes inefficient because each ministry has a task and function over the same phenomenon with different perspectives and methods. Therefore, cross-sector risk management is needed to achieve macro goals and direct the roles of each agency so that they do not overlap. That way, governance is also more effective through collaboration between agencies, leading to innovation from the effects of collaboration.

The selection of the purpose of developing innovation is also another issue that reaps the pros and cons currently. This could happen because many innovations in the K/L/P/BU environment have become technology-based applications and cost a lot of money using the APBN. The Minister of Finance also highlighted this because currently Indonesia already has 400,000 applications, not all of which are used correctly and cause inefficiencies (Damayanti, 2022). Therefore, it is

necessary to further regulate a clear definition of innovation so that the success of the MRPN can be measured in a reliable and accountable manner.

The next problem is defined in terms of the quality of the Management Risk Index (MRI). Since 2020, BPKP has initiated the measurement of MRI using the SPIP (Government Internal Control System) Maturity approach in 5 levels (BPKP, 2021). An explanation of the levels of each MRI is as follows.

- MRI Level 1 (AdHoc): agencies do not yet have a formal approach to implementing risk management.
- MRI Level 2 (Repeatable): agencies have risk management characteristics.
- MRI Level 3 (Defined): The agency has a risk management policy strategy, and there is communication and implementation of risk management.
- MRI Level 4 (Managed): agencies use a comprehensive risk management approach (enterprise).
- MRI Level 5 (Optimized): agencies have risk management and internal control embedded in activities.

Every level is carried out to measure how far the implementation of risk assessment practices from agencies within the ministries/institutions is mandated in Article 13 of PP No. 60/2008 concerning SPIP. Table 2 shows the number of institutions that achieve level 3 MRI.

Table 2. Achievement of MRI Level 3 in K/L/P/BU from 2020 to 2022

Units	2021			2022			2023		
	Total	Amount of Level 3 MRI		Total	Amount of Level 3 MRI		Total	Amount of Level 3 MRI	
Ministries/Bodies	82	21	82	46	82	50			
Province	34	5	34	13	34	20			
Cities/Regencies	508	28	508	78	508	118			
Business Entities	2.133	88	1.935	465	2.126	720			

Units	2021		2022		2023	
	Total	Amount of Level 3 MRI	Total	Amount of Level 3 MRI	Total	Amount of Level 3 MRI
Total	2.757	142	2.559	602	2.750	908
Percentage	100	5,15	100	23,52	100	33,01

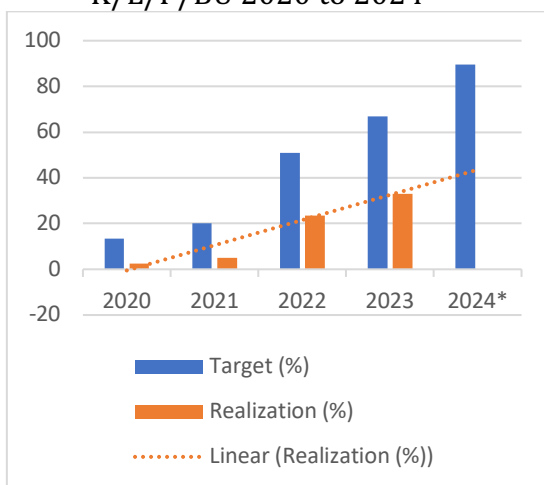
Source: (Data processed by author from LAKIP BPKP 2023, 2024)

Based on Table 2, the achievement of MRI Level 3 only reached 23.52%. BPKP, as the APIP supervisor, has a performance target of MRI Index \geq Level 3 of 50.92% of the number of K/L/P/BU. This achievement figure is still far from the performance target.

Need for Government Involvement

PKP has a Level 3 Risk Management Index (MRI) target of 89.50% Level 3 at the end of 2024. When compared to the MRI Level 3 target until 2024, maximum effort is needed to pursue this performance target. The comparison between the target and realization of the achievement of MRI Level 3 from 2020 to 2024 is as follows in Figure 1.

Figure 1. Comparison of Target and Realization of MRI Level 3 at K/L/P/BU 2020 to 2024



Source: (Data Processed by Authors from LAKIP BPKP 2023, 2024)

By the data of Figure 1, the implementation of MRPN policy development needs to be done carefully so that the level 3 target can be achieved by the end of 2024. Based on the low achievements in Figure 3 and the projected targets in Figure 1, it is certain that it will be very challenging for BPKP and other agencies to successfully achieve the MRI Level 3 target at the end of 2024 if using the same method as currently available without designing any action (no action).

In line with Government Regulation No. 192/2014 on the Financial and Development Supervisory Agency, BPKP, as the trustee of the Government Internal Supervisory Apparatus (APIP), carries out the function of internal supervision of planning and implementation as well as providing consultancy on internal control systems, risk management, and governance of K/L/P/BU and government strategic policies. Therefore, it is appropriate for BPKP to be the coordinator in the risk management design process together with Bappenas, the Ministry of Finance, and other relevant ministries/institutions.

Rules or Other Forms of Government Involvement

Based on the results of interviews and FGDs conducted, as well as considering the existing juridical

aspects, regulation is an important solution as a legal basis to provide guidelines for all K/L/P/BU in understanding the implementation of risk management.

Compared to Guidelines for Implementing Regulatory Impact Assessment (2008), the formulation of alternatives from the predetermined objectives can choose one of three options, namely non-regulation, regulation, and do nothing. Based on the brainstorming results, the author concludes that in the policy-making process, the alternative selection method has been modified in the

formulation of alternatives. In principle, the alternatives taken are included in the classification of making new policy options. Brainstorming and FGDs of the parties involved mapped several considerations in choosing alternatives with the options of making new policies (making policy), updating existing policies (upgrading policy), and not making any decisions (doing nothing). The results of the discussion process from FGDs and brainstorming agreed on the presidential regulation level compared to other levels of policy rules are described in Table 3.

Table 3. Identification of Alternative Actions

Do Nothing	Upgrading Policy	Making New Policy
Take no action, either updating regulations and/or drafting new policies	Updating several regulations that mandate risk management practices in K/L/P/BU, such as: a. PP No.60/2018 concerning SPIP; b. SOE Regulation No.PER-09/MBU/2012 on the Implementation of Good Corporate Governance in SOEs; c. Law No. 19/2013 on BUMN, and Law No. 23/2014 on BUMD. In Law 19/2013 and Law 23/2014, there is no specific mandate related to the implementation of risk management.	a. Sociological Argumentation In realizing Indonesia's 2045 vision of sovereignty, progress, justice, and prosperity, each ministry/institution/business entity implements risk management in silos within their respective scope of work, not yet covering cross-sectoral risks. This is despite the fact that RPJMN targets require collaboration between agencies. Until now, there has been no comprehensive national monitoring, evaluation and reporting of risk management related to state administration to the President. b. Juridical Argumentation The Policy on Risk Management is one of the projects in the priority programs contained in the RPJMN from 2020 to 2024, in accordance with Presidential Regulation Number 18 of 2020 concerning the National Medium-Term Development Plan for 2020-2024.

Source: (Authors, 2024)

From Table 3, it is noteworthy to formulate a new policy concerning risk management regarding social and juridical argumentations. It is also supported by existing policies, which

those regulations still need to make specific and detailed rules concerning risk management.

Legal Basis of Regulation

The regulations formed have several links with other supporting legal bases such as Law No. 11/2020 on Job Creation; Law No. 17/2003 on State Finance; Law No. 1/2004 on State Treasury; Government Regulation (PP) No. 60 on SPIP; PP No. 81/2010 on RB Grand Design 2010-2025; PP No. 54/2017 on BUMD; Perpres No. 192/2014 on BPKP; Permen BUMN No. PER-09/MBU/2012 on the Implementation of Good Corporate Governance in BUMN; and Permenpan RB No. 25/2020 on RB Road Map 2020-2024. All these regulations have been mentioned in the formulation of MRPN policy. It also proves that these regulations have a strong connection in terms of MRPN's formulation.

Government Involvement

The implementation of risk management needs government as a leader through ministries since it requires the development of derivative policy regulations, appropriate resource allocation, and a robust governance system supported by inter-agency collaboration. This process involves training human resources, integrating technological support, and ensuring effective coordination and communication among agencies, which can be resource-intensive in terms of time, personnel, and budget.

Based on the results of interviews and FGD, the government, BPKP, and Bappenas will be involved starting from policymaking, discussing and formulating technical guidelines, and piloting policy implementation to providing information technology (applications) to support user convenience.

Cost and Benefit Analysis (CBA)

The assessment of the usefulness of the MRPN policy has not actually used the cost and benefit analysis method quantitatively in its planning. Harrington et al. (2009) reveal that the economists generally support CBA as a vital tool for regulatory decision-making, focusing on the techniques used in RIAs. In contrast, legal scholars often critique the philosophical underpinnings of CBA and question its relevance in regulatory contexts. This divergence suggests that any practical application of CBA must consider these contrasting viewpoints to be effective and widely accepted.

Based on the results of interviews with the member of the taskforce, the preparation of the MRPN policy was supported around two billion rupiah, approximately. CBA has limitations, such as the difficulty in measuring nonmarket values, the potential bias in discounting future benefits, and its inability to account for equity considerations (Ackerman & Heinzerling, 2004). Thus, CBA remains an important component of RIA and public sector decision-making, which provides an assessment to address its inherent shortcomings. Although there is currently no analysis of the calculation of costs and benefits of the MRPN policy, authors argue that CBA can be replaced with cost-effectiveness analysis (CEA) when benefits are difficult to quantify in monetary terms by proxying the cost aspects of negative impacts that may arise, as well as proxying the benefits of positive impacts without having to define them in the form of numbers (Marušić et al., 2011). Table 4 shows the detailed explanation for cost and benefit analysis.

Table 4. Cost and Benefit Analysis for MRPN

Stakeholders	Cost (Negative Impact)	Benefits (Positive Impact)
Government	Policy formulation. (Quantifiable)	RPJMN targets and Indonesia's vision 2045 can be achieved more optimistically and accountably. (Quantifiable)
K/L/P/BU	<ul style="list-style-type: none"> a. Preparation of derivative policy regulations and resource allocation for risk management implementation b. Inter-agency governance system and HR training and technology support c. Coordination and communication between agencies that consume time, human, and budget resources (Quantifiable)	<ul style="list-style-type: none"> a. The cost of fixing or resolving fraud or loss cases is more efficient and effective. b. The targets of each K/L/P/BU are more optimistic to be achieved. c. Prevent fraud on programs and activities. d. With the existence of a task force from each sector, it makes it easier for management and supervisory apparatus to track obstacles to program implementation. (Quantifiable)
Public or Society	N/A (Cannot be applied)	Convenience of social life and getting better public services. (Indirect benefit using proxy)

Source: (Data processed based on interviews by Authors, 2024)

All the task force members of MRPN agreed that risk management is important in ensuring institutions achieve their goals. The social and economic aspects and outcomes obtained will be greater than the costs incurred because of the issuance of the MRPN policy.

Transparency of impact distribution

The impacts that have been distributed through discussions with K/L/P/BU are qualitative, based on facts and phenomena or cases that occur in Indonesia. However, detailed material impacts in accordance with cost and benefit analysis are not yet available, as they have not been implemented. While it is difficult to quantify materially around transparency using existing proxies, measurements can still be made within a well-defined analytical framework to assess potential benefits using both quantitative and qualitative multi-criteria analysis (Marušić et al., 2011).

Accessibility of Clear, Comprehensive, and Consistent Rules

Perpres No. 39/2023 has been accessible to the public, but it has not been comprehensively implemented because it is still in the process of preparing technical guidelines, piloting, and testing technology-based applications. However, the consistency of policy implementation cannot be measured yet. BPKP, through Directorate of Investigation IV (D5.4), intensely coordinated with each agency (cross-sector) during the policy development process, starting from the Ministry of National Development Planning, Ministry of Finance, Ministry of State-Owned Enterprises, Ministry of Home Affairs, Ministry of Village, Development of Disadvantaged Regions, and Transmigration.

"We still have plans to discuss developing technical guidance for MRPN and how to communicate to all

stakeholders. It's hard to gather all the stakeholders since we are not in the same office and have our own business. The discussion also felt really forced, and the collaboration felt like mere formalities. It seems that the importance of cross-sector risk management has not yet become a culture."

The statement of the task force secretary. The person who carried out the strategic task in MRPN expressed the importance of collaboration: BPKP led the task force team through brainstorming activities, workshops, focus group discussions, and internal and bilateral meetings, while Bappenas led the context

of preparing the MRPN Technical Guidelines."

Involvement and Equal Opportunity of Every Party in Expressing Ideas

All K/L/P/BU parties are given open opportunities both in forums and in writing through requests for input when drafting policies.

Presidential Regulation 39 of 2023 has mandated the parties who carry out responsibilities through the MRPN Committee in accordance with Article 7, paragraph (4), namely as follows in Table 5.

Table 5. The structure of the MRPN Committee

Position	Chairperson
a. Coordinator	1. Minister for Political, Legal and Security Affairs; 2. Minister for Economic Affairs 3. Minister for Human Development and Culture; and 4. Minister for Maritime Affairs and Investment
b. Chairperson and concurrent Member	Minister of National Development Planning / Head of the National Development Planning Agency.
c. Vice Chairman 1 and concurrent Member	Minister of Finance
d. Vice Chairman 2 and concurrent Member	Minister of Home Affair
e. Member	1. Minister of State-Owned Enterprises 2. Minister of Law and Human Rights 3. Minister of Villages, Development of Disadvantaged Regions, and Transmigration 4. Minister of State Apparatus Empowerment and Bureaucracy Reform

Source: (Data processed based on interviews by authors, 2024)

K/L/P/BU, hereinafter referred to as MRPN Entities, will be involved by the MRPN committee in preparing certain national development risks according to the needs and scope of related tasks and functions. Technically, BPKP acts as a cross-sector internal supervisor who carries out the mandate as the third line to provide attention and early warning, conduct reviews, audits, and evaluations,

and conduct cross-sector MRPN maturity assessments (Article 16, Perpres 39/2023).

"Bappenas should lead the project intensively, while BPKP should supervise the process as a third line."

Additionally, statements from the task force secretary emphasize the need for leadership and commitment for a clear delineation of responsibilities among all

entities to ensure effective implementation. However, there is a gap and it needs to be strengthened in policy implementation, namely intense coordination and communication from Bappenas as the chair of the MRPN Committee and BPKP as the internal supervisor (third line). According to the *Three Lines Model*, organizations require a well-structured framework and processes that facilitate the achievement of objectives through effective governance and risk management practices involving operational units, risk management, and internal auditors (The IIA, 2020).

Regulation Implementation

The current regulation has not been implemented yet because it is still in the process of making the guidelines or technical instruction, as well as piloting and testing technology-based applications. However, there are limited functions between BPKP and Bappenas because Bappenas is the prime planner of national development as well as the chairman of the MRPN Committee. Therefore, solid coordination and communication need to be built to direct the focus of national development.

The process of designing cross-sector risk management needs to be planned early because it requires coordination from each MRPN entity. The implementation of public sector risk management is not as fast as the process that occurs in the private sector. Cautiousness is prevalent in doing things rather than initiative in initiating policy-making decisions (Priyarsono, 2021). Policy implementation strategy by issuing guidelines or technical instructions and preparing MR applications in processing databases to make it easier for risk owner units and supervisory apparatus to monitor risk management progress.

In addition, the technical guidelines that will be developed also need to contain indicators of successful implementation of MRPN that are comprehensive and applicable to each sector. There is a need for training and perception sharing by policy makers so that everyone who implements MRPN can understand and assess their own success until they reach a sustainable implementation maturity level. Support for technology-based applications that are easy to operate (user-friendly) is also important in the process of collecting data. Technological advancements have been utilized to enhance the efficiency of internal administrative processes, optimize data collection procedures, and leverage existing agency-held data to facilitate more comprehensive analysis and risk assessment (McEntaggart, K. et al., 2020). These are the recommendations for the draft technical guidelines for MRPN policy implementation:

- a. Coordination by MRPN committees intensively, especially Bappenas as the chairman of the MRPN committee with BPKP as the internal supervisor, in formulating task forces from all cross-sector programs and sector leaders as risk owners,
- b. Formulate an MoU (Memorandum of Understanding) containing the commitment of the leaders of all MRPN entities.
- c. Prepare a simple risk management report preparation formula and a user-friendly MRPN application.

Conclusion

The MRPN policy development process has involved several related agencies through brainstorming, workshops, focus group discussions, internal and bilateral meetings, and other activities. It is necessary to make efforts to

make an MoU for all MRPN institutions involved to ensure mutual commitment to achieve common goals. However, there are still weaknesses in the formulation of the MRPN policy, such as not conducting a cost and benefit analysis of the policy impact. This is aligned with previous research that found the use of the RIA is still not optimal due to issues of commitment, perception, authority, socialization, and budget allocation in Indonesia (Kurniawan et al., 2018).

MRPN is a coordinated activity to direct and control each entity in connection with the uncertainty effects of achieving the objectives. However, it is still necessary to define more specifically the success indicators of cross-sectoral quality objectives and the development of innovations that are loaded with applications (technology) related to budget inefficiencies. The technical guidelines should be prepared to be simply understood and “user-friendly” by all generations. The indicators of innovation development need to be clarified in the technical guidelines or MRPN policy guidelines. Cost and benefit analysis is still not clearly visible in the policy-making process. This needs to be done to analyze all actions that will be chosen for the best alternative in decision-making, such as using cost-effectiveness analysis (CEA) or multi-criteria analysis. The proposed form of policy implementation is in the form of technical guidelines containing planning to reporting that will be integrated in the form of technology. In this process, collaboration and transparency in the preparation of technical guidelines between agencies through adequate communication openness are expected.

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