



Performance Analysis of a Government Agency Program

Case: Partly Achievement of INSW System

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Disclaimer:

This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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Dedication Page

To Allah SWT and His Prophet Muhammad SAW

To my dearest mother, Yohanni Ritonga;

To my inspirational father, Asrun Rambe, may you rest in peace;

To my dearly loved wife, Dian Mardiah;

To my lovely kids, Naufal Hazim Rambe, Muhammad Syafiq Rambe, and Falhana Haziqoh Rambe

To my brothers and Sister Yusri Asdedi Rambe, Ansari Abror Rambe, Ahmad Basyir Rambe, Hijratul Khairi Rambe, and Khairun Nisa Rambe;

To my kind-hearted father in law and mother in law Hendra Siswanto and Syarifah Hanum Pasaribu;

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List of Acronyms

| | |
|---------|---|
| CMEA | : Coordinating Ministry for Economic Affair |
| DGCE | : Direktorat General Customs and Excise |
| DT | : Dwelling Time |
| GA | : Government Agency |
| GoI | : Government of Indonesia |
| ICT | : Information and Communication Technology |
| INSW | : Indonesia National Single Window |
| MoF | : Ministry of Finance |
| MoT | : Ministry of Trade |
| NSW | : National Single Window |
| PIB | : Pemberitahuan Impor Barang (Import Declaration) |
| PEB | : Pemberitahuan Espor Barang (Export Declaration) |
| PP-INSW | : Pengelola Portal INSW (INSW Agency) |
| SPPB | : Surat Persetujuan Pengeluaran Barang (Cargo Release Approval) |

Abstract

This paper attempts to critically analyze the achievements of INSW system related to the acceleration of international trade activities handling in ports and decreasing logistics costs. This paper started with the analysis of factors triggering the establishment of INSW system and its development from time to time. Furthermore, this paper found that regardless some achievements realized by INSW system, there are several problems remain that need to be adequately addressed.

To find out the contributing factor of the partly achievement of INSW system, this paper applied the theory of capacity development accessing five dimensions in where INSW agency works. From the assessment of the five dimensions, this paper concludes that Lack of political will in supporting INSW, poor communication and coordination, not fully integration of ICT, less budget independence, and human resource shortage are the causes of the partly achievement. Moreover, In addition to the strong support and political will of the government, the results of this study also reinforce the argument that active participation and synergy of all actors involved is a prerequisite for programs requiring the involvement of many actors.

Chapter 1: Introduction

1.1 Indication of Problem

The rapid growth of international trade, either in volume or intensity, and the fast improvement of Information and Communication Technology (ICT) have generated demands from business and industry for faster and smoother goods movement related to import and export activity. In addition, in the global and liberal trade era, the dependence of one country on others regarding international trade activity and export-import traffic has been increasing. Every nation, either advanced countries or developing countries, needs others to fulfill its needs. This condition triggers many countries, either by themselves or together with other countries in the same region, to pay serious attention and take actions to deal with the issue of the import-export goods traffic facilitation. Therefore, the fluid flow of goods in the port seems to be one of the primary keys to face global competition.

One example of collaborated actions between countries to deal with the international trade facilitation issue is what has been done by the Association of Southeast Asian Nations (ASEAN) countries. According to PP-INSW (n.d: 16)¹, in 2003 in Bali, all the leaders of the ASEAN countries approved to establish an integrated system that improved the export and import handling process. Followed by several meetings, in 2005 in Kuala Lumpur, ASEAN generated an agreement to establish and implement the ASEAN Single Window (ASW). Indonesia as a member of ASEAN must practically create a National Single Window (NSW) that will later be connected and integrated with the ASW

Besides the external factor, which is to accomplish the commitment concerning economic cooperation with ASEAN member countries, actions taken by Indonesia to develop an NSW were also triggered by some internal reasons. Indonesia National Single Window (INSW) is designed to fulfill domestic interest, especially to encourage the improvement of service performance of customs' and licensing documents related to export and import activities. So it is expected that the implementation of NSW system can promote the settlement of some constraints and problems at the port (ibid).

One thing that becomes a critical problem at the time is Dwelling Time (DT). The Government of Indonesia (GoI) paid serious attention to the import DT issue, especially the pre-clearance stage, since this particular stage takes the majority of the whole DT, approximately 65% (Directorate General of Customs and Excise 2015). To tackle this issue, Indonesia at the end of 2006 created a joint task-force, known as INSW preparation team, which consisted of many related Government Agencies (GAs) regarding international trade. This team then designed and developed the INSW system. This system was expected to accelerate the process of import license handling by integrating information among involved GAs (Mahadika et al. 2017). Moreover, as stated in the Presidential Regulation Number 10/2008, INSW is expected to enable the single submission of data and information, single synchronous processing of data and information, and single decision-making for customs release and clearance of cargoes.

¹*Buku Penjelasan Sistem National Single Window (Explanatory Book of National Single Window System)*

However, the implementation of this program is not satisfactory. The growth of world trade and the success of other countries to cut the logistic costs and the goods processing time cause the demand for the GoI to work extra. The government needs to catch up with the business actors' expectations. There are many business actors still complaining about the process of goods in ports that are taking a long time and generating a high logistic cost. They argued that DT in Indonesia is the longest compared to other ASEAN countries (Detik 2015). DT in Thailand, Malaysia, and Singapore is approximately 3 days, 2 days, and 1 day, respectively (ibid).

There are many tasks needed to be accomplished by the INSW agency. One of them is the coordination among agencies problem (MetroTV 2015). The capability of INSW is to enable single submission of data and information, single synchronous processing of data and information, and single decision-making has not been achieved yet. Furthermore, INSW needs to work extra as in March 2015 the government of Indonesia set the target of DT to 4.7 days while the existing average DT at the time was 6 days (Secretariat of the State Cabinet 2015).

In order to address the unsolved problem, on June 2015 the government officially established a distinct organization with the name INSW Agency (PP-INSW) which is responsible for the development and maintenance of the INSW system. This organization was established by the MoF, Regulation Number 138/PMK.01/2015. Similarly, as stated in the Presidential Regulation Number 76/ 2014, this organization had a primary role as INSW portal manager in handling customs documents, licenses, and other documents related to export, import, and logistics activities electronically/digitally. PP-INSW develops and maintains the INSW system to integrate all ministries and agencies' business process related to international trade activities digitally (INSWMagz² 2016:6). This organization was expected to have a significant impact in enhancing national competitiveness and investment and facilitating trade in global competition, including the optimization of state revenues and foreign exchange earnings (Coordinating Ministry for Economic Affairs 2016).

This organization has played an important role in improving the facilitation of international trading and economic growth. One proof of this is the decreasing of import DT. The head of PP-INSW, Djatmiko, said that INSW has managed to open some blockages at the 'jam points' at the stages of DT, especially pre-customs clearance and customs clearance (INSWMagz 2016:6). The decrease of DT of ports in Indonesia can be observed in table 1.1. showing that the DT has been cut approximately from 11-48 % since 2014.

² Written by PP-INSW as an effort to persuade society, government, and business actors to actively participate in interaction with INSW. It publishes activities and programs of PP-INSW as a publication and report to the public. This magazine can be downloaded from www.insw.go.id.

Table 1. 1. DT Comparison in 2014 and 2016

| Port | Average DT (Day) | | DT decrease Percentage |
|--------------------------|------------------|-------------------|------------------------|
| | Year 2014 | Till August, 2016 | |
| Tanjung Priok | 6.70 | 3.48 | 48% |
| Tanjung Perak | 7,00 | 5.20 | 26% |
| Belawan | 7,00 | 4.66 | 33% |
| Soekarno-hatta, Makassar | 4.86 | 3.67 | 24% |
| Tanjung Emas | 7,00 | 6.23 | 11% |

Own construction, Source: E-mail correspondent³; INSWMagz 2016:40; Ulum, 2014; Fitra, 2016; Rahmat, A.N., 2016; and Nasuti, P.N, 2014.

Nevertheless, the challenges of PP-INSW to increase the speed, smoothness of goods, and economic growth keep on evolving. Some of the ports' achievements are still behind the target, 4.7 days. The target was even renewed by the president of Indonesia, Joko Widodo, on Sept 2016 to 2.2 days only (Amindoni 2016). Additionally, Djatmiko admits that in its implementation INSW faces several operational problems. The lack of authorities of PP-INSW compared to the responsibilities it has creates the gap between mandate, expectation, and achievements (Coordinating Ministry for Economic Affairs 2016). For example, PP-INSW does not have the authority to intervene policy regulation in the GA in order to harmonize the regulations (INSWMagz 2016:41). As a consequence, in the field sometimes frictions cannot be avoided.

1.2 Relevance and Justification

To increase the national competitiveness and international trading facilitation in the global trade competition, the Gol needs to accelerate the speed of the flow of export and import goods and reduce transaction costs. This objective can be achieved through increased efficiency of time and cost in the movement process of documents and cargo. One government organization that has been trusted with this vital mission is PP-INSW.

Developed and maintained by a joint-task force in 2007 and then transferred to PP-INSW in 2015, the INSW system has shown some improvements. However, the demands given to PP-INSW keep on evolving. Hence, this organization needs to build its capacity and be given adequate incentives to cope with its role.

This paper seeks to get a better understanding about what factors hindering or supporting the achievement of the GA in Indonesia, in this case PP-INSW, to meet its desired objectives. Since its establishment until now, as far as my knowledge, there has not yet been a research which tries to analyze the performance of PP-INSW and then scrutinize the factors contributing to its success or failure.

³ Email correspondent with DGCE officer, 14 May 2017

1.3 Objectives of the study

The primary objective of this study is to understand the factors contributing to the lack of accomplishment achieved by PP-INSW in realizing its role as an agency contributing to the acceleration of export-import handling process and the reduction of logistics cost.

1.4 Research Question

To accomplish the research objective, this paper emphasizes on the primary research question: what explains the successes and failures of the INSW system in accelerating the export-import handling management and reducing logistics costs?

This Research question will be expanded into a couple of sub-questions:

- a. What are the factors triggering the establishment of the INSW system?
- b. What are the mandates held by the INSW body for the improvement of international trade handling and reduction of logistic costs?
- c. How is the achievement of the INSW system?
- d. What are the factors contributing to the partly achievement of the INSW system?

1.5 Research Methodology

1.5.1 Research Approach

This paper is an exploratory research with primary and secondary data collection. Its main focus is to determine the factors responsible for the lack of accomplishment of the INSW system in speeding up the export-import process and cutting time and costs caused by the processing of documents and goods.

In order to confirm the validity of data and information collected, triangulation will be conducted by using the response from different respondents, which are INSW's people, customs officer, and some importers and/or exporters, and secondary-literature articles, news, reports, and observations.

1.5.2 Data Collection Techniques

1) Semi-structure interview

Before I conducted the interviews, I made a list of questions as a guide for me. But when I asked the respondents, I did not ask them questions following the order of my set questions, because I wanted the flow of the conversation to be more natural. Moreover, I thought there was a better moment to ask deeper about the response that they had to answer my previous questions.

Table 1. 2. List of Interviewees

| No | Name | Position | Date of Interview |
|--|------------------------|--|-------------------|
| PP-INSW | | | |
| 1. | Kukuh Sumardono Basuki | Secretary of PP-INSW | 4 August 2017 |
| 2. | Hari Singgih Noegroho | Head of Deputy of Business Process | 7 August 2017 |
| 3. | Ernawan Tri Cahyanto | Head of Systems, Applications, and Operations Division | 9 August 2017 |
| 4 | Deden | Head of Finance and Administration | 11 August 2017 |
| 5. | Galih Prihatmoko | Head of Organization and Civil Service Sub-Division | 3 August 2017 |
| 6. | Ali Manshur | Head of Foreign Cooperation Subdivision | 7 August 2017 |
| 7. | Damar Wijayanto | Head of Domestic Operations Subdivision | 7 August 2017 |
| 8. | Wahyu Prasetya Utomo | Head of Operational Subdivision | 7 August 2017 |
| 9. | Muhammad Rasyid Ridla | Head of Business Monitoring and Evaluation Subdivision II | 3 August 2017 |
| 10. | Fachry Rozy Oemar | Head of System Application Subdivision | 11 August 2017 |
| Directorate of Customs and Excise (DGCE) | | | |
| 11. | Ari Setyo Widodo | Head of Strategy and Information System Planning Sub-Directorate | 2 August 2017 |
| 12. | Khilmi Mubarak | Head of Development Of Information System II Section | 1 August 2017 |

Source: Own construction

2) Online-survey

The respondents of this survey are exporters and importers that have joined and been using the INSW system. They are international trader whose company are located in an area near Tanjung Priok Port since the aim of this research is only to ask them who uses this port for import and export activity.

Since the number of the population is high, I decided to use an online survey rather than a printed survey because of the time limitation. Moreover, this survey can give a chance for the respondents to complete the survey in their free time. The online survey is constructed by using Erasmus University Online Survey platform by Qualtrix.

3) Document analysis

In this analysis, I use documents, reports, and other forms of documents as the sources of information that I want to extract out. Then, I try to compile the information from this source with other information from interviews and surveys that I conducted.

1.5.3 Data Collection Tools

- 1) Interview guide (see appendix 6): a detailed checklist is arranged in order to collect information from the interviewees.
- 2) Questions' survey list (see appendix 5): a pack of questions has been set in order to get information from INSW stakeholders. In this case, the stakeholder is the importer or/and exporter who has already registered and uses the INSW system.
- 3) Informed Consent (see appendix 7): a brief explanation is given to the respondents telling about the purpose of the research and the confidentiality of their responses to the questions asked.

1.6 Time Period

The time period of this research is from May to November 2017. I traveled to Indonesia in July-August 2017 to conduct some interviews personally with the intended respondents and to collect secondary data such as documents and reports from PP-INSW. The time period used is the year 2007-2017, which is the beginning of the program until now, in order to get a big picture of the transformation of the INSW agency and the achievement of the INSW system.

1.7 Data Analysis Plan

In order to answer all the developed sub-questions, a particular area of investigation focus and tools used are organized in this table.

Table 1. 3. Data Analysis Plan

| Sub-question | Area of investigation | Tools used |
|---|--|---|
| 1) What are the factors triggering the establishment of INSW system? | - External Influences - Nation condition right before the system establishment | - Interview - Document review |
| 2) What are the mandates held by the INSW body for the improvement of international trade handling and reduction of logistic costs? | - Mandate given to INSW agency - Policy Actions arranged / Program - Capacity - Strength and weakness | - Interview - Questionnaire - Document review |
| 3) How is the achievement of the INSW system? | - Progress of INSW system development - Effect of INSW system | - Interview - Questionnaire - Document review |

| | | |
|--|--|---|
| 4) What are the factors contributing to the partly achievement of the INSW system? | <ul style="list-style-type: none"> - Remaining Challenge of the INSW system - Quality of the INSW system's achievement - Factors hindering the realization of expected objectives | <ul style="list-style-type: none"> - Interview - Questionnaire - Literature review |
|--|--|---|

Source: Own construction

1.8 Scope and limitation

Since the source used in this paper is dominated by the source from internal PP-INSW, the information might be biased and may tend to show the good side. In addition, since I am an officer working for DGCE, I also potentially become biased because DGCE is the GA which is most actively involved in handling import and export transactions at the port. Therefore, the validity of this research is inherently low. However, by triangulating the information with other sources, it is expected that the validity level can be increased.

Moreover, to get perspectives from business actors, this research only applies survey to companies which import and export goods through Tanjung Priok port. Tanjung Priok is chosen since it covers about 65% of the total of import and export volumes in Indonesia (Wresti 2013). However, there is a possibility that the answer of the respondents will not represent the national level.

1.9 Challenges Encountered

1. It was difficult to meet some of the top-level management of PP-INSW because they were busy. Therefore, I could not interview some of them. As an alternative, I asked several people under their authority to get the information that I needed.
2. Concerning the online-survey, I needed to reach importers and exporters registered in the INSW system to distribute my questions to them. Therefore, I asked the officer in PP-INSW who is responsible for the database to give me the email of the business actors. However, they informed me that because of confidentiality reasons, they cannot share it. As an alternative, I asked one officer at DGCE whether this organization had the data that I wanted or not. He then asked me to send a letter concerning the data request. Two days after I sent the request letter, they gave me 1.000 emails of companies who actively used PP-INSW and used Tanjung Priok port as the gate for their import and export activities.
3. From 1.000 emails, only about 800 emails were active while others were unreachable. From 800 emails that I sent my questionnaire to, there were only 36 respondents who gave a response and 17 respondents filled the survey completely. Therefore, the reliability in this survey is very weak.

From this experience, there are some lessons learned that I can comprehend. First, try to contact the intended interviewees as soon as possible. Then, make an appointment to meet them including the possible option if the settled schedule must be postponed because of particular reasons. Second, in Indonesia, maybe also in other developing nations, a printed survey will be preferred since the researcher can ensure that the respondent will fill the questions not too long after they receive the survey. Another option is to ask the possibility of using the GA line to spread the survey. A survey distributed by the GA seems to get more attention from the respondents than the one distributed by the researcher himself. Lastly, it is preferable if the question list is not too long. If the questions are too many, many respondents will be reluctant to spare their time to fill the questionnaire.

Chapter 2: Contextual Background

2.1 Indonesia Government Structure and Import Process at Port

Indonesia is a republic country led by a president. In carrying out his/her mandate, the president is assisted by 34 ministries (Presidential Regulation Number 7/2015). From all the ministries, one ministry involved intensively the most in the international trade matters is the Ministry Of Finance (MoF). This is due to the DGCE which is one of the 7 directorate generals supervised by the MoF (Minister of Finance Regulation Number 234/2015). DGCE has a mission to facilitate trade and industry while protecting Indonesian territory from illegal smuggling or trafficking and optimizing state revenue from import-export activities (Directorate General of Customs and Excise 2011).

Related to the facilitation of international trade, one problem faced by Indonesia is long import DT. DT can be defined as the time spent by a vessel (container) within a port or other area which is the extension of the port (Raballand et al. 2012:2). This indicates that import DT counted from the point in which a container is discharged from a vessel to the state in which the container leaves the port terminal through its gate out. A consequence of long DT is the increase of logistic costs that has to be paid by the importer. Ginting et al. (2016: 104) argued that as a consequence of high DT, the export-oriented company will face time and cost uncertainty leading to the decrease of Indonesian product competitiveness abroad. Similarly, the product sold for local people will become more expensive (ibid).

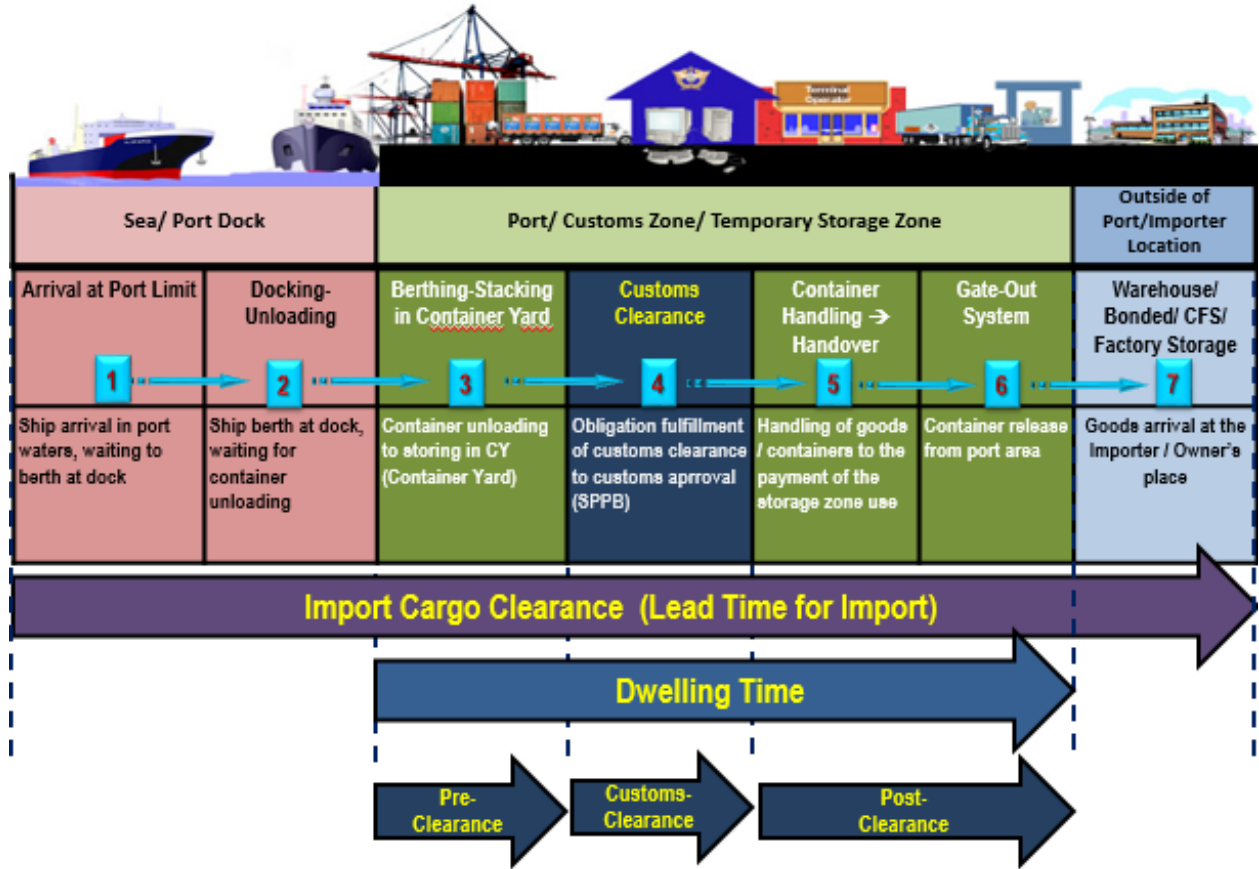
In general, DT can be divided into 3 stages, they are: Pre-Clearance, Customs Clearance, and Post-Clearance. DGCE explains that Pre-Clearance is the period starting from the vessel berth to the port till importers submit their import declaration (PIB) to the customs system. Customs Clearance is the stage from the PIB assessment by customs system to the approval for cargo release (SPPB). Post Clearance is the segment counted from the issuance of SPPB to the container leaves the port.⁴ The description of DT and import activities at the port is briefly portrayed by figure 2.1.

According to the Director of DGCE, Heru Pambudi, from all the stages in DT, Pre-Clearance is the dominant contributor in 2015 with approximately 65% of total DT (DGCE 2015). In line with this statement, the Minister of MoF in 2016, Bambang Brodjonegoro, said that one primary cause of long DT is there are too many GAs⁵. They responsible for a numbers of licenses on the import of prohibited or restricted commodities commodities (Tempo 2016).

⁴Economic Challenges Program on Metro TV, Sept 20th 2016

⁵ See Appendix 1

Figure 2. 1. Import Activities Handling at Port



Source: Economic Challenges Programme on Metro TV, Sept 20th 2016

In Indonesian context, the GA in charge of operational level for managing the import and export activities handling is DGCE. Aside from the quarantine agency playing an active role in conducting an administrative and physical examination of living plants and animals or their derivative products, the other GA's role is primarily to regulate administrative and procedural obligations to be met by importers before applying for import declaration. Furthermore, the regulation enforcement in the field will be entrusted to DGCE as the border security.

Nevertheless, many GAs are involved will not become a problem if every published regulation has been communicated with other relevant GAs to avoid friction or overlapping regulatory implementation. However, there are some conditions where overlapping of regulation happens. For instance, the license requirement for certain commodities is redundant and out of sync (Berlian 2014). It seems that too many authorized GAs create difficulties in delivering public service.

Other than the excessive number of GAs involved and the lack of coordination among them, the long DT in Indonesia is also caused by the lack of supporting infrastructure at ports (Narindra et al. 2016:52; Ginting et al. 2016: 105; and Maritime News 2015) and corruption, either at the license issuing process (Hikmawati 2015: 2) or at the customs administration

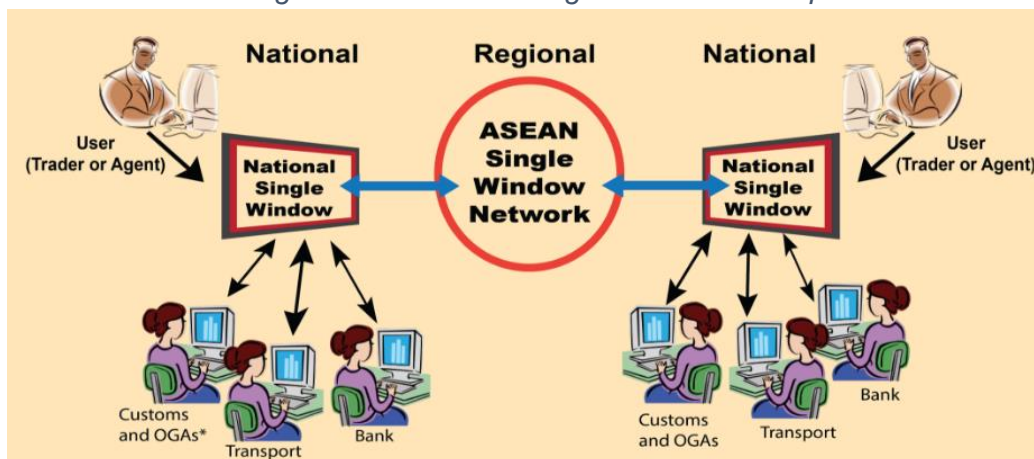
and container handling process (Ginting et al. 2016: 106). Pertaining the corruption issue, Ndonga (2013: 23-25) indicates that the notion of the process of administration and procedure compliance as the processes that are vulnerable to corruption actions, especially in developing countries, is common sense. The corrupt action temptation is a result of great discretion had by officer and the weak accountability of their work (ibid).

2.2 ASEAN Single Window and Its Correlation with Indonesia

International trade facilitation is not solely Indonesia's concern. Other countries, either individually or together with other countries, maintain efforts to improve the speed of the international trade activities handling or reduce the logistics costs. The urge to continue improvement trade facilitation is also influenced by the increasing volume and intensity of global trade. Moreover, ICT has raised the expectation of business communities for the rapid international trade treatment and the cheaper logistic costs.

One example of an inter-state collective action to respond to businessmen's demands related to trade facilitation is the ASEAN Single Window (ASW). ASW is a regional initiative trying to connect and integrate international trade-related system owned by its members to speed up cargo clearance and to promote ASEAN economic integration (ASEAN Single Window, n.d). The integration is expected to be achieved by the use of a single online integrated portal (known as NSW) and the optimum use of ICT. NSW itself means as a system that enables single submission of data and information, single and synchronous processing of data and information, and single decision-making for customs release and clearance of cargoes (ASEAN Single Window 2012). ASW has three main objectives⁶. Firstly, accelerate and simplify the business process, decision making, and dissemination of information between government and private parties in global trade activities. Secondly, create an integrated process and decision-making environment in the process of cargo release which is in resonance with international trade practices. Lastly, reduce the allocation of time and resources needed for the process of cargo movement. The brief illustration of ASW concept is shown in figure 2.2.

Figure 2. 2. ASEAN Single Window Concept



Source: ASEAN Single Window Homepage

⁶Buku Penjelasan INSW (The explanation book of INSW)

The development of the ASW system was initiated on an ASEAN countries meeting in 2003 in Bali. The conference brought forth the ASEAN Concord II declaration containing the agreement of all member countries to build an integrated system that could improve the management of import and export activities among ASEAN countries. In 2005 in Kuala Lumpur, Malaysia, ASEAN countries committed to develop and operate their own NSW system. The system from each state would be connected and integrated with the ASW system. The integration is targeted to be realized in 2015 (Coordinating Ministry for Economic Affairs 2014). Accordingly, as a member of ASEAN, Indonesia practically must create and implement their NSW in processing the management of import and export. In addition, Indonesia was asked to operate its NSW in 2008 (ASEAN Single Window 2012).

So, it can be concluded that the trigger factors of the establishment of INSW can be classified into two groups. First, the internal factors, for instance, the long DT of a container, high cost of handling the traffic of import activities, and poor coordination among international trade-related GA. Second, the external factor, which is the mutual commitment with other ASEAN countries to build an NSW then connect it to the ASW. The establishment of the INSW system begins in 2006 with the creation of a preparation team for the development of INSW, with the issuance of Coordinating Minister for Economic Affairs Decree Number 22//M.EKON/03/2006.

As for the establishment and development of the NSW model, ASEAN does not restrict its member to choose the model. The establishment of the NSW model is entrusted to the state preference. ASEAN only gives a set of recommendations as the guidance that can be used by any ASEAN country. As stated by United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) (2005: 11), there are three basic models of the NSW system as follows:

1. Single Authority

In this model, only one authority will receive information regarding international trade activities then decides which information will be distributed, either paper or online based, to all GAs that have a concern on it. For example, Sweden. Customs on behalf of some authorities conduct the selected task.

2. Single Automated System for the collection and dissemination of information

The system is made to collect, process, and storage information from related parties in one place (digitally). Selected data, then, is distributed to each agency according to their authority. For example, USA has established a system asking the trader to submit their document electronically once. The information from the traders will be processed and then distributed by the system

3. An Automated Information Transaction System

By using this model, business actors submit several electronics information to several GAs for approval through a single application. In this model, approvals from GAs are transmitted directly to trader's computer. One sample country that uses this approach is Singapore. Utilizing this system, Singapore's authority deducts payment for trader's duty directly from the trader's bank account

Chapter 3: Conceptual and Analytical Framework

3.1 Theory of Change

According to Weiss as quoted by Connell and Kubisch (1998), the theory of change try to draw the assumption or conclusion of why and how an incentive produces a particular output. The explanation indicates that this theory can be used either for design or evaluation purposes. If it used in the planning stage, this theory will be able to provide a clear picture to the stakeholders on how an input can produce a certain output, equipped with a set of actions that need to be done, and the context of what factors must exist so that the goal can be achieved (Ibid) . Meanwhile, if it used in evaluation, this theory can draw out the causes of a particular level of achievement, whether in accordance with the planning or not.

Using this theory, this paper seeks to assess the level of success achieved by the INSW system from the time it was established in 2007 until 2017. For that assessment, the information required is target, activities undertaken by the INSW during the period, and the logical assumption of factors that support or impede the activities and achievements. To obtain a more reliable assumption, the perceptions, motivations, and roles of all actors involved in implementing the INSW systems need to be taken into account. Mapping the logical sequence of an initiative from input to outcome using the theory of change can be strengthened by looking critically at contextual conditions and perceptions, motivations, and contributions held by actors involved in the implementation of a program (Vogel 2012: 3).

3.2 Capacity Framework

“Capacity is the ability to perform appropriate tasks effectively, efficiently and sustainably. In turn, capacity building refers to improvements in the ability of public sector organizations, either singly or in cooperation with other organizations to perform appropriate tasks” (Grindle and Hilderbrand 1995: 445).

In order to understand what happen in terms of of the INSW capacities, this paper will look at the capacity dimensions by Grindle and Hilderbrand. According to Grindle and Hilderbrand (1995: 445-446), there are five dimensions that can be used to analyze capacity gaps of an organization and design intervention strategies (Figure 3.1).

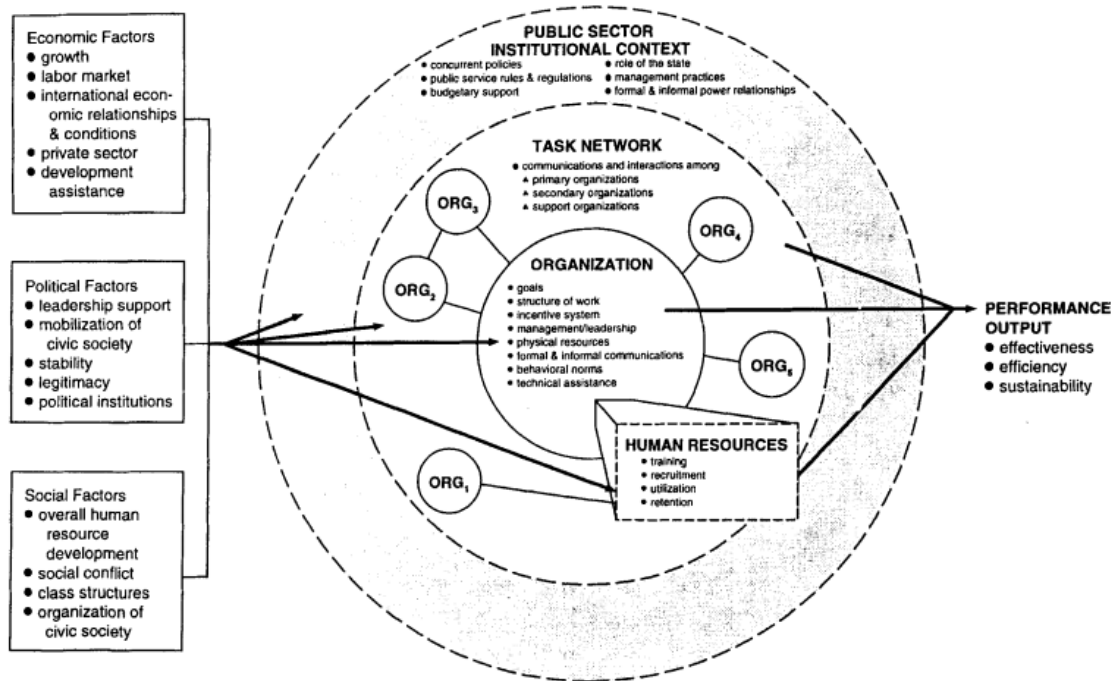
1. The action environment

This dimension covers the economic, social, and political situations affecting the performance of an organization; for example, economic growth, international-economic relationships, political stability, legitimacy, social conflict, and organization of a civil society. Interventions from an organization in this dimension will be relatively difficult because of their very vast scope and taking a long time to produce results.

2. The institutional context of the public sector

This dimension includes the factors such as the rules and procedures set for government operations, financial resources, concurrent policies, the role and intervention of the state, and budgetary support. These factors can become a booster or obstacle of the performance displayed by an organization

Figure 3. 1. Dimension of capacity



Source: Grindle and Hilderbrand (1995: 446)

3. The task network

This dimension takes into account the existence and involvement of other organizations that can affect the achievement of an organization. In this dimension, communication and coordination are the essential elements in keeping all actors maintain their participation in guarding the success of the proclaimed program. Primary organization is an organization that has a central role in operating the planned program. The secondary organization is an essential organization or must exist for the primary organization to perform its role. Last, the supporting organization is an organization that provides support that allows the acceleration of goals achievement.

4. Organizations

This dimension includes factors that can affect organizational output and the attitude of employees working within an organization; for example, organizational goals, incentive systems, management/leadership, and formal informal communication.

5. Human resources

This dimension tries to answer how the existing employees can play an optimum role in the execution of tasks entrusted to them. These dimensions include recruitment, training, utilization, and retention.

These five dimensions cover the arena where the PP-INSW has big influence on it, which is human resources, to the arena where the influence from PP-INSW is less, which is the action environment shaped by an abundance of factors. By looking at the five dimensions in which

the INSW system operates more closely, not only the capacities of the INSW agency but also the contextual factors that obstruct the achievement of this organization's goals can be identified. Sometimes, regardless its significance, the broader contextual factor is absent from a capacity-building initiative (Grindle and Hilderbrand: 443).

By using this capacity theory, unintended outputs can also be identified, either due to incorrect or improper incentives. Mukhtadir (2015) in his research empowers theory capacity development as a tool to identify and analyze the potential unintended consequences of capacity and the development of Indonesia's Supreme Audit Institution (BPK).

3.3 E-Governance

"Electronic governance or E-governance is the application ICT for delivering government services, exchange of information, communication transactions, integration of various stand-alone systems and services between government-to-customer (G2C), government-to-business (G2B), government-to-government (G2G) as well as back office processes and interactions within the entire government framework." (Bose and Rashel 2007). To achieve the desired result, it is necessary to implement E-governance across departments or organizations, and it needs to be supported by the active and constructive participation from the public (India Second Administrative Reforms Commission 2008). This E-governance concept is in resonance with the intention of the INSW system seeking to streamline the customs release and clearance of cargo process through single submission of data and information, single synchronous processing, and single decision-making (Presidential Regulation Number 10/2008). To actualize these, the INSW system needs to connect and integrate systems and business processes of GAs involved in the international trade process.

Finger and Pécoud (2003) believe that the utilization of ICT will promote the acceleration of government operators' modernization through increasing productivity, efficiency, and transparency of government's services. They state that the proper utilization of ICT will significantly improve the quality of decision-making and policy formulation conducted by the government. Moreover, according to (Singla 2011:97), E-governance can become one of the most important instruments providing facilities to suppress corrupt practices. Singla argues that at least there are seven features enabled by E-governance as the effective tool for combating corruption.

1. Accountability: Increasing the accountability of ruling authorized parties.
2. Responsibility & Reliability: Ensuring that the application is submitted to the party who has the authority and will be processed further in accordance with the provisions.
3. Authentication: Ensuring that the applicant is the right party and verifying whether the certificate or other documents submitted are documents issued by the rightful authority
4. Time Bound: Assuring how long it takes to complete a particular task.
5. On-line status: Presenting online status of a submitted application.
6. Efficiency: Shortening the time needed to fill the application, eliminating the need to queue, and increasing the number of documents that can be handled at a time.

7. Money Savings: Saving money by eliminating the need to hire a broker to fill out documents, go back and forth to GA office, or go to another city in case the company location is not in the same zone with the GA office.

3.4 Inter-Agency Coordination

The Research conducted by Li and Chan (2009) shows how crucial inter-agency coordination is in achieving organizational goals that engage many agencies. Blue Sky Program is a program to deal with air pollution problems in China by involving environmental protection bureaus (EPBs) as the main GA and other GAs such as the transportation bureau, the construction bureau, and district government. The program was able to raise the percentage of clean air in China from 66.4% in 2004 to 78.6% in 2006. Li and Chan's research results concluded that good coordination and collaboration was the key to the effective urban pollution control.

Hudson et al. (1999:238) believe that sometimes an organization will not be able to respond to a problem adequately if its scope is broad and growing, so it must be resolved from many perspectives. Therefore, the organization needs the help from many parties and needs to build an appropriate coordination mechanisms. However, developing a collaboration among organizations is not an easy matter, because for some organizations a collaboration or joint-governance might be a threat. Hudson (1987) as stated on Hudson (1999: 242) identifies two major constraints in building collaboration among organizational entities. First, individual organizations will lose their freedom to act independently; they prefer to have control over their own affairs. Second, individual organizations are reluctant to allocate a number of resources owned because of resource constraints for investments that are often unclear and intangible.

To tackle the resistance from a reluctant organization, there are a set of incentives that should be offered to them. They may consider to actively and constructively participate in the inter-agency collaboration or coordination effort when they could gain some benefits as a trade-off for their contribution. Serrano (2003) explains the six types of incentives that will be useful to overcome resistance from partner organizations.

1. Financial incentives: Organizations that join will get additional resources, especially financial and human resources.
2. Political gains: Regardless being a part of a government organization, individual GA want a political power to bring benefits to their particular organization, projects, and employees. When the proposed type of coordination can offer the power, they will consider taking part.
3. Professional values: Some organizations may choose to work with others if the professional value of their staff will be enhanced through the partnership.
4. Problem-solving: If working together will improve the organization's performance, such as the leader's ability to resolve problems, the agencies will consider the option of joining the offered cooperation.
5. Uncertainty reduction: Cooperation is likely to happen if it can help the organization reduce the uncertainty resulting from its resource dependency from the environment.

6. Legal mandate: Frequently when it is arranged as a mandate, organizations will join in the collaboration program, whether they like it or not. However, to get optimal results, the coordination must be equipped with a proper accountability measurement.

3.5 Corruption

According to Lambsdorff (2002: 97), the definition of corruption is often derived from a principal-agent model mentioning corruption takes place when an agent breaches the rules set by the principal for his personal benefit or group. Corruption will have the potential to flourish in conditions where agents have monopoly power over clients, wide discretion and weak accountability (Ndonga 2013: 120). Lambert-Mogiliansky et al. (2008: 274) suggest that there are two forms of intervention usually performed by agents in maximizing their profits. The first is "extortion" or "hold up", which means the application is qualified or legitimate but will not be processed if bribes are not granted by the applicant. The second is "capture", which means the proposed application does not meet the formal requirements, but it is received and processed further due to bribery.

In the context of international trade in Indonesia, examples of corrupt practices are those that occur during the licensing stages (Hikmawati 2015: 2) and the completion stages of customs administration and container handling (Ginting et al., 2016: 106). Employees can carry out their work normally or faster; tolerate data deficiencies or faults, and conspire to insert illegal goods if there is a bribe from business actors (Hors as stated in Ndonga 2013: 24-25). This is possible because they have discretion that can be used to encourage business actors to give them bribery or vice versa. As a result, corruption in customs administration will bring negative impacts on the image and economy of a country because it will be difficult for domestic firms to compete in international trade and it will probably drive away Foreign Direct Investment (FDI) to other country that has market share with more efficient customs service (Ndonga: 2013: 28).

One way to combat corruption is to optimize the ICT utilization offering features that can be applied to reduce the number of corruption (Singla 2011:97). The NSW is one example of a system that can be empowered to suppress corruption by simplification and modernization. McLinden and Durrani (2013: 5) give examples of ICT utilization in Thailand Customs. The system is built in such a way that the formalities can be minimized, thereby limiting employee opportunities for rent-seeking and business actors offering a fee to the official. Since it was first launched in 2006 to 2008, there have been some significant reductions in misconduct done by customs officials. The number of complaints in 2006, 2007, and 2008 were 92, 69, and 36, respectively.

Likewise, Ndonga (2013) described indications why the NSW system could provide tools for combating corruption in international trade administratives. First, it simplifies the process and substantially reduces face-to-face contact between officer and client. Second, it improves customs transparency through increasing access to relevant information. Third, it eliminates the gap for intentional miss-input, verification or validation. Ndonga concluded that the implementation of INSW would be capable of resolving such a corruption in customs administration by reducing the officer's discretion and increasing accountability for their performance.

Chapter 4: INSW Establishment Triggers, INSW Agency Mandate, and INSW System's Achievement

4.1 INSW Establishment Triggers

Interviewees from PP-INSW⁷ stated that the initial force of ASW's establishment is the need for inter-ASEAN trade strengthening, known as the ASEAN Economic Community (AEC), with the use of a single service portal connecting all member countries. The AEC, which allows one nation to sell goods and services easily to other countries throughout Southeast Asia, is expected to enhance ASEAN's competitiveness so that it will be able to compete with China and India in Foreign Direct Investment attraction (FDI) (BBC Indonesia, 2017). This implies ASEAN countries are aware of cooperation and collaboration noteworthy to achieve the problems they face. Hudson et al. (1999: 236) stated that the commitments of an organization to establish a cooperation is influenced by the idea that they can achieve a goal in a more efficient way by working together, rather than separately. Through an integrated system, the facilitation of international trade provided by each member country will become more effective and efficient.

An interviewee from DGCE, Ari, the head of strategy and information system planning sub-directorate, explained that the strengthening of inter-ASEAN trade is agreed to be done through the optimization of document travel process (previously still manual/semi-automated) with ICT empowerment and standardization of data. Ari clarified that export documents from supplier countries will automatically turn into import documents in the destination country. By building the NSW system in all member countries then connecting and integrating it into the parent system (ASW), there will be many processes that could be trimmed, such as the process of document travel and manual validation by the employee.

With the agreement of all ASEAN member countries to be integrated into the ASW system, practically Indonesia has an obligation to build its NSW system. This system is expected to operate in 2008. Other than this commitment reason, Indonesia utilizes this momentum to overcome its national problems. The INSW Preparation Team (2007)⁸ mentioned that the establishment of the system is expected to tackle several serious problems in Indonesia, which are:

1. Lead Time (time required) for handling import-clearance is still relatively long (compared to other countries);
2. The cost of handling the traffic of import-export goods resulting in high-cost economy;
3. Validity and accuracy of transaction data and export-import activities are still inadequate; and
4. National interests that deem necessary to control traffic of import-export goods, related to terrorism, trans-national crime, drug trafficking, illegal activity, and Intellectual Property Rights (IPR) & consumer protection.

⁷Kukuh Sumardono Basuki, Hari Singgih Noegroho and Deden

⁸ Unpublished document '*Rencana Penerapan Sistem NSW di Indonesia* (INSW Implementation Plan)'

Ari stated that since the model of the NSW system required is not set by ASEAN, Indonesia adjusts INSW system to match national context. Furthermore, Ari said that the NSW model in Indonesia resembles the Single Automated System for the collection and dissemination of information model. He argued that the approach is chosen since it would be very challenging if the authority of many GAs is shifted to a single body. The rejection and reluctance from the GAs could arise. It seems this choice is the most proper one since there are a lot of organizations that must be terminated if the handling of export-import activities is entrusted to one agency only.

The massive number of GAs will not become a problem if communication and coordination among them work well. The difference existing between GAs does not necessarily need to be eschewed or suppressed, but it needs to be acknowledged and then reconciled through collective effort (Hudson et. al.1999: 240). An interviewee from PP-INSW, Hari, the Head of Deputy of Business Process, explained that NSW system applied by Indonesia is similar to a model applied by Japan, where all of the GAs still have their prior authority and get benefit from the system at the same time. Thus, this model seeks to address trade and logistic facilitation problems without reducing the size of existing GAs but prioritizes coordination, harmonization, and integration among existing GAs instead.

In the early establishment of the NSW system in Indonesia, it has been arranged that the development of INSW would use 2 pillars, which are trade-net and port-net (INSW preparation team 2011)⁹. The INSW system will be integrated with the system in the license issuing GAs and port management authorities. This team explained that trade-net is intended to stimulate the speed of the export-import documents flow by integrating information between customs with all authorized agencies issuing import-export licenses through data exchange. Meanwhile, port-net is projected to accelerate the flow of goods in ports by integrating information between customs with all port authorities.

As specified by the INSW Preparation Team (2011: 2), the objectives of the implementation of the NSW system in Indonesia could be categorized into four elements:

1. Improve service efficiency: improve the speed of export and import transaction treatment and create a service time certainty.
2. Improve effectiveness of surveillance: conduct an integration and reconciliation of data among all relevant agencies. Supervision and law enforcement is expected to be more effective;
3. Optimize the state revenue: minimize the potential of law violations and strengthen efforts to explore state revenues with the automation of system and data integration
4. Ensure the validity and accuracy of data: ensure the validity and accuracy of all data related to export-import activities, which will be a reference for national policy-making.

⁹ 'Rencana Penerapan Sistem NSW di Indonesia (INSW Implementation Plan)'

4.2 INSW Agency Mandate and INSW System's Achievement

The NSW system establishment in Indonesia started by creating a joint task force in 2006, called the INSW preparation team, consisting of several government agencies with the minister of finance as the leader. This team is established with the Coordinating Ministry of Economy regulation Number 03/M.EKON/03/2006 in 7 March 2006.

4.2.1 INSW Preparation Team

As stated in the Coordinating Ministry of Economy Decree Number 22/2006, the INSW preparation team is led by the finance minister assisted by 32 officials from different ministries (see appendix 2). The mandate entrusted to this joint-task force is to build an effective, efficient, and sustainable NSW for the realization of Indonesia's commitment to the agreement to establish and implement the ASW signed on December 9th 2005 in Kuala Lumpur. To realize the mandate, policy actions directed by the decree are as follow:

- Establish the NSW system as an electronic system capable of processing data and information, and helping in decision making regarding customs documents with employing the principle of unity, fast service, consistency, simplicity, transparency, efficiency, and sustainability;
- Design a roadmap for the development of the NSW system and coordinate the study of legal provisions and international cooperation related to the implementation of the ASW;
- Coordinate the information needs associated with export, import, customs and port requirements related to the NSW system and its integration into ASW;
- Select and establish appropriate and efficient information technology models and financing schemes for NSW system and its integration into ASW;
- Prepare and conduct publication, technical assistance, and capacity building for the smooth implementation of NSW and ASW;
- Conduct piloting in selected areas that ready to process import, export, customs, seaport and airport documents using single window system; and
- Conduct an NSW integration test with ASEAN countries that have used and implemented the single window.

After almost two years, as stated in the Coordinating Minister of Economy Decree Number 19/2008, the structure of the INSW preparation team has slightly changed. It is still led by the finance minister but assisted by 25 officials from several ministries /GAs (see appendix 3). In the new structure, it has a Steering Committee, the Coordinating Minister for the Economic Affair, which plays a role in coordinating efforts between ministries or agencies. According to Ali, the Head of Foreign Cooperation Subdivision, with the role of this steering committee, communication and coordination among GAs become more direct. This may be due to the position of the CMEA that has the authority and function to encourage coordination among ministries. Earlier when it was led by the Finance Minister, the existence of sector ego hindered the communication and coordination among them.

With the Coordinating Minister of Economy Decree Number 19/2008, the mandate given to the INSW preparation team is to encourage the smooth flow of imported goods and to reduce

the transaction cost by increasing the efficiency in the process of handling customs documents and cargo, and to realize Indonesia's commitments in agreement to establish and to implement the ASW. To realize the new mandate, policy actions directed by the the decree are as follows:

- Establish policies and provide the necessary guidelines for the smooth development and implementation of the NSW system and its integration into the ASW system;
- Monitor, evaluate, and control the progress of NSW establishment, implementation, and integration into ASW;
- Report the execution of duties in establishing, developing, and implementing the NSW system and its integration into the ASW system to the Minister Coordinator of the Economic Affairs; and
- Carry out other necessary activities for the establishment, development, and implementation of the NSW and its integration into the ASW system.

Actually, the Coordinating Ministry of Economy Decree Number 19/2008 explicitly indicates the urgency of the need for distinct organizations that handle the development and maintenance of the INSW system. This regulation even writes down that the INSW Organization must be established by 31 December 2008. However, the expected INSW agency (PP-INSW) is finally being realized in the second half of 2015 (Ministry of Finance, Regulation 138/2015). Thus, in practice, the development of the INSW system is still charged to the INSW preparation team until 2015. The late establishment of PP-INSW causes the expected outcome achievement of the INSW system to be delayed since the capacity embedded in INSW preparation team is not considered enough.

In addition, the delay of PP-INSW establishment may also be due to a lack of political will from the government at that time which did not see the urgency of establishing PP-INSW. During the reign of the 6th President of Indonesia (2004-2014), Susilo Bambang Yudhoyono, the government policy in the economic sector focused on the issue of direct cash transfer, fuel subsidy, and policy focusing on the real sector and finance directed to maintain stability at the macroeconomic level (Hakim and Giovani 2012: 172).

According to Galih, the Head of the Organization and Civil Service Sub-Division, when administrated by the INSW Preparation Team, the design, maintenance, and development of the INSW system are done by the DGCE since the DGCE's IT system is quite advanced, and this GA is the most intense and foremost actor in import and export activities handling. The INSW Preparation Team worked from designing a blueprint in 2007 to finally succeed guiding the INSW system implementation in 21 ports in Indonesia (see Appendix 8).

Despite the accomplishments made by the team, Galih argued that several obstacles still needed to be adequately addressed. Among the remaining problems are as follows:

- The INSW system only receives the end result/license from authorized GAs and does nothing with the intern licensing process of GAs.

- Some regulations made by different license-issuing GAs cannot be applied in the field. For example, there is regulation prohibiting certain products, but it is too general and does not provide detailed clarification (H.S code¹⁰).
- There are overlapping rules/regulations.
- Many ministries do not publish regulations/licenses based on valid database since they do not have one.

From the problems presented, it can be observed that the existing process of communication, coordination, and integration has not been conducted well. Each GA still designs and issues their own regulations without enough communication and coordination with other GAs governing the intersect matter. Galih provides an example of overlapping regulations by bringing out the import of corn case. In this case, the Ministry of Trade has issued an import quota permit, but the Ministry of Agriculture has never given recommendations to the importers to be able to import. As a result, since the document requirement for import is not complete, the container containing the corn has been sealed by the customs officer for further processing.

One possible cause of overlapping rules in the field is the absence of strict regulations governing the obligation of one GA to coordinate with other GAs in intersecting matters. Also, there could be sector ego becoming a wall for communication between GAs. They do not perceive any significant benefits that encourage them to collaborate. Interaction through exchange will most likely occur if both parties feel a mutual benefit and will not occur if they perceive no meaningful benefit (Hudson et al. 1999: 245). Therefore, all actors need to be convinced that they can get benefit from the inter-agency collaboration.

Moreover, in ICT context, the overlapping can be caused by the the absence of data communication between GA systems. This condition leads to data validation and consolidation will be difficult to be carried out. Without data communication, the checking process will refer to hardcopy or softcopy data re-entered manually that is vulnerable to errors and manipulation by employees. This problem is expected to be addressed by the ICT system which already connects and integrates the existing system in GAs. ICT utilization can foster or at least facilitate the decision-making process, because one focus of e-governance lies in the data process and interaction (Finger and Pécoud 2003).

4.2.2 PP-INSW

According to Ari, the Head of Strategy and Information System Planning Sub-Directorate of DGCE, one recommendation given by the INSW preparation team is the need to appoint one distinct organization as the responsible unit in maintaining and developing the INSW system. Ari added that a joint-task force consisting of several government agencies led by the Minister of Finance is not enough because of the lack of power. In line with this statement, Kuku, the Secretary of PP-INSW, argued that the awareness of the need for a permanent organization to handle the INSW system has already existed for a long time. However, the desire was finally realized in 2015. By 2015, the work of the INSW preparation team ended and was replaced by PP-INSW with Presidential Regulation Number 76/2014. The PP-INSW is a non-

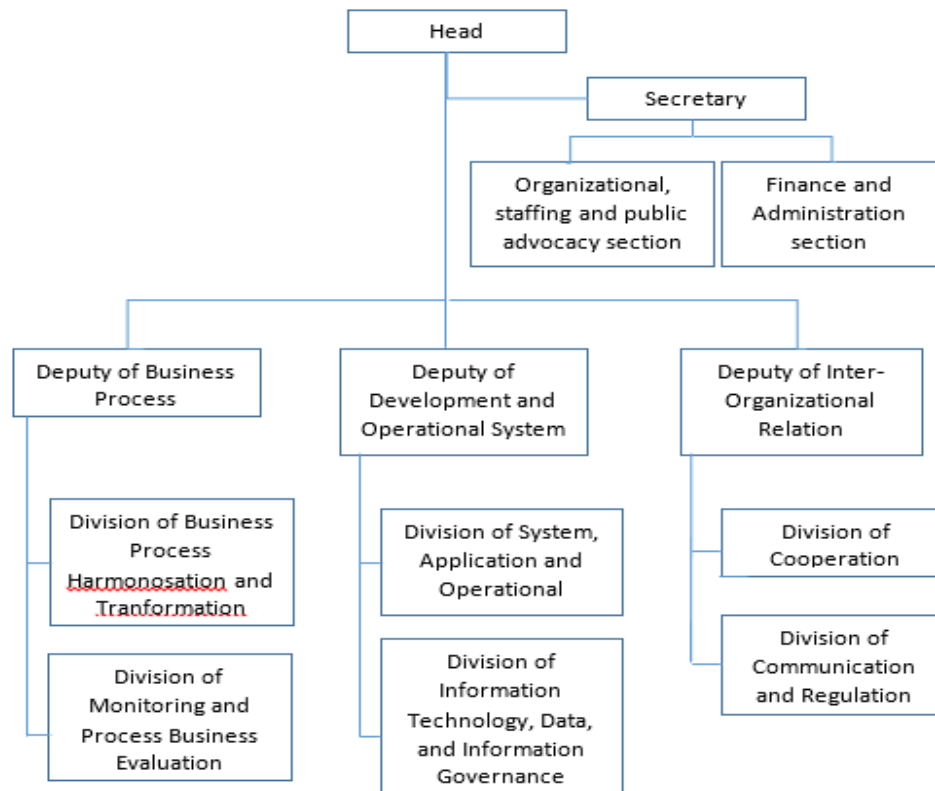
¹⁰ H.S code is the code of commodity listed in customs tariff book

echelon organization under the Minister of Finance. The financing for the PP-INSW is funded from the budget of the Ministry of Finance. The PP-INSW is mandated by this regulation to carry out the management of the INSW system, aiming at handling customs documents, licenses, and other documents related to export, import, and logistics electronically. According to Bryson (2012: 61). In addition to the formal mandate entrusted to an organization by higher external authorities, there is informal mandate embedded in norms or the expectations of key stakeholders. In this paper, the informal mandate is the expectation of business actors for the fast process of import and export activities handling, low transaction costs, and business certainties such as time and cost estimation.

The Mandate owned by PP-INSW is then internalized into a mission to provide excellent services while maintaining effective oversight through harmonization among stakeholders. The mission is a form of a clarification of why one organization needs to do what (Ibid: 65). From this mission, it is implied that PP-INSW is aware of the urgency of inter-agency coordination in handling import and export activities so that trade facilitation given to business actors can be optimized without neglecting the safety factor. In fact, due to realizing the importance of coordination and harmonization among GAs, PP-INSW has a particular unit responsible for communicating and coordinating with other actors. Integration with other organizations embodied in a single window has significant potential to improve efficiency through data harmonization, duplication deletion, information sharing between regulatory authorities, and coordination of border activities (Holloway 2009: 17).

PP-INSW is led by a person as the head, assisted by 1 secretary and 3 deputies (Figure 4.2). The Secretary has the task to manage coordination and prepare work plans, strategic plans, reports, management performance, risks, internal compliance, advocacy law, personnel affairs, organizational and governance structuring, finance, as well as administrative and household affairs in the PP-INSW environment. The duty of the Deputy of Business Process is to design policies and technical standardization and formulation recommendations regarding harmonization, transfusion, coordination, monitoring, and evaluation of business processes. The Deputy of Development and Operational Systems has the task to carry out the development of system applications, system operations, and data management as well. Lastly, the Deputy for Inter-Organizations Relation has to perform cooperation with other organizations, maintain communication with them, and prepare regulatory recommendations related to the management of the NSW portal.

Figure 4. 1. Structure of PP-INSW



Source: The Minister of Finance Regulation Number 138/PMK.01/2015

If the deputies perform adequately, problems such as long DT, high transaction cost, and poor coordination between GAs can be solved. Because, first, Business Process Deputy can synergize and integrate existing business processes in GAs to be more efficient and non-overlapping. Second, Development and Operational System Deputy can accommodate the need of ICT system so that the process and procedures of international trade activities handling can be more straightforward but still consider the security factor. Moreover, this deputy will enable communication and unity of data and information. And thirdly, Inter-Organizational Relation Deputy acting as the facilitator in strengthening communication and integration among organizations.

In implementing its mandate, PP-INSW has set of policy actions set by The Minister of Finance Regulation Number 138/PMK.01/2015 as follow:

- Accomplish single submission of data and information, single synchronous processing of data and information, and single decision making for custom release and clearance of cargoes;
- Assure services on INSW Portal which operate constantly and meet data and information security standards;
- Implement management of information system and do validation electronically to ensure the easy legal-access by users;
- Do coordination and synchronization of data and information exchange directly (online) between INSW Portal users;

- Access export and import realization data from licensing issuer organizations as a confirmation;
- Take proper action to overcome the disruption of service system on the INSW Portal;
- Provide of audit trail
- Guarantee the security and confidentiality of data submitted by the users through the INSW Portal;
- Provide of a call centre;
- Integrate INSW to ASW
- Conduct other proper activities set by minister of finance.

4.2.3 INSW System's Achievement

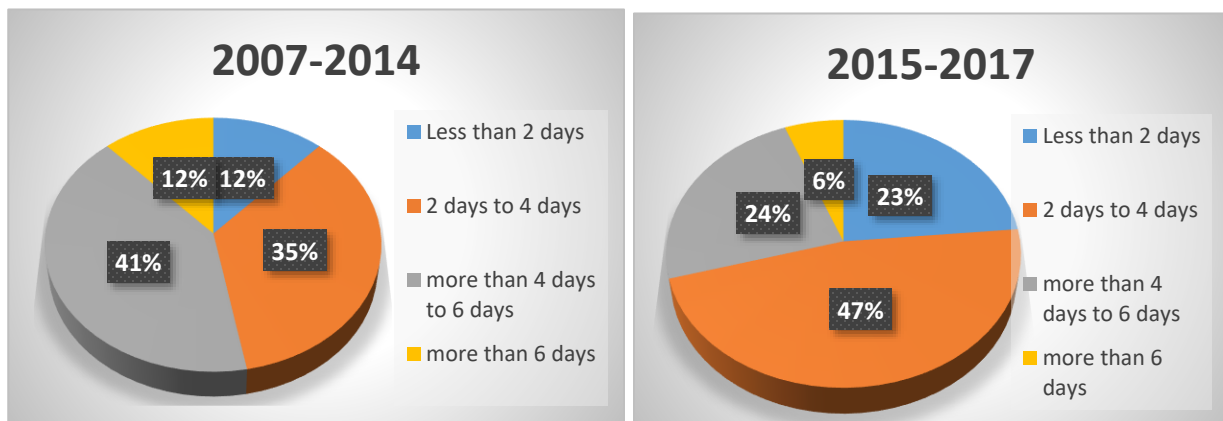
With the achievements made by the INSW preparation team continued by PP-INSW with its mandate and set of policy actions, until the end of the first semester of 2007, the INSW system produced several achievements. Some of the main accomplishments are presented as follow:

1. Participating in suppressing dwelling time

The current INSW system has covered more than 90 percent of the total export and import transactions. This high achievement is due to the INSW has been applied at 21 Ports/Airports intended for export and import activities. Moreover, INSW has connected the export and import licenses system from 15 Ministries or 18 license publisher agency. Djatmiko, the head of PP-INSW, as stated in INSW Magz (2016: 6) said that Current INSW system has opened blockage at the "jam" point at stages of DT, especially pre-clearance and customs-clearance.

Based on the survey result (Figure 4.3), there is a decreasing trend of DT. For example, before 2015, the percentage of containers with a DT of 4 to 6 days is still dominant, amounting to 41%. It is followed by 35% containers with a DT of 2 to 4 days. Meanwhile, containers which have DT less than 2 days and more than 6 days both amount to 12%. After 2015, the percentage for DT less than 2 days increased to 23%, and 2 to 4 days to 47%. Meanwhile, the percentage for containers with DT more than 4 to 6 days decreased to 24%, and DT more than 6 days decreased to 6%.

Figure 4. 2. Average Import DT of Companies Conducting Import Through Tanjung Priok Port



Source: Own construction

Hari, the Head of Deputy of Business Process, as quoted by INSW Magz (2016: 9) stated that at the beginning of its existence, INSW focused on automating the process recommendations and electronics license from 15 ministries/agencies. As a result, the licensing process successfully accelerated from days per service into hours. INSW also enables data collection electronically by many agencies through an online network, so it reduces dependency against physical documents. He added that, in the past, pre-clearance could take up to months as it still used physical documents and manual entry into the system. With the online electronic system, the weaknesses are diminished. Furthermore, interaction with officers also decreases, which was previously part of the requirements of the licensing process. As a result, potential corrupt activities can be minimized. The reduction of face-to-face interaction between officers and clients will reduce the opportunity for illegal discretionary utilization (Ndonga 2013: 30).

The impact of the INSW system is also sensed by DGCE in the customs clearance process. Based on an interview with Khilmi, the Head of Development of Information System II Section of DGCE, it is known that before the establishment of the INSW system, the license documents are validated manually by analyzing point officers. This condition resulting in the validity and the authenticity of documents becomes subject to discourse. After the license documents are submitted directly from the issuer GA's system, the problem can be addressed.

2. Dwelling Time Dashboard

Before data integration to measure the DT in port applied by PP-INSW, many entities, either from government or private, tried to calculate how long the DT is. Since the method and the perception of them were not necessarily the same, the DT result was vary leading to confusion for the public and the government as well.

On August 2017, PP-INSW finally finished the application which has a function to monitor the time for a container to stay in ports. According to Kuku, the Secretary of PP-INSW, with this application it is possible to determine how many containers have achieved the targeted DT. Moreover, he said that one of the tasks of INSW was to clarify in more detail the point in which the process takes a long time, what is the cause of the delays, and which entity should take responsibility for that.

With the DT Dashboard, the policies and approaches designed by governments will be more reliable because it is generated based on accurate data. For example, in terminals that are marked with a red dot (Figure 4.4), an analysis of what factors causes the DT to exceed a predetermined target (2.5 days), can be analyzed. Then, using the result of the analysis, the actions and policies to deal with DT problems in those terminals can be designed.

The formula of DT used by PP-INSW is

$$DT = t_{out} - t_{in}^{11},$$

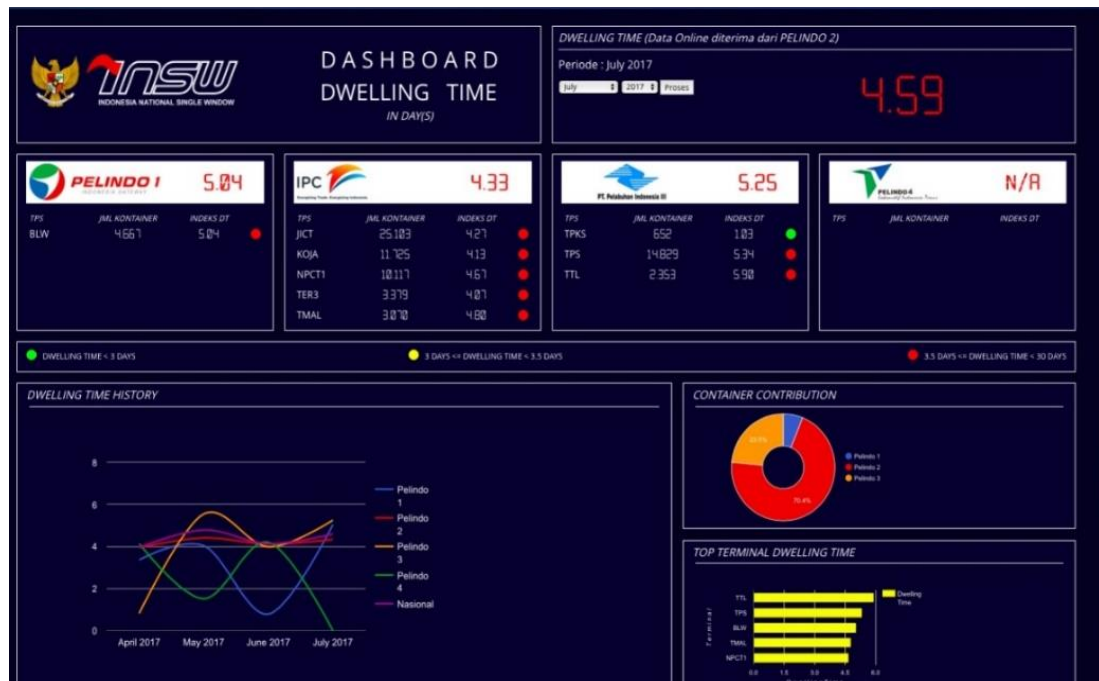
t_{out} = time a container is removed from the port

t_{in} = time the container is dismantled from the carrier (ship).

¹¹ unpublished material get from correspondent with DGCE employee

PP-INSW believes that the result of DT counted as the summary of pre-clearance, customs clearance, and post-clearance is misleading. They argue that there are some conditions in which DT only consists of customs-clearance and post-clearance or post-clearance only. This paper finds that the reason proposed by PP-INSW is valid since there is a Ministry of Trade Regulation Number 48/ M-DAG/PER/7/2015 which regulates that importers must have the import permit for restricted-commodity importation before the goods enter a port. It means that the pre-clearance process will be finished before the goods come to port.

Figure 4. 3. View of DT Dashboard



Source: PP-INSW

3. Connected to Trade-net

Trade-net is a licensing system of related GAs involved in the import and export process. With the INSW system already connected with the licensing system, it is not necessary for the DGCE officer to ask either the importer or the license-issuing agency for the file as it already exists within the INSW system. This condition can save time and costs spent by the importer. The connection between the INSW system and the trade-net will encourage faster flow of documents on export and import services¹².

Survey results show that 100% of the respondents filling the questionnaire stated that INSW provides ease in monitoring customs application, including checking the status of licensing, whether it has been issued or not. Of the 20 companies, 60% said it was easy, and 30% said it was very easy to access the INSW portal.

¹² Source: Buku Penjelasan Sistem Indonesia National Single Window p.8

4. Responsiveness in solving server interruptions

In operations, sometimes the INSW system experiences interference, both minor troubles such as slow response and severe disturbances such as system downs. However, according to Wahyu, the Head of Operational Subdivision, PP-INSW is quite responsive in dealing with emerging system problems. This statement is also shared by Khilmi from DGCE. He states that sometimes there are problems with the system, but it usually does not last long as it is handled immediately. As for maintenance, which causes the system to be slow, PP-INSW would have notified beforehand and carried it out at a time with few transactions such as Saturday/Sunday and at night.

The PP-INSW alertness level in handling server problems can be viewed in Table 4.1. From the table, it appears that the emerging problems on April 2017 can be solved within hours or even minutes.

Table 4. 1. INSW Server's Problem and Its Treatment, Period: April 2017

| NO | Problem | Problem encountered time | Problem solved time |
|----|---|--------------------------|---------------------|
| 1 | Database OLTP has stopped responding (Host Unreachable) | 4/17/2017 18:40 | 4/17/2017 20:40 |
| 2 | intr #2 has stopped responding (Request Timed Out) | 4/21/2017 15:36 | 4/21/2017 15:39 |
| 3 | ASW-Portal has stopped responding (Request Timed Out) | 4/28/2017 14:21 | 4/28/2017 14:41 |
| 4 | SmartEngine Import Soekarno-Hatta (Parsing) has stopped responding (Host Unreachable) | 4/28/2017 17:16 | 4/28/2017 20:05 |
| 5 | SmartEngine Import Tanjung Priok (Parsing) has stopped responding (Host Unreachable) | 4/28/2017 17:17 | 4/28/2017 20:05 |

Source: Monthly report April 2017

Regarding to server interruption, according to the interview with Wahyu, the Head of Operational Subdivision, the repair is done by a third party because operation and maintenance are contracted to EDI Ltd. In case PP-INSW employees identify and find errors or threats in the system, they contact EDI Ltd. to deal with the problems.

5. Intergration with ASW system

The NSW system should have been developed by ASEAN countries to be connected and integrated with the ASW system. Integration with ASW enables its members to exchange documents related to international trade online.

According to PP-INSW (INSW Magz 2016: 23), in 2016, from 10 new countries, 5 countries already have the NSW system. They are Indonesia, Singapore, Thailand, Malaysia, and Vietnam. The five countries have conducted a trial on data exchange of electronic certificate of origin (e-COO). Among the five countries, only Indonesia, Malaysia, and Singapore have been able to exchange the e-COO. COO is the document that functions as proof that imported goods coming from a certain country are stated in the document. The COO, then, becomes the reference to enable the imported goods to get preferential tariffs in accordance with inter-state or inter-regional agreements.

With the delivery of COO through the ASW system, the customs officer in the importer country no longer needs to request a copy of original COO documents for retroactive checks, either to importers or officers in the supplier country, to prove that the imported goods are genuinely from the exporter countries. This is because the e-COO has become a legal document that can be subtracted from the ASW system. This condition will lead to efficiency because the process of sending and validating the document has been done by the system, and all the files stored in the system are traceable for audit trial purpose.

Based on the correspondence with Fachry¹³, the Head of System Application Subdivision, it is known that in a short time there will be 4 countries that will conduct e-COO exchange. They are Indonesia, Vietnam, Malaysia, and Singapore. As stated in the ASW homepage (ASEAN Single Window, n.d), ASEAN is currently working on developing the protocol on how to exchange more documents through the ASW system. For instance, the ASEAN Customs Declaration Document (ACDD) which is one of the export-purpose documents, and Sanitary and Phyto-Sanitary (SPS) which is the primary document needed to import agricultural products. Moreover, in the future, the ASW system is projected to be able to exchange transport documents such as cargo documentation and shipping manifests.

¹³Fachry Rozy Oemar, The Head of System Application Subdivision

Chapter 5: INSW System Partly Achievement and Factors Contributing to It

5.1 Identifying Remaining Challenges

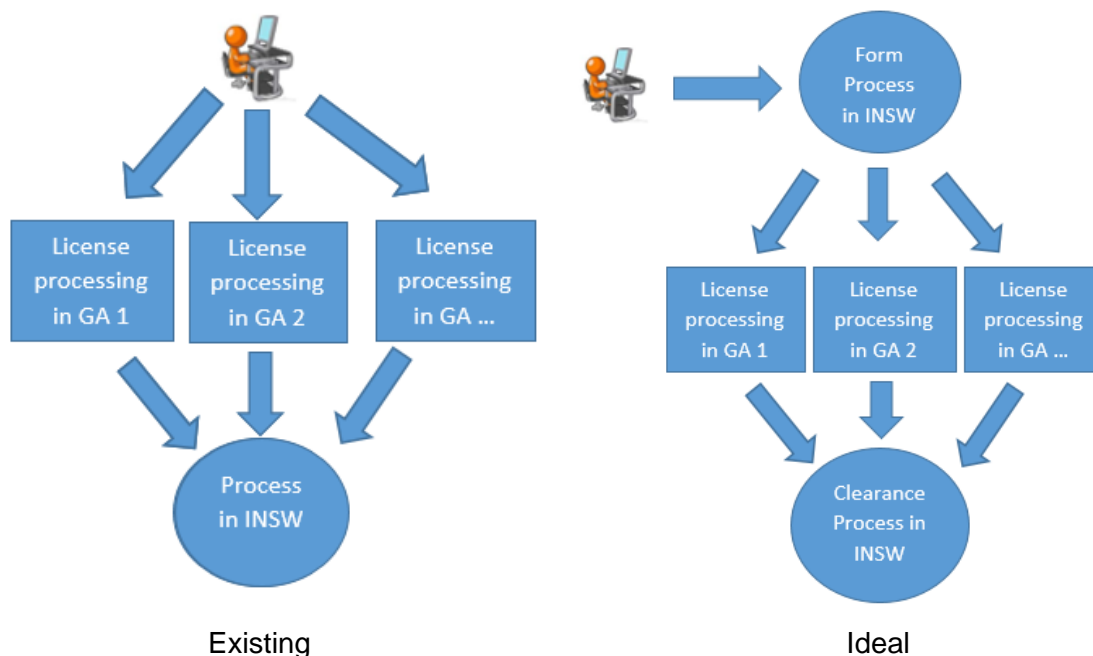
Regardless the accomplishments achieved by the INSW system, from the results of the analysis of document review, interviews, and surveys, the set of remaining challenges obstructing the quality of outcomes of INSW system can be identified.

1. INSW system has not adequately applied the single submission, single processing, and single decision making principles

Ideally, the INSW should be capable of enabling business actors to submit documents and data required for import activity into the system just once. However, the features of the current INSW systems do not accommodate that expectation. From the survey, this paper recognized that the single submission issue is also one of the concerns of service users, they hope that INSW can immediately realize the ideal single submission model, which enables them to achieve time efficiency in data entry and electronic document submission.

The illustration of the difference between the expected single submission concept and the current condition can be seen in figures 5.1.

Figure 5. 1. Single Submission Scheme



Own construction, Source: PP-INSW¹⁴

¹⁴ Material presented in the conference with Corruption Eradication Commition at Sahid Hotel in Jakarta, 17 November 2016

From the figure 5.1, it can be recognized that in the current system, an importer or exporter who wants to apply for import declaration should submit the online data to several GAs, depending on their authority. The response of the ministries or agencies will be sent to the INSW system for further processing. It shows that there is a redundancy in the process. In the next proposed system, based on an interview with Ernawan¹⁵, it is noted that the single submission will incorporate several application documents from several ministries or agencies, such as quarantine, customs, and national agency of drug and food control in one application. The system will remove duplicate elements in the data, and the importer will only need to fill and submit required data once. Furthermore, by single submission, every Service Level Agreement (SLA) of each GA will be accommodated and monitored. Therefore, it can be assumed that entities which (almost) exceed its SLA can be warned by PP-INSW.

Fachry, the Head of System Application Subdivision, said that one of the advantages of single submission application is the verification mechanism can be done electronically. The validation process of data elements and verification of documents that still repeatedly done in the GAs can be trimmed. He elaborated more by saying that the application of a single submission will encourage data and information availability among GAs to support their supervision and service activities according to their concern.

Since in the current system the submission conducted by the importer is addressed to the GA's internal system, the validation process will also be performed by GAs separately. This allows the occurrence of errors, either due to importer carelessness in inputting data or intentionally sending different data. As a consequence, treatments provided by GAs can also vary. Additionally, different treatments can also be caused by different importer profiles between GAs. It is true that PP-INSW intends to enrich the feature of the INSW system with the Indonesian Single Risk Management (ISRM) to generate one standardized profile to be used by the related GA. However, the stage is still in the design phase. According to Kuku, the Secretary of PP-INSW, single risk management works by analyzing and integrating all related element data from all GAs to create a single profile. By doing this, the service level provided can be synchronized among the agencies. ISRM offers a single identity of business actors enabling the increase of service efficiency and supervision effectiveness in the import-export process (INSWMagz 2017:5). Before ISRM operated, each government unit has its own rules concerning profile, which are often overlapping, redundant, or duplicative.

Not fully applied of single submission, single processing, and single decision-making principles seems is due to the integration of stand-alone systems owned by all recommendation-issuing and license-issuing GA with INSW system is limited to uploading license or rejection response only and not accommodating data or information communication. This condition is not in accord with the definition of e-governance proposed by Bose and Rashel (2007) stating that the implementation of ICT allows communication and exchange of data/information between systems in the different organization. Imperfect integration between systems of government organization is an indication of not optimal utilization of ICT leading to the low achievement of increased productivity, efficiency, and transparency of public services provided (Finger and Pécoud 2003).

¹⁵Ernawan Tri Cahyanto, The Head of Systems, Applications, and Operations Division

2. System and server errors

ICT infrastructure is one component of the organizational dimensions of Grindle and Hilderbrand (1995) that contributes to the achievement of organizational goals. The lack or problem of this component will impact an organization's achievement.

Based on data in PP-INSW's monthly report of operational services and infrastructure procurement, in 2017, frequent errors encountered on systems and servers cause servers' responses to be very slow or even unresponsive. For example in March, April, May, and June, the number of interruptions are 5, 5, 10, and 3 respectively. From the report, it is also noted that the time needed to tackle the occurring problems varies, ranging from minutes to hours. Even in specific cases it can be up to 10 hours, as it happened in June when the server had an interruption causing the inability to store the permission document in the INSW system.

5 out of 17 online survey respondents also stated that the obstacles they sometimes encountered in using the INSW system were inaccessible system causing inability to obtain the information they needed, and the document submission process and the online data communications were disturbed. They hope that the INSW system would not be having problems too often because it will affect the import process.

Although PP-INSW is quite responsive in overcoming problems that occur in the system, the repetitive system interruption will cause disturbances in the completion process of import activities by importers. Thus, it is likely that certain additional costs will arise as a result of the delay in import activities resulted from INSW system interruption.

Moreover, based on information from Fachry, the Head of the System Application Subdivision, it is known that due to limited funds, the INSW system server is using the server of MoF. The not independent server is suspected to be one factor disrupting the INSW's server (Mabrori 2016). This seems logical because disturbances on the ministry's financial servers will impact INSW's servers and systems.

3. Track and Trace function is not optimal

It is true that the INSW system is connected with internal system owned by related GAs. However, according to Galih, the Head of the Organization and Civil Service Sub-Division, the INSW system only receives the final result, either a license or refusal issued by the authorized GAs. From this information, it is noted that the INSW system has not managed to monitor the business process of each GA. As a consequence, INSW is not able to detect in detail the position of the application is lied. This leads to the difficulty for INSW system to trace and to provide a warning for slow GAs in issuing a response to the proposed application. Moreover, the INSW system has not been connected to the port-net system, which could enable the INSW system to monitor the container movement within the port. Since it has not been integrated yet, it will be difficult to find out exactly what causes the long time of container movements within the port, and who should be responsible for the delays. In conclusion, for now, the INSW system can only calculate the duration of container stays in the port without being able to explain in detail where in the harbor area and how long in each spot the container is placed. INSW has not been able to decipher in detail the factors which cause the

duration of DT, and who should be responsible for the delay. Because of this ignorance, it will be very challenging to design the right incentive to resolve the extended time issue.

Moreover, the absence of the track and trace features can cause the potential discretion possessed by officers in import and export activities handling remains. The answer to question which party is most responsible for a delay in handling export-import operations will be challenging to ascertain due to weak data support. This indicates the low accountability of officer. Officer may accelerate or delay the completion of a process from the sequence of operations in which they are responsible if a given bribery is provided (Hors as stated in Ndonga 2013: 24-25).

4. Barriers in coordination

Several key-informants from PP-INSW middle to top level management, confirmed that there is a barrier in performing communication and coordination with other GAs. One of the possible reasons is the sectoral ego of some GAs assuming that the INSW system issue is not more priority than their internal business. One indication of this is the fact that when INSW held a meeting and invited the related GAs, there were some GAs that did not send their representative that led to a discussion process and result that was not ideal. This condition indicates that inter-agency coordination is not working well since not all involved party assumes they will get significant benefit.

In addition, the poor coordination of PP-INSW with related GAs may also be due to the structural position of PP-INSW which is under the MoF. Its powerless position causes difficulty in asking other GAs to participate in the coordination effort actively. The position of INSW is not at the same level with the majority of GAs, which are situated at ministerial level on a par with MoF. Galih, the Head of the Organization and Civil Service Sub-Division, believes this obstacle generating a psychological and administrative barrier. It is a psychological barrier because PP-INSW must coordinate and integrate units structurally above it. Moreover, it is an administrative barrier since there is a set of administrative procedures that must be passed to reach an intended person in a particular ministry

Furthermore, even when assisted by the CMEA in coordination and integration attempts, in certain levels the obstacle remains since structurally the CMEA oversees some ministries only and does not cover all the ministries involved in the process of international trade. One interviewee from PP-INSW top management stated that the issue of coordination has become a major issue almost in every country. He said that although PP-INSW has a particular unit entrusted to exercise communication and coordination with other organizations, in its operation, the unit has not accomplished much because of the limited human resources.

5. The policy harmonization achievement is insufficient

According to key-informant from middle management of PP-INSW, although PP-INSW has a function as the coordinator of policy to create harmonization of rules related to international trade, in fact the function has not worked as expected. Currently, PP-INSW is more like a mediator rather than a coordinator. He argued that there are conditions in which a GA issues a policy but later finds out that it is not applicable according to DGCE. Consequently, some adjustments are required. INSW will try to mediate both parties in order to reach agreement

on how the regulation should be. Moreover, according to Ari, the Head of Strategy and Information System Planning Sub-Directorate of DGCE, although INSW has the knowledge and tools to answer some concerns of a GA related to a particular regulation, INSW cannot take decisions/stances since they do not have the authority to do so.

This condition also implies that the coordination between a GA and other related GAs is also very weak. Many GAs tend to run their business individually even though they are aware of some issues that are intersected with other GAs. They do not feel it is necessary to apply communication and coordination with others even for the purpose of avoiding the difference of perception from other GAs when the regulation they have made is released.

5.2 Factors Contributing to INSW System's Partly Achievement

To identify the factors responsible for less satisfying result and remaining challenges, this paper conducts capacity framework analysis designed by Grindle and Hilderband (1995). By assessing five dimensions in this approach, some of the main factors are expected can be drawn out.

1. The action environment

The development and utilization of the INSW system is also influenced by political, economic and social conditions. This indicates that the focus of economic policy applied by the ruling government will affect the environment in where the INSW system is developed and implemented. In the era of Jokowi, the 7th president of Indonesia, attention for the optimization of INSW system is quite favorable. Since the end of third quarter of 2015, government has issued several economic-policy packages related to INSW (Appendix 9).

In addition, figure 3.1 shows that action environment also influenced by the international economic relationships & conditions. Based on the information from an officer at PP-INSW, the developments in the INSW system are also influenced by the loan offered by World Bank. World Bank will provide it if INSW succeeds in establishing a system that can provide adequate facilitation for international trade activities. Confirmed the issue, Deden, the Head of Finance and Administration, acknowledged that PP-INSW becomes one of World Bank's concerns as stated in the development policy loan. The World Bank considers that with current PP-INSW's status, which is a task-force under MoF, it is not enough to accelerate the international trade. Therefore, this organization needs to be reformed through an institutional strengthening.

It seems the INSW-related economic policy packages and stimulant from the World Bank has provided a pretty good action environment for INSW system to be developed and implemented in such a way to speed up the process of import-export activities handling and to reduce logistics costs. However, in fact, the accomplishments of INSW system is far from satisfactory for many parties. It indicates that there are other factors responsible for the not optimal results.

2. The institutional context of the public sector

One element of the institutional factor according to Grindle and Hilderbrand (1995) is budgetary support. As explained earlier, since PP-INSW is a non-structural organization under the MoF, the budget for INSW activities comes from this ministry. According to Heru Pambudi, Director of DGCE, in an interview conducted by PP-INSW on 10 April 2017, the PP-INSW budget until 2018 will still be on DJBC's budget. As a consequence, PP INSW's budget ceiling is limited and less flexible.

The financial reason is also suspected as one of the causes of why during the initial development of the INSW system, the infrastructure owned by DGCE is utilized rather than building a new one (Jefriando 2015). Furthermore, the Deputy of Operation and Development of the PP INSW System, Muwasiq M. Noor, said that PP-INSW cannot perform recruitment in accordance with the required employees due to very limited budget (Alaydrus 2016).

3. The task network

Referring to the theory of Grindle and Hinderband (1995), in this paper the primary organization is PP-INSW because PP-INSW is the organization mandated to maintain and develop the INSW system. In addition, the system promotes simplification, harmonization, and integration between all elements involved in international trade activity handling. The secondary organization is the GA involved in the licensing and container handling process at the port. While the supporting organization, for instance, is the IT provider contracted by PP-INSW to maintain the INSW system and to overcome problems related to the system or server.

According to Deden, the Head of Finance and Administration, the approach used by PP-INSW in communications and coordination with licensing authorities and port authorities is a business process approach. This approach tries to explain to the concerned parties that the INSW system is a joint project and has the potential to generate benefits for Indonesia as a country and for them as well.

4. Organizations

The mandate entrusted to PP-INSW is to manage the INSW portal so that the import and export activity handling could be faster, logistic costs could be reduced, and certainty of business in Indonesia related to international trade activities could be provided. The mandate is, then, translated by PP-INSW into a mission, which is to present an excellent service without neglecting the security aspect through harmonization with related stakeholders in handling international trade and logistics activities.

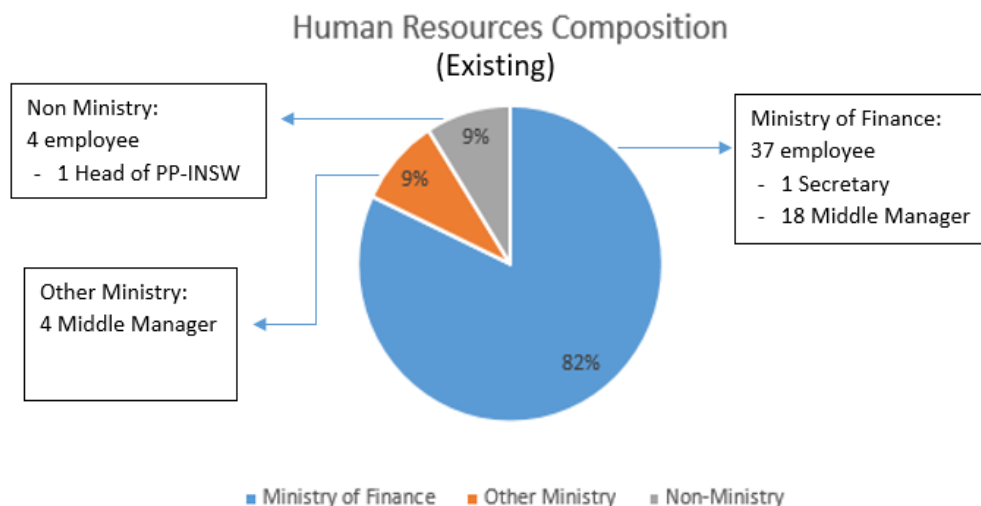
In operating the mandate, since the PP-INSW is a small-size organization, communication among officers do not require a complex hierarchy. The leader, the deputy head for instance, comes to staff several times to monitor their work or communicate directly with them without necessarily waiting for the report to be delivered by them. They do not have to wait for staff to submit their report to the sub-division head, and then the sub-division head delivers the report to the division head, and finally the division head submits it to the deputy head.

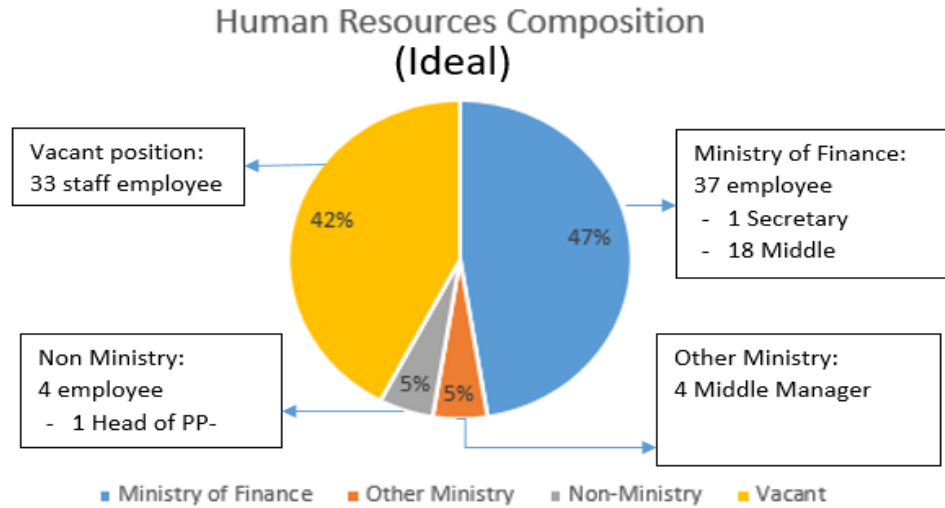
Then, related to physical resources and technical assistance. PP-INSW does its work in private-owned buildings rented by the government. PP-INSW does not have its own building like most governmental organizations in general. Additionally, for the maintenance and development of ICT, PP-INSW contracts third parties. Outsourcing to the private sector is advisable because of the rapid technological developments that are usually owned by private parties (India Second Administrative Reforms Commission 2008:82).

5. Human resources

The human resources in PP-INSW was not adequate. This argument is concluded from the information from one employee in the human resource development unit. He said that since PP-INSW was established until April 2016, only 5 person in leader position who has officially inaugurated. Moreover, at the time PP-INSW did not have a permanent employee. In performing their tasks, those 5 people were assisted by temporarily assigned employees from DGCE, Secretariat General of MoF, and CMEA with 10, 3, and 2 employees respectively. Gradually, since April 2016 until the end of December 2016, PP-INSW obtained fixed employees from MOF, MoT, and CMoE. The total number of PP-INSW employees in the first half of 2017 was 45 people (see appendix 4). Moreover, since they were appointed until the end of July 2017, the employees had never attended any trainings aimed to improve worker's competence. It is reasonable since they have just been appointed, and the kind of training needed is still in the discussion stage. Furthermore, based on the analysis of required employees as outlined in the PP-INSW's position description, the total number of employees required is 78 people. This indicates that there is human resources shortage. The comparison of existing employee compositions with the ideal one is shown in Figure 5.2.

Figure 5. 2. Human Resources Composition of PP-INSW





Source: PP-INSW

Based on the results of analysis of five dimensions in where PP-INSW operates against data and information obtained from documents, interviews, and survey, this paper concludes some factors that hamper the achievement of PP-INSW objectives as follows.

5.2.1 Lack of political will in supporting INSW

One element of the action dimension of Grindle and Hilderbrand (1995) is the political factor. They claim that the action environment is a critical dimension that will be highly influential in constraining or facilitating the ability of the government to perform development tasks. For example, Zatman, as quoted by Grindle and Hilderbrand (1995), states that due to ineffectiveness and unsteadiness of the political circumstance, The Central African Republic cannot operate its routine operation.

In INSW context, although government has issued some economic policy packages, in reality it is not enough since more strong political will from government is required. The government needs to guide and supervise the implementation of the policies to ensure that they can be achieved on time. Otherwise, they will remain a 'promise' from the government. For instance, until recently PP-INSW still lacks tools to realize its objectives regardless the packet of policies issued by the government (Appendix 9). One of them is the lack of power to direct other GAs to implement the recommendations proposed by PP-INSW regarding to the effort to simplify, harmonize, and integrate the rules and business processes pertaining international trade. Deputy Head of Operations and Development of PP INSW System, Muwasiq M. Noor, stated that PP-INSW does not have the power to ask related GAs to revoke unfeasible and overlapping regulations since PP-INSW can only give suggestions (Alaydrus 2016).

In addition, Hari, the Head of Deputy of Business Process, stated that political will from the higher government is a critical factor for the success of INSW system development. He pointed out that Thailand is a good example of country supported by a strong political will for the development of their INSW. NSW of Thailand is directly under the control of the Prime Minister, and the Head of the Organization is the Vice Prime Minister. The success of

Thailand's NSW in integrating all actors involved in import and export activities is indicated by the ability of the system to tell in which exact position is a container, from the point it is being unloaded from its vessel until they arrive at the importer's place. Moreover, the system is able to detect if there is illegal unloading process in the way to the importer's place.

To sum up, the problems of harmonization, simplification, and integration among all involved GAs is one consequence of not alignment of the mandate and the tools given by the government to PP-INSW. For example, an employee at INSW stated that PP-INSW has a role as coordinator of import-export policies, but in practice, there is still GAs which are reluctant to follow the recommendations and directives provided by PP-INSW because PP-INSW does not have the power to 'force' other GA to apply recommendation from PP-INSW.

5.2.2 Poor Communication and Coordination

Inter-agency coordination is one of the prerequisites for the success of a program involving many organizations. Li and Chan (2009) showed that in China, environmental protection bureaus (EPBs) managed to increase the percentage of clean air from 66.4% in 2004 to 78.6% in 2006 due to well-built coordination with other GAs. Thanks to the well communication pattern, all actors willingly taking part in the joint program to tackle pollution issue.

One cause of poor performance of the INSW system as a joint program is the lack of proper communication and coordination between INSW and other GAs. This condition is influenced by the presence of sectoral ego that inhibits some GAs to participate actively. They do not think INSW is worthy enough to become one of their priority lists. This assumption lead to less allocation of resources from them for the joint program.

In addition, the position of INSW which is under the MoF, may be seen by other ministries as less appropriate to direct them. The establishment of PP-INSW is by Presidential Regulation, while the establishment of Ministry is by law, which is higher. The difficulty of coordination and communication is acknowledged by some officials in PP-INSW, at the staff level and management level. PP-INSW does not have a strong legal position to 'force' other agencies to implement the recommendations suggested by PP-INSW in the context of simplification, harmonization, and integration. Input from PP-INSW might be accepted or not by other GAs without any clear defined legal consequences. Ideally, the need to collaborate with PP-INSW and to pay attention to its recommendations should be written as a mandate for related GAs. Moreover, a set of sanctions should be clearly stated whenever they fail to meet the mandate. When it becomes a mandate, inevitably the appointed agency will work with other units (Serrano, 2003). To conclude, the pattern of inter-agency coordination and collaboration initiated by an organization will be influenced by the legal force or the willingness of organizations partner to voluntarily join in the collaborative action.

Moreover, there is another factor contributing to the poor coordination that PP-INSW should aware and deal with, which is rent-seeking/corruption. Why some GAs less active in coordination is the worries about it will result in lack of freedom to act independently (Hudson 1999). Coordination leading to system integration potentially reduces the discretion power owned by officer who process a license or permit. This is because their accountability will be

more monitored and measured. Moreover, corruption practices such as those in the licensing process that require importers to pay a fee of 2 million up to 500 million rupiahs (Hikmawati 2015: 1) will be easily detected with an online integrated system.

5.2.3 Not Fully Integrated ICT

According to Bose and Rashel (2007), in the implementation of e-governance, ICT developed must be able to connect and integrate the system of all involved actors so that data communication between government-to-government, government-to-business, and government-to-customer will be enabled. However, based on information from Galih and Ernawan¹⁶, it is known that the INSW system is already connected with the sistem of agency issuing license but only limited to upload permit or rejection only and not connected yet to the system of actors responsible for goods movement within port.

As a result of unintegrated systems that handle import-export activities, the promised single submission, single processing, and single decision making can not be realized properly. To achieve optimal results of E-governance, integrated ICTs must be implemented across GA (India Second Administrative Reforms Commission, 2008). The Imperfect system integration generating the existing conditions indicating that the potential feature offered by ICT has not been able to be properly utilized, such as efficiency, responsibility & realibility, accountability, and money saving.

Efficiency

Importers still need to submit documents many times, even though some of the data is same, to several related GA. This indicates that redundancy remains and need to be minimized.

Accountability, Responsibility & Realibility

By not being able to monitor the process of licensing in related GAs, it is hard to identify which sub-units in the GA is the cause of the length of the licensing process, if any, since the time data appears in the INSW system only when the application is responded by a license or rejection. This condition produces less accountable work done by employees in the GA. The same problem is also applied in the monitoring of the movement of goods at ports because it is hard to identify where a container is located and who is responsible for the container at a specific time.

With the condition that the INSW system is not fully integrated with licensing and goods movement system, it will be difficult to identify precisely in which position the DT takes a longer time, who should be responsible for the delay, and what form of incentive is the most proper to address the DT matter.

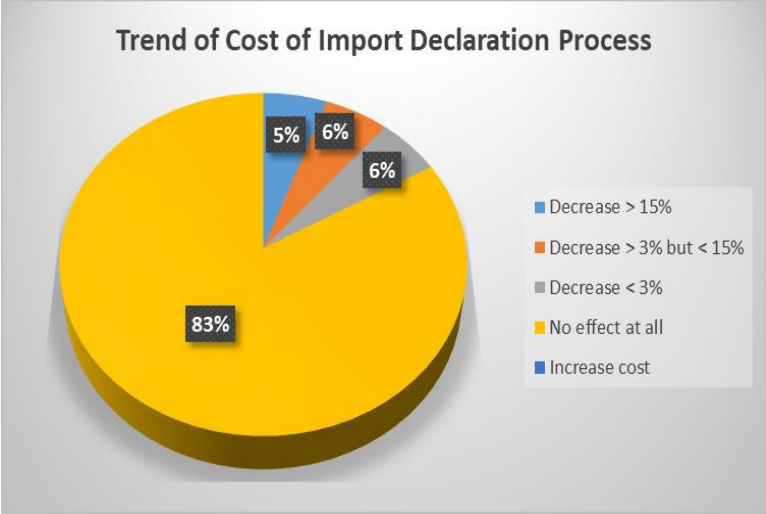
Money saving

From the survey results, it is known that from 18 respondents, only 17% stated that there is an influence of the INSW system in reducing the cost of import declaration, while 83% said that INSW system does not give any impact on the cost (Figure 5.3). This indicates that the

¹⁶ Galih Prihatmoko (the head of the organization and civil service sub-division) and Ernawan Tri Cahyanto (the head of systems, applications, and operations division)

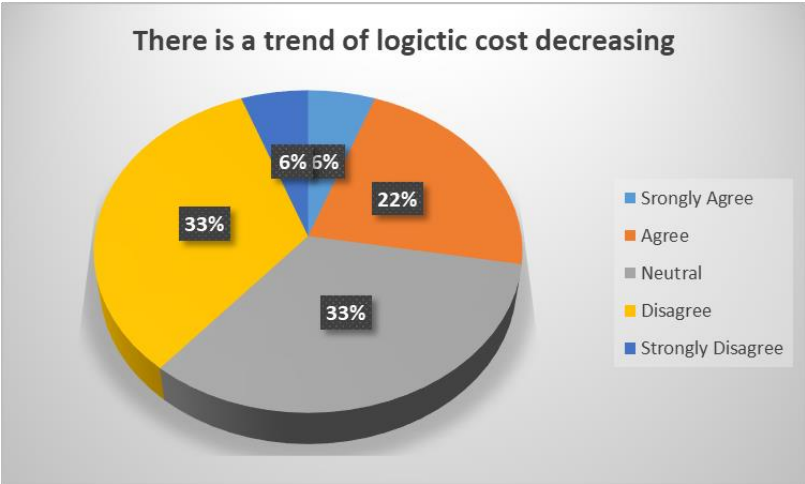
effect of the INSW system in reducing the cost of import declaration is not significant. Furthermore, from the 18 respondents, 50% of them stated the certainty of business services given regarding calculation of time and cost is still not in accordance with their expectations. This indicates the unclear estimation of how many days and how much Rupiahs is needed to manage one import activity still remains.

Figure 5. 3. INSW's Effect on Cost of Import Declaration Process



Furthermore, from the question whether the respondent agreed or not with the statement mentioning that there is a decrease logistic cost trend, only 28% agreed while 33% are neutral and 39% disagree (Figure 5.4). From those who agreed, 60% stated that INSW has an important role in the decrease of logistic costs, and the rest chose to be neutral.

Figure 5. 4. Trend of Logistic Cost Decreasing



From figure 5.4, it can be assumed that INSW system does not have the same impact on all importers associated with the reduction of logistics costs. One possible reason for the decrease of DT which is not directly proportional to the cost borne by importers is the regulation of the Minister of Transportation Number 117/2015, as replaced with regulation

Number 116/2016, as replaced with regulation Number 25/2017. This regulation sets that a container which exceeds 3 days in the terminal container field (line 1) and already gets cargo release approval has to be moved out, and all the fees are charged to the importer. Fees charged outside the port are expensive and use progressive tariff (Rai, 2017).

From the figure 5.4, it can be assumed that INSW system does not have the same impact to all importers associated with the reduction of logistics costs. One possible reason for the decrease of DT which is not directly proportional to the cost beared by importer is the Minister of Transportation Regulation Number PM117/2015, as replaced with regulation number PM 116/2016, as replaced with regulation number PM 25/2017. This regulation sets that container which exceeds 3 days in the terminal container field (line 1) and already get SPPB is asked to move it out and all the fees are charged to the importer. Fee charged outside the port is expensive and use progressive tariff (Rai, 2017).

In conclusion, one reason for weaknesses in terms of efficiency, accountability, responsibility & realibility, and money saving is due to the improper implementation of system integration causing the not optimal achievement of the INSW system.

5.2.4 Less Budget Independence and Human Resources Shortage

Based on information from Grindle and Hinderbrand (1995), it is known that the financial and human resources adequacy is a necessary capacity for an organization to be able to carry out its tasks. Deficiency of these two capacities become one of the logical reasons why the achievement of an organization is still not optimal. INSW inflexibility in the use of budget as perceived by several people becomes one of the factors causing the less optimal achievement of INSW system. One of the visible impacts of the budget problem is the late fulfillment of required human resources. Human resources is a crucial element in an organization and is one of the key success factors in achieving organizational goals.

The notion mentions that few employee available lead to less satisfied achievement can be explained that the heavy workload must be beared by limited human resources. While according to position's description document the ideal number of the employee for PP-INSW is 78 people, the real number is only 45 workers¹⁷.

In addition, current employees are dominated by former BC employees. This condition resulted in the lack of knowledge and perception diversity regarding harmonization and integration of international trade activities handling, given that business processes, regulations, and systems to be harmonized are not only from customs but also from other government units. Harmonization efforts may become easier if the employees of PP-INSW come from different GAs involved in international trade assistance because they understand better about the perspective of GAs and what the organization culture inside the GA looks like. This will certainly give a positive influence on efforts to bridge communication and coordination between PP-INSW with the related GA.

¹⁷ Information is obtained from e-mail correspondent with an officer in Human Resource Unit of PP-INSW, 13 September 2017

Moreover, because the allocation of finance is the authority of the government at a higher level, the existing conditions in PP-INSW also reflect the lack of political will from the government. They might not consider INSW systems is critical enough to be part of their priorities that need be guarded for its success by providing adequate incentives.

Chapter 6: Conclusion

The objective of this paper is to figure out the explanation for the partly achievement of PP-INSW regarding import-export facilitation and low logistics cost. To achieve the objective, this research has triangulated data and information obtained from documents review, interview with several PP-INSW and DGCE officers, and the online survey with some importers and/or exporters.

This paper found out that the establishment and development of INSW system are triggered by external and internal reason. The external trigger is the commitment of all ASEAN countries to developed NSW system designed to facilitate international trade. Then, all of the NSW system in each state will be connected and integrated to ASW expected will accelerate cargo clearance process and promote ASEAN economic integration. The internal trigger is the condition in Indonesia at the time demanding for a system which capable tackling long DT, high logistics costs, poor validity and accuracy of data, and other national problem.

The INSW system experiences two periods. First is the INSW Preparation Team. In this period, the INSW system is initially being built to fulfill the commitment to the agreement between ASEAN members and realizing the faster imported goods handling and cheap logistics costs. Then since 2015, the management of the INSW system is assigned to PP-INSW. In this period, PP-INSW is expected to continue the development of INSW system in order to handle customs documents, permits, and other documents related to import, export and logistics electronically.

Since it was established until July 2017, the INSW system has achieved some worthy accomplishments such as participation in DT reduction; DT dashboard; connection to trade-net; responsiveness in handling server issues; and integration with ASW system. Nevertheless, the INSW system still leaves problems to be adequately addressed, such as single submission, single processing, and single decision making has not correctly applied; system and server errors; track and trace function is not optimally functional; barriers in coordination; and lacking policy harmonization achievement.

Based on analysis on five dimensions in where PP-INSW system operates, several factors suspected as the causes of lack accomplishment of INSW system. Those factors are, insufficient political will from the government in supporting INSW system; poor communication and coordination between PP-INSW and other GA; not fully integrated ICT implemented; less budget independence and human resources shortage. Therefore, these problems should become the concerns of INSW agency, related GA, and the higher-level government to be adequately addressed so that INSW system can present fast export-import activities handling and relatively low logistic cost. Moreover, rent-seeking/corruption issue also should not be overlooked since it has potential in hindering INSW system accomplishment.

The success of INSW system performance will be significantly influenced by active participation of all involved actors, especially from inside government authorities. The higher government need to support the INSW system by providing sufficient power and adequate financial. The related actors in licensing and container management at the port are expected

to actively take part in discussion and meeting held regarding the effort to achieve a consensus on how the INSW system will be looks like. Moreover, they also are expected to carry out the recommendation given by INSW agency and put aside sectoral ego so that national interest could be realized.

This paper supports the notion mentioning that for the success of a program involving multiple actors it is necessary to have active and synergic role from all involved parties, as indicated by Li and Chan (2009) in their paper. In addition, action environments and government have a crucial part to encourage the achievement of the expected outcomes of an organization or program.

Nevertheless, due to the limitations in this paper, which is too many information obtained from PP-INSW which may tend to display the good side and very few respondents answering the questionnaire, the validity of this research is academically relatively weak. Therefore, for the next research, it is recommended to collect proper information from various sources such as GA involved in the process of licensing and the movement of goods, exporter importer, and other business communities such as tracking company. Moreover, it is suggested to not only limit the object to one port only so that the result of the research can be generalized to the national scale.

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Appendix 1: Actors involved in the import process¹⁸

1. The issuance Permit / Recommendation GA:
 - a. Ministry of Trade
 - b. Ministry of Industry
 - c. Ministry of Agriculture
 - d. Ministry of Transport
 - e. Ministry of Marine Affairs and Fishery
 - f. Ministry of Forest
 - g. Ministry of Health
 - h. Ministry of Communication and Informatics
 - i. Indonesia National Police
 - j. Ministry of Defence
 - k. National Agency of Drug and Food Control
 - l. Other Technical GA
2. The process of docking ships in harbor
 - a. Customs, Immigration, and Quarantine (C.I.Q)
 - b. Shipping and Scouting Agency
 - c. Port Authority
 - d. Harbourmaster (Syahbandar)
3. The process of unloading/loading of container
 - a. Terminal Operator
 - b. Shipping Agency
 - c. Temporary Storage Administrator
 - d. Loading and Unloading Company
 - e. Trucking Company
4. The process of import administration fulfillment
 - a. Customs office
 - b. Importer
 - c. Customs Broker
 - d. Terminal Operator and Temporary Storage Administrator
 - e. Trucking Company
 - f. Bank
5. The process of placing or discharging container from temporary storage zone
 - a. Customs
 - b. Terminal Operator and Temporary Storage Administrator
 - c. Trucking Company
 - d. Goods Safeguarding Unit

¹⁸ Source: Buku Penjelasan INSW (The explanation book of INSW)

Appendix 2: INSW Preparation Team Structure

| | | |
|------------------|---|---|
| Chairman | : | Minister of Finance |
| Vice Chariman I | : | Minister of Trade |
| Vice Chariman II | : | Minister of Transportation |
| Secretary | : | Deputy Head for Industry and Trade Coordination, Coordinating Ministry for Economic Affairs |
| Member | : | <ol style="list-style-type: none">1. Secretary General of Ministry of Energy and Mineral Resources2. Secretary General of Ministry of Industry3. Secretary General of Ministry of Agriculture4. Secretary General of Ministry of Forest5. Secretary General of Ministry of Marine and Fishery6. Secretary General of Ministry of Communication and Information7. Secretary General of Ministry of Internal Affair8. Secretary General of Ministry of Defense9. Secretary General of Ministry of Education10. Secretary of Ministry of Research and Technology11. Secretary of Ministry of Cooperative and Small and Medium Enterprises12. Secretary of Ministry of Environment13. Director General of Tax14. Director General of Customs and Excise15. Director General of International Trade, Ministry of Trade16. Director General of Trans-Border Trade, Ministry of Trade17. Director General of Sea Transportation, Ministry of Transportation18. Director General of Air Transportation, Ministry of Transportation19. Director General of ASEAN Cooperation, Ministry of Foreign Affairs20. Director General of Intellectual Property Rights, Ministry of Law and Human Rights21. Director General of Pharmaceutical Services and Medical Devices, Ministry of Health22. The head of Agricultural Quarantine Agency23. Deputy of Secretary of Law Cabinet24. Primary Secretary of National Agency of Drug and Food Control25. Primary Secretary of National Standardization Agency26. Primary Secretary of Nuclear Inspector Agency27. Representative of Bank Indonesia28. Representative of Indonesia National Police29. Representative of State Intelligence Services |

Appendix 3: INSW Preparation Team Structure (2008)

| | |
|-------------------------------------|---|
| Steering Committee | : Minister of Coordinating for Economic Affairs |
| Chairman | : Minister of Finance |
| Vice Chairman I | : Minister of Trade |
| Vice Chairman II | : Minister of Transportation |
| Daily Operational Chairman | : The Deputy Head of Industry and Trade Coordination, Coordinating Ministry for Economic Affairs |
| Daily Operational Vice Chairman I | : Director General of Customs and Excise, Ministry of Finance |
| Daily Operational Vice Chairman II | : Director General of Trans-Border Trade, Ministry of Trade |
| Daily Operational Vice Chairman III | : Director General of Sea Transportation, Ministry of Transportation |
| Member | : <ol style="list-style-type: none">1. Secretary General of Ministry of Finance2. Secretary General of Ministry of Industry3. Director General of Air Transportation, Ministry of Transportation4. Secretary General of Ministry of Agriculture5. The head of Agricultural Quarantine Agency6. Director General of Pharmaceutical Services and Medic Devices, Ministry of Health7. Director General of Telematics application, Ministry of Communication and Information8. Director General of Post and Telecommunication, Ministry of Communication and Information9. Secretary General of Ministry of Marine and Fishery10. Secretary General of Ministry of Energy and Mineral Resources11. Secretary General of Ministry of Forest12. Secretary General of Ministry of Defense13. Secretary of Ministry of Environment14. The Head of National Agency of Drug and Food Control15. Primary Secretary of National Standardization Agency16. Primary Secretary of Nuclear Inspector Agency17. General Head of National Indonesian Army18. The Head of State Intelligence and Security, Indonesia National Police19. General Head of Commerce and Industry Chambers |

Appendix 4: Statistic of PP-INSW's Employee

- Age

| Age (Years) | Quantity |
|--------------|-----------|
| 20-30 | 5 |
| 31-40 | 24 |
| 41-50 | 13 |
| > 50 | 3 |
| Total | 45 |

- Education Level

| Education | Quantity |
|--------------|-----------|
| Diploma I | 5 |
| Diploma III | 5 |
| Bachelor | 15 |
| Master | 20 |
| Total | 45 |

- Prior organization

| Education | Quantity |
|---|-----------|
| DGCE | 33 |
| Ministry of Trade | 3 |
| Secretariat General of Ministry of Finance | 4 |
| Coordinating Ministry of Economy | 1 |
| Non-Government Organization | 4 |
| Total | 45 |

- Position

| Position | Quantity |
|-------------------|-----------|
| Head | 1 |
| Secretary | 1 |
| Deputy Head | 3 |
| Middle Management | 22 |
| Staff | 18 |
| Total | 45 |

Appendix 5: Survey's Question

“The performance and capacity building of PP-INSW In improving international trade assistance”

I am Mukhlis Rambe, one employee of the Directorate General of Customs and Excise who is studying at the Institute of Social Studies, Erasmus University. I am currently conducting a research, which is my Research Paper, regarding the performance and capacity of Indonesian National Single Window Agency (PP-INSW) in improving international trade assistance.

Through this questionnaire, the research wants to explore information on how business actors assess the performance and capacity development performed by PP-INSW in the implementation of its role to contribute in accelerating of the settlement of import and export activities, as well as minimization of cost required in handling the traffic of import-export goods.

The responses given by the respondents will be kept confidential and will only be used for the purposes of this study alone. I hope that the answers will provide meaningful input in my research and to PP-INSW on its performance and capacity improvement to be more optimal in accelerating the completion of import and export activities and reduction of logistics costs.

I really expect your willingness to contribute in filling out this questionnaire. The time required to complete this survey is 10-15 minutes (31 questions). This survey is voluntary and the identity, responses, and answers of the respondents will be my confidential and only used for the purposes of this research.

Thank you for your contribution.

A. General Information of Respondents

A. Age

- a. Less than 25 year old
- b. 25 – less than 35 year old
- c. 35 – less than 45 year old
- d. 45 – less than 55 year old
- e. 55 year old or more

B. Gender

- a. Man
- b. Woman

- c. Other
- C. Position in current company :
- D. How long do you occupy the position?
 - a. Less than 1 year
 - b. 1 – less than 2 years
 - c. 2 – less than 4 years
 - d. More than 4 year s
- E. How long have you worked in this company?
 - a. Less than 3 year
 - b. 3 – less than 5 years
 - c. 5 – less than 10 years
 - d. More than 10 year s

B. Corporate Information

- 6. City / District :
- 7. The year of company's establishment
 - a. Before 2007
 - b. 2007 to 2015
 - c. After 2015
- 8. Status of the company
 - a. Importer
 - b. Exporter
 - c. Both, Importer and Exporter
- 9. Primary import commodities :
 Primary export commodities :
- 10. Handling import activities
 - a. Pay customs administration Broker
 - b. Use company resource

C. Licensing

- 11. How long is the total time required for all licenses related to the primary import commodities, since the application has been received by the authorized GA until the license is issued?

- a. Less than 1 day
- b. 1- less than 3 days
- c. 3- less than 7 days
- d. More than 7 days

How long is the total time required for all licenses related to the primary export commodities, since the application has been received by the authorized GA until the license is issued?

- a. Less than 1 day
- b. 1- less than 3 days
- c. 3- less than 7 days
- d. More than 7 days

12. Regarding to the permissions you have requested, is there any service level agreement (SLA) applied by the the GA?

- a. Yes
- b. No
- c. Do not know

13. Do you think the INSW system makes it easy for you to check/monitor processing application?

- a. Yes
- b. No

If you answered No, what trouble you in checking / monitoring application through the INSW system?

- a. Status information is difficult to obtain from the INSW system
- b. Often encountered an error system
- c. The system does not update the permission of the applicant
- d. The system is often mistaken in showing the status
- e. Others (specify)

D. Access

14. Do you think it is easy to access INSW portal?

- a. Very Easy
- b. Easy
- c. Neutral

- d. Difficult
- e. Very difficult

If you answered d or e, what is the cause of the difficulty?

- a. Internet access
- b. Do not understand the procedure of using INSW
- c. Others (specify)

15. Have you ever checked the status of your application through INSW employees (not through the system)?

- a. Yes
- b. No

If you answered a, what caused you to check status through an INSW employee?

- a. Status information is difficult to obtain from the INSW system
- b. Often encountered an error system
- c. The system does not update the permission of the applicant
- d. The system is often mistaken in showing the status
- e. Others (specify)

E. Benefit

16. Do you feel helped by the INSW system?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

If you answered d or e, what made you feel that way?

.....

17. Are you satisfied with the performance of PP-INSW?

- a. Very satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Very Dissatisfied

If you answered d or e, what makes you feel that way?

.....

18. **(Import)** How does the impact of INSW in reducing the cost of import application process that your company should pay?

- a. Very Significant (reduced by more than 15%)
- b. Significant (reduced by more than 3% but not more than 15%)
- c. Less significant (reduced by less than 3%)
- d. No effect on costs
- e. Increase costs

(EXPORT) How does the impact of INSW reduce the cost of export application process that your company should pay?

- a. Very Significant (reduced by more than 15%)
- b. Significant (reduced by more than 3% but not more than 15%)
- c. Less significant (reduced by less than 3%)
- d. No effect on costs
- e. Increase costs

19. Does INSW system provide business certainty regarding the estimation of time and expense needed that you expect?

- a. As expected
- b. Not as expected

If you answered b, please state the reason.

.....

20. Do you agree with the statement 'There has been a downward trend in logistics costs in Indonesia'?

- a. Strongly Agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

If you answered a or b, do you agree with the statement that INSW has an important role to reduce logistic costs in Indonesia?

- a. Strongly Agree

- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly Disagree

F. Time

21. **(Import)** What is the average time required for import activities (since the ship docked until the container left the port)?

2007-2014 Period:

- a. Less than 2 days
- b. 2 - less than 4 days
- c. 4 - less than 6 days
- d. More than 6 days

2015-2017 Period:

- a. Less than 2 days
- b. 2 - less than 4 days
- c. 4 - less than 6 days
- d. More than 6 days

(EXPORT) What is the average time required for export activities (since the export request until the goods left the port)?

2007-2014 Period:

- a. Less than 2 days
- b. 2 - less than 4 days
- c. 4 - less than 6 days
- d. More than 6 days

2015-2017 Period:

- a. Less than 2 days
- b. 2 - less than 4 days
- c. 4 - less than 6 days
- d. More than 6 days

22. **(Import)** Which part of the import activity takes longer time?

2007-2014 Period:

- a. Licensing process to authorized GA
- b. Since import declaration (PIB) to Cargo Release Approval (SPPB)
- c. Since SPPB until the goods out of the port

2015-2017 Period:

- a. Licensing process to authorized GA
- b. Since import declaration (PIB) to Cargo Release Approval (SPPB)
- c. Since SPPB until the goods out of the port

(EXPORT) Which part of the export activity takes longer time?

2007-2014 Period:

- a. Licensing process to related K/L
- b. Since export declaration (PEB) up to export approval
- c. Since export approval until the goods out of the port

2015-2017 Period:

- a. Licensing process to authorized GA
- b. Since export declaration (PEB) up to export approval
- c. Since export approval until the goods out of the port

G. INTR (Indonesia National Trade Repository)

23. How often do you use INTR to find information or policy regarding import and export process through INTR?

- a. Very Frequently
- b. Frequently
- c. Rarely
- d. Never

24. Do you get the information you need from INTR?

- a. Yes
- b. Sometimes
- c. No

25. Is the information or policy that you get from INTR the most update?

- a. Yes
- b. Some updates
- c. Mostly not update

- d. No
- e. Do not know

H. Problems and Responses

26. Have you ever present a complaint to the PP-INSW's officer concerning the license processing through the INSW system?

- a. Yes
- b. No

If you answered Yes, does the operator respond well to your complaint?

- a. Very good
- b. Good enough
- c. Neutral
- d. Bad
- e. Very bad

27. How is the responsiveness of PP-INSW in solving the problems that you submit?

- a. Very responsive
- b. Responsive
- c. Neutral
- d. not responsive
- e. very not responsive

28. What kind of problem that you often find in the use of the INSW system?

.....

I. Expectation/Suggestion

29. What is your hope or suggestion on the INSW system?

.....

30. What is your hope or suggestion on the PP-INSW?

.....

Appendix 6: Interview's Question Guide

A. Question for the head/secretary of PP-INSW

Background information:

1. What factors triggering the development of INSW in 2007 and why it then transforms to an agency (PP-INSW) in 2015?
2. What kind of achievement has been obtained by INSW before and after the establishment of PP-INSW?

Challenge and Capacity

3. Is the communication and coordination among government bodies ideal? Is there any problem in building the communication and relationship among them?
 - a) If so, how PP-INSW tackle this issue?
4. What is the main challenge that being faced by PP-INSW now in its effort to run its role?
 - a) How PP-INSW deal or plan to deal with it?

Expectation

5. Is there any other role or authority that should be given to PP-INSW in executing its work?
 - a) If so, how that thing can help PP-INSW run its function?
6. What kind of support and commitment that should be given by higher government level?
 - a) What do you think of political will coming from them now?

B. Question for the deputy of business process

Background information

1. What are the factors or situations triggering the developing of INSW in the year 2007?
 - a) Why INSW become a distinct organization (PP-INSW) in the year 2015? Why not suffice with the joint program (INSW) involving representatives of each related ministry/agency in its operation and management?
 - b) With the establishment of PP-INSW, what kind of achievement managed to be obtained?
 - c) What is the role of DGCE in the development of INSW system?

Challenge and Capacity

2. How can INSW reduce the Dwelling Time and simplify seemingly repetitive and complex bureaucrat's procedures?
3. How does PP-INSW perceive and deal with the expectation of government and business actors keeping evolves which adjust with the growth of world's trade and business? For instance: The demand for Dwelling time to reach number 2.5 days.
4. In the effort to integrate all the business process of associated ministry/agency, is there any impediments found?
 - a) If so, what are those hindrances?
 - b) Is there any resistance or reluctance from other ministries/agencies to adjust their process business to in line with INSW's
 - c) How PP-INSW tackle this issue?
5. Has the achievement of Dwelling Time now met with the President's expectation?
 - a) If not yet, what is the cause?
 - b) How the cause takes place?
 - c) How PP-INSW deal with the cause?
6. What is the primary challenge that still becomes an obstacle for PP-INSW nowadays?
 - a) How PP-INSW deal with that challenge?
 - b) What kind of program that has been designed and implemented so far?

Expectation

7. What other improvements that can be expected from PP-INW other than the decrease of dwelling time and simplification of procedures?
 - a) Is it possible to expand the scope of work of PP-INSW not limited only export and import management assistance? For instance, using the database in INSW encompassing many integrated ministries/agencies to create a national policy in agriculture, military, and social.
 - b) If so, How?
8. Is there any other role or authority that should be given to PP-INSW?
 - a) If so, how that thing can help PP-INSW run its function?
9. What kind of support and commitment that should be expected from higher government level?
 - a) What do you think of political will coming from them now?

C. Question for the deputy of development and operational systems

Challenge and Capacity

1. What has been done by PP-INSW to meet the objectives: single submission, data processing, and decision?
 - a) Is there any difference in term of programs before and after the establishment of PP-INSW?
 - b) Does PP-INSW find difficulties to realize the objective? If so, how PP-INSW compromise with this problems?
2. How significant the role of PP-INSW in reducing dwelling time? Regarding the fact that dwelling time reduction does not only depends on the effort of PP-INSW only?
3. Started from the second semester of 2016 PP-INSW has been starting to develop INSW system 2nd generation,
 - a) What is the main different with the 1st generation?
 - b) How is the progress of INSW system 2nd generation development?
 - c) Is the progress move according to the plan? If no, what is the hindrance? And how PP-INSW tackle this matter?
 - d) What objectives that want to be achieved through this latest system?
4. Does the disturbance in INSW system such as slowed down or off-line system still happen?
 - a) If so, how PP-INSW solve this issue?
5. The president of RI, Joko Widodo, demand dwelling time in all ports to reach 2.5 days. How does PP-INSW respond to this matter and will meet the expectation?
6. How is the progress of integration of INSW system with trade-net and port-net?
 - a) Does the progress accord with the plan?
 - b) If no, what are the causes? And what kind of actions taken by PP-INSW to solve them?
7. How is the progress of INTR which is based on CMS asking all related Ministry/Agency to fill / update information or policy according to their authority?
 - a) Are all the Ministry/Agency actively contributed in sharing and updating information / policy in the INTRW?
8. What is the critical challenge that is faced by PP-INSW in this current time?
 - a) How PP-INSW deal or plan to deal with it?

Expectation

9. What kind of incentives needed by PP-INSW to improve and maintain the INSW's system operational?

10. What do you think about the progress of the integration of business process among government bodies contributing to international trade activities management?

D. Question for the Inter-Organizations Relation

Background Information

1. What is the difference between communication and coordination mechanism among government agencies before and after the establishment of PP-INSW?
2. What kind of actions has been taken to avoid repetitive and sometimes contradictive regulation among government bodies in the field?

Challenge and Capacity

3. To what extent is the authority of PP-INSW in suggesting an input in the arrangement of export and import activities policy by all related government agencies corresponding to their role?
4. More than 51% trade commodity is categorized as prohibited or limited permitted goods, as a result this requires more procedure and permit. Is there any thought to lessen this percentage?
 - a) If so, what should be done to realize this?
5. How the ideal format of support and commitment given by the higher level government to PP-INSW to realize its role should be?
6. What is the main challenge faced by PP-INSW nowadays?
 - a) How PP-INSW deal or plan to deal with it?

Expectation

7. What is the expectation of PP-INSW toward associated ministry/agency in term of communication and coordination?
8. How the ideal format communication and coordination mechanism among government bodies expected by PP-INSW should be?
9. What kind of incentives urgently needed by PP-INSW in the current circumstance?

CLOSING

Based on our interview, I would conclude that ...

From all points that we already talked about, Is there anything that you want to add?

I really appreciate the time you took for this interview. And I think I should have all the information I need. In case I need to ask more information and clarification, would it be alright if I contact you or your unit?

Thank you.

Appendix 7: Informed Consent

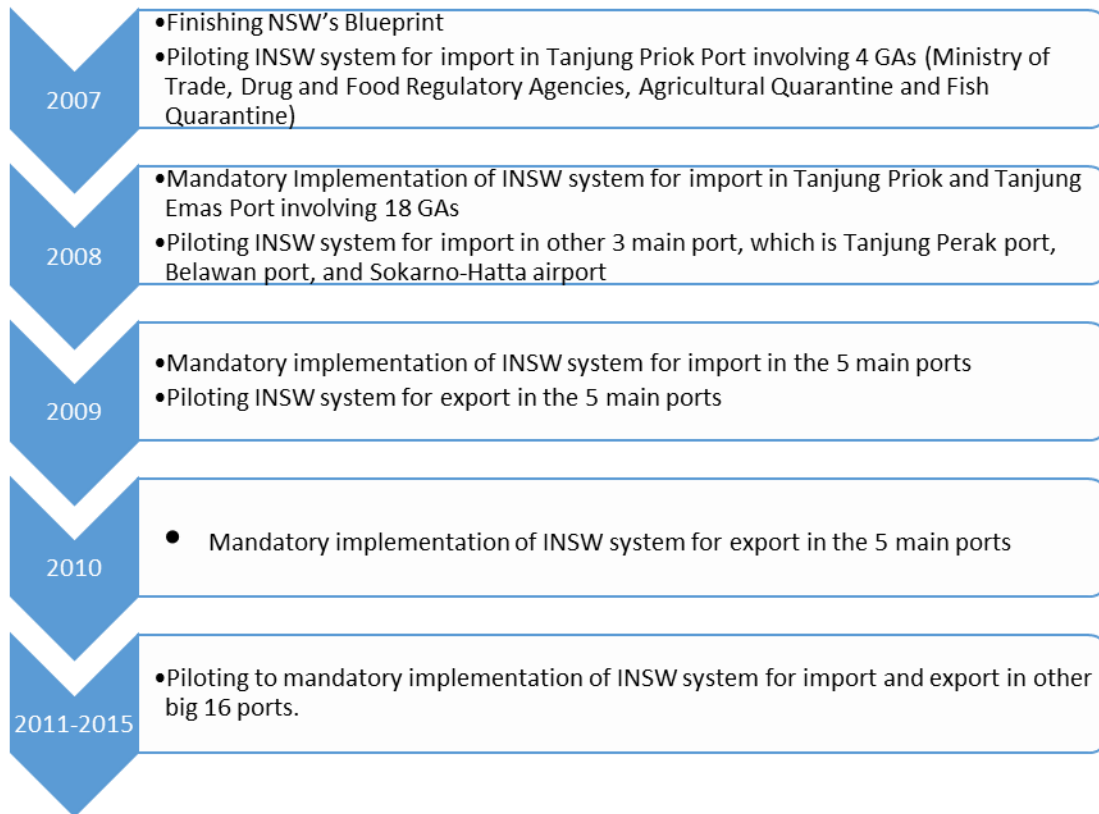
My name is Mukhlis Rambe, one employee of the Directorate General of Customs and Excise who currently Study Social Science at Erasmus University (ISS-Erasmus) majoring in Governance and Development Policy (GDP). Now, I am in the last block of my study, which is writing a research paper.

My research is about the performance and capacity of a GA, and in this case I chose Indonesian National Single Window Agency (PP-INSW). Therefore, through this interviews, I would like to ask you some question related to capacity of PP-INSW to improve import and export management at the port and reduces the logistic costs.

I hope I can use this information to portray how an Indonesia GA adjusts and builds its capacity to meet the expectation from government and business actor. Moreover, by conducting this interviews, I hope I can understand better the gap between PP-INSW's objectives and its capacity. By knowing the gap and evaluate environment/dimension in which PP-INSW operate, the proper incentives can be identified.

This interview would take about 30 minutes. I hope you can respond to some questions at this time. If you do not want to answer a particular question with an ethical reason, please feel free to tell me so. And to help me remember every critical point that you are going to say, is it okay for you I record this interview with a voice recorder?.

Appendix 8: INSW Preparation Team's



Own construction, source: Explanatory book of national single window system

Appendix 9: INSW-Related Economic Policy Packages

| Number of The Economic Policy Package | Issued Date | INSW-related statement |
|---------------------------------------|------------------|---|
| I | 9 September 2015 | Improve the efficiency of the bureaucracy in licensing process with the use of INSW system, which is a single electronic service for the completion of the import-export process. This system applies the principle of single submission, single processing, and single synchronous decision making for import-export activities in ASEAN region |
| IX | 27 January 2016 | The effectiveness of PP-INSW pertaining the completion of customs procedures has not been supported by the integrated goods movement information system (inaportnet), such as yard planning system, customs clearance, delivery order, trucking company, and billing system. |
| XI | 29 March 2016 | The government commands all authorized GA to apply a single submission application through the INSW portal for processing license and stipulates the implementation of Indonesia Single Risk Management (ISRM) in the INSW system by treating a single identity in import-export activities as risk profile base and single treatment base in processing license. |
| XV | 15 June 2017 | Institutional and Authority Strengthening of INSW by giving independency to INSW to develop an electronic system for service and supervision of export-import, customs, and ports throughout Indonesia; supervise import and export activities that potentially is part of illegal trading; build single risk management for smooth flow of goods and decreasing dwelling time; and become a competent authority for the integration of ASEAN Single Window and safeguard free trade area implementation. |

Own construction, source: www.bappenas.go.id