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Email : editorijhess@gmail.com

Evaluation of the Minimum Essential Force Policy in Realizing Defense Industry Independence

Juliana[1)*], Sri Sundari[2)], Sri Murtiana[3)]
[1,2,3)]Defense Economic / Faculty of Defense Management, Defense University

*Corresponding Author
Email: julianalianlian@gmail.com

Abstract

The State Defense System is directed towards fulfilling the basic minimum needs, or Minimum Essential Force (MEF). MEF is one of the targets of the National Medium-Term Development Plan (RPJMN) in the field of defense, divided into three stages. In the Master Plan for Defense Industry Development, the target of MEF phase III is to support the ideal posture, creating growth in the defense industry by 2029, and achieving Defense Industry Independence. This study aims to evaluate the MEF policy in realizing Defense Industry Independence so that it can become a pillar of sustainable defense economics. The research method used is qualitative with a literature study approach. This study uses the Evaluation Theory with the CIPP Model, where the research results show that: In the context evaluation, the MEF Policy emerges as a solution to realize the state's defense system towards the ideal posture to create Defense Industry Independence. In the input evaluation, it can be seen in the MEF Alignment process. In the process evaluation, it can be seen how MEF serves as a framework in realizing an independent defense industry so that it can become a pillar of sustainable defense economics through the Import Substitution Industrialization Policy and realizing downstream processes in the Defense Industry. Meanwhile, in the product evaluation, factors that hinder the realization of Defense Industry Independence were found. These factors include insufficient budget for domestic Defense Industry R&D compared to the budget for importing defense equipment from abroad, the lack of quality human resources, and funding limitations. To overcome these problems, a review of the performance of KKIP, as a state institution directly involved in overseeing the development of domestic defense equipment until 2029, is necessary.

Keywords: MEF, Policy Evaluation, Defense Industry, Defense Economics.

INTRODUCTION

Potential or actual threats are the main factors used in formulating a country's defense system. Although Indonesia is a peace-loving nation, it is undeniable that we must still prepare as early as possible for potential wartime situations that may arise. Currently, according to data from the website https://www.globalfirepower.com , Indonesia's military strength is ranked 13th. Considering the overall ranking, Indonesia is indeed in a fairly high position. However, looking at other assessment components, including the modernization of defense equipment, there are still several components that are at a poor level.

The State Defense System focuses on fulfilling the minimum essential needs, abbreviated as Minimum Essential Force (MEF). Enhancing maritime defense capabilities through the use of drone and satellite systems is a top priority. MEF is one of the targets of the National Medium-Term Development Plan (RPJMN) in the field of defense, divided into three stages. The first stage of the MEF Policy lasted from 2009 to 2014, the second stage from 2014 to 2019, and the third stage began in 2019 and will continue until 2024. MEF is a main component prepared to support the tasks and functions of the Indonesian National Armed Forces (TNI) in maintaining the integrity of the Republic of Indonesia. The elements of MEF include human resources, TNI defense equipment, base facilities and training areas, defense industry, organization, and budget.

The development of MEF takes into account the country's economic capabilities, thus it is adjusted to the limited resources. The approach taken is to revitalize the defense industry. In the Master Plan for Defense Industry Development, the target of MEF phase III is to support the ideal posture, create medium-term growth in the defense industry, and increase international cooperation so that by 2029, significant Defense Industry Independence is achieved.

Based on data from DPR records (Saefuloh, 2021) As published, the achievements of MEF stage I and MEF stage II are still below the previously established targets. The achievement of MEF stage I stands at 54.97%, while the achievement of MEF stage II in September 2019 was at 63.19%, where the target set for stage II was 75.54%. A crucial factor influencing the success of the Minimum Essential Force development stages is thorough planning. From the national budget allocation for defense, Indonesia is considered to have performed very well, ranking 17th out of 145 countries. This aligns with the annual increase in the defense budget

In 2024, the Ministry of Defense's budget, based on data from katadata.com, shows that the largest allocation is for management, with defense equipment modernization in second place. However, despite the increase in the defense budget and the allocation of the Ministry of Defense's funds placing defense equipment modernization in the second position, the set Minimum Essential Force (MEF) targets have not yet been achieved. A military observer from the Institute for Security and Strategic Studies, Khairul Fahmi, stated that the approved budget for the Ministry of Defense in 2023 of 134 trillion will make it difficult to achieve the MEF targets in phase III by 2024, which is targeted at 100%.

This is in line with research conducted by (Fride & Achnaf, 2024) which states that Indonesia has a target of being able to produce defense equipment independently by 2029 and to realize this, in 2010 Indonesia established the Defense Industry Policy Committee (KKIP) during the First United Indonesia Cabinet under President Susilo Bambang Yudhoyono. Therefore, in this final year of MEF phase III, a policy evaluation is necessary to ensure that the MEF policy, which began in 2009, aligns with the previously decided objectives, namely achieving Industrial Independence as outlined in the master plan.

RESEARCH METHODS

The Qualitative Method with a literature study approach is the method used in this research to evaluate the Minimum Essential Force Policy in Realizing Defense Industry Independence as a Pillar of Sustainable Defense Economics. This literature study research is conducted without directly going to the field to collect data from respondents. Instead, the sources and methods used to obtain data include reading, recording, and processing previous research materials related to the chosen theme, which is the evaluation of the Minimum Essential Force Policy in Realizing Defense Industry Independence as a Pillar of Sustainable Defense Economics (Wahyuningsih & Purnomo, 2020).

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Qualitative research can analyze data in various ways, aiming to ensure the credibility and accuracy of the research results. The data analysis techniques include Data Triangulation, Member Checking, and Auditing. Data Triangulation means that the data, theory, and data analysis techniques used are diverse, and the research is conducted by several researchers. Member Checking involves reconfirming the research results with the respondents. Auditing essentially involves using external services to re-check the research evaluation results; auditing aims to demonstrate the role of experts in strengthening the research findings (Fadli, 2021). This research uses a literature study approach; therefore, the data analysis is limited to journals and

books related to the research theme, which is the evaluation of the Minimum Essential Force Policy in Realizing Defense Industry Independence as a Pillar of Sustainable Defense Economics.

RESULT AND DISCUSSION

The Minimum Essential Force (MEF) policy reflects the government's commitment to national defense development. Initiated in 2010, MEF is divided into three phases. It is a strategy aimed at building the main component's strength to reach an ideal condition. This policy is not intended as a display of weaponry or an arms race, but rather to achieve certain standards and to serve as a deterrent against external attacks. This statement is supported by previous research conducted by (Mahendi, 2022) which states that if a country increases its military capacity, such as enhancing the sophistication and quantity of its defense equipment beyond that of a rival country, the rival country will automatically adjust its policies to avoid the risk of defeat. Therefore, it is important to optimize domestic defense equipment to enhance deterrence strategies.

The development of the Minimum Essential Force (MEF) is adjusted to the country's economic capabilities. Given the limited resources, the MEF is aligned through the revitalization of the defense industry. Nevertheless, the MEF must still be capable of addressing both actual and potential threats (Kementerian Pertahanan Republik Indonesia, 2012). The government initiated the MEF in 2007, but the MEFF policy was only implemented in 2009. It consists of three phases: the first phase from 2010 to 2014, the second phase from 2015 to 2019, and the third phase from 2020 to 2024 (Rohmad & Susilo, 2022).

Stufflebeam states that the CIPP Evaluation Model is linear. Therefore, context evaluation should not be conducted before input evaluation, and process evaluation must be carried out before input evaluation. This is intended to be done in a structured manner. In Stufflebeam's perspective, context evaluation is used to answer what should be done and the reasons behind program development. Therefore, according to the White Paper, the creation of MEF is based on the level of priority in addressing actual and potential threats. Potential threats are those whose occurrence can be predicted, while actual threats are those that require immediate resolution. However, the next issue is that the National Security Council, as the body responsible for determining national threats, does not yet exist. As a result, perceptions of threats become biased and depend on the opinion of each agency (Kementerian Pertahanan Republik Indonesia, 2012)

The effort to achieve the MEF in Indonesia has not yet been fully realized. This statement is supported by previous research (Andalus & Djuyandi, 2023) In his research, it is stated that Indonesia's national defense system faces significant challenges. Therefore, the procurement of defense equipment should be increased. Considering the 100% target in the third phase of the MEF by 2024, the government should implement the MEF policy more wisely. The country's defense strength that has been built is still very limited. In managing strategic and defense industries in several countries, the common issue is the challenge of developing defense technology, which relies on two schemes: the first is strengthening defense industry R&D, and the second is offset and technology transfer (Tri Susdarwono, 2020) Therefore, the defense industry is a crucial aspect of defense capabilities. Thus, in the master plan for the development of the defense industry prepared by the Defense Industry Policy Committee, the ultimate goal of the Minimum Essential Force is to achieve self-sufficiency in the defense industry by 2029.

Next, according to Stufflebeam, after context evaluation is Input Evaluation. Input evaluation is conducted to answer the question, what should be done? (Akbar & Mohi, 2018) Input evaluation in the MEF policy can be observed in the first two years of its implementation.

During this period, several factors that had previously been overlooked were identified, necessitating a review. Among these factors are the planning and budgeting mechanisms, which must align with the existing national defense decision-making system and adhere to the appropriate levels of authorit.

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The defense industry can be seen as a response to the challenge of achieving the MEF requirements within the Indonesian National Armed Forces (TNI), and it can also be seen as a response to the bitter experience of the military embargo imposed by the United States in the 1990s. This embargo actually became a turning point for the advancement of the domestic defense industry. A country equipped with a defense industry is often considered to have a strategic advantage in the global order, as it is perceived to have the ability to deter and respond to evolving threats (Wibowo, 2016). The ultimate goal of the Minimum Essential Force policy is to achieve self-sufficiency in the defense industry by 2029. Efforts to realize an independent defense industry depend on the concept of the three pillars of the industry, which consist of research and development institutions in the fields of knowledge and technology, state-owned and private defense industries, and the Indonesian National Armed Forces (TNI) as the end users.

In addition to the synergy of these three pillars, the independence of the defense industry also heavily relies on the creation of defense industry clusters. These clusters can be described as the cooperation and support of upstream to downstream industries, supporting industries, and related industries to enhance competitiveness and national industrial growth. This is also expected to be directly proportional to national economic growth. The defense industry development policy aims to build a robust, independent, and competitive defense industry that can support national defense and security while simultaneously promoting economic growth.

National economic growth through the defense industry can be realized by creating downstream industries. The domestic defense industry consists of the main equipment industry, the main component industry, the component industry, and the raw materials industry. To date, there is no raw materials industry in Indonesia. Therefore, this is a disadvantage for Indonesia because the lack of a domestic raw materials defense industry makes the country still dependent on imported raw materials. This statement was also directly made by KKIP on its official website: 'There is no concept of downstream raw materials industry for the defense industry in the country, so the fulfillment of Indonesia's defense and security equipment needs is not yet fully supported by the domestic defense industry but still relies on imports (KKIP, 2023)

According to the Indonesian Minister of Defense, the mindset regarding the defense budget needs to be changed to 'defense is an investment.' If there is defense, peace, and security, economic development will proceed better. The paradigm of defense spending as defense investment will allow private defense industries to participate in the development and enhancement of the National Defense Industry independently or in collaboration with foreign defense industries. However, to date, out of 206 National Defense Industries, only 18 function as Component Industries, and only 1 functions as a Raw Materials Industry (Dwipratama, 2023)

The Minimum Essential Force policy is currently in the final phase of its third stage. Policy evaluation conducted during the program is part of Process Evaluation, which aims to answer the question, 'Is the program being implemented?' (Akbar & Mohi, 2018). In Process Evaluation, it can be seen how the MEF serves as a platform for realizing a self-sufficient defense industry, thus becoming a pillar of sustainable defense economics.

At the end of the third phase, the achievement of the MEF is expected to be 100%. However, both the first and second phases failed to meet the established targets. According to

data from the Ministry of Defense, as the government institution responsible for implementing the MEF policy, one of the aspects that contributed to the failure to achieve the MEF targets is the lengthy process of planning and procurement (Saefuloh, 2021). Of course, this issue must be resolved, considering that the MEF policy is designed to achieve the ideal posture of national defense towards the goal of a self-sufficient defense industry. This statement is supported by previous research conducted by (Nursalam & Yunanda, 2023). Which states that a strong defense industry is necessary to strengthen national defense. The defense industry will be strong when self-sufficiency in the defense industry is achieved.

The achievement of self-sufficiency in the defense industry will undoubtedly bring numerous benefits to the country. Among these benefits is the reduction of dependence on imported defense equipment, as the domestic defense industry will be capable of producing its own equipment. However, until now, the domestic defense industry has not been able to fully perform its tasks independently, as evidenced by the continued importation of materials for defense equipment. The ability of the domestic industry to create its own defense equipment will also open up job opportunities within the country, thereby automatically enhancing domestic economic growth (Nursalam & Yunanda, 2023). This is the multiplier effect created by the self-sufficiency of the domestic defense industry. This aligns with what KKIP has stated, according to (KKIP , 2024) Many factors can drive national economic growth, including defense economics. Defense economics is a field that emphasizes defense issues and their impact on economic growth, one of which is the defense industry.

Government support for achieving self-sufficiency in the defense industry can be found in previous research by (Nurpatria et al., 2022). In his research, it is mentioned that Indonesia's Import Substitution Industrialization (ISI) policy aims to stimulate economic growth with a target of increasing domestic products by 35% in 2022. The government has enacted laws to enhance the efficiency of work programs by promoting the Use of Domestic Products (P3DN). For this program, there are four strategic objectives: strengthening industrial structure, ensuring self-sufficiency in raw materials and production, creating regulations, providing incentives, and optimizing the program for the use of domestic products.

Product evaluation is the ultimate goal of the CIPP Evaluation Model (Akbar & Mohi, 2018). Minimum Essential Force (MEF) demonstrates that Indonesia has made progress in building national defense and security, as well as in the contribution of domestic industries to the defense sector. However, the domestic defense industry under the Defense Industry Policy Committee (KKIP) has not been optimally utilized. This is in line with the findings of research conducted by (Herma Yudhi Irwanto et al., 2022). On June 9, 2021, Voice of America (VOA) Indonesia reported that Indonesia, through Kemhan, planned to allocate $124.99 million (approximately Rp 1.7 trillion) to purchase defense equipment. The data shows that the government still relies on imports as the primary method to supply defense equipment to the TNI.

Many factors contribute to the suboptimal performance of the domestic defense industry in becoming the primary option for defense equipment fulfillment. One such factor was revealed in research conducted by (Nurpatria et al., 2022). which states that in developing countries, a common challenge is building a manufacturing industry capable of converting raw materials into finished or semi-finished goods with higher economic value. The cause is the lack of control over research and development, particularly in the manufacturing industry, as reinforced by research conducted by (Herma Yudhi Irwanto et al., 2022). which states that the budget allocated for defense industry research and higher education development is only 0.25% of the total budget of the Ministry of Defense (RAPBN 2022), which is Rp 134 trillion.

Another effort made by the government through the downstreaming of the defense industry is the creation of the Job Creation Law. One of the points in Law No. 6 of 2023 is to provide access to all citizens with capital to start a business in the defense industry. This

statement can be seen in Article 73 of Law No. 16 of 2023, which discusses licensing in the management of the domestic defense industry. This law is also expected to achieve national economic growth by creating job opportunities that can reduce unemployment rates within the country.

In another study conducted by (Nursalam & Yunanda, 2023) Limited funding, underutilization of resources, and technological readiness for independence are some of the reasons this industry has failed to become independent. This statement is supported by previous research (Dabukke et al., 2023). where it is stated that PT. PAL, as the defense sector responsible for the Indonesian Navy fleet, requires a competency-based human resource development strategy to realize the government's vision and mission. This is considered crucial because human resources have a significant influence and role in the success of PT. PAL as a defense sector.

The challenges faced by Indonesia in realizing a defense system towards the Ideal Posture by targeting the achievement of self-sufficiency in the defense industry are understandable. The fulfillment of MEF must take into account the country's economic conditions. These challenges are considered reasonable as long as the government continues to evaluate them so that the ideal posture can be achieved in the future. The allocation for import budgets still being higher than domestic defense industry R&D necessitates a review of the performance of KKIP, as the state institution directly overseeing the development of defense equipment in the country until 2029 (Herma Yudhi Irwanto et al., 2022)

CONCLUSION

MEF is a strategy for developing the strength of Main Components towards achieving certain standards, and it is expected to act as a deterrent against external attacks. The development of MEF takes into account the country's economic capabilities, thus aligning with limited resources. Therefore, the revitalization of the defense industry is the answer. Using the CIPP Evaluation Model, the evaluation is conducted in a linear manner. In the context evaluation, the Minimum Essential Force policy emerges as a solution to achieve an ideal national defense system that aims to create a self-sufficient defense industry. In the input evaluation, it can be seen in the MEF Alignment process where planning factors need to be addressed to meet the established targets. In the process evaluation, it can be observed how MEF serves as a platform for realizing a self-sufficient defense industry, thus becoming a pillar of sustainable defense economics through the Import Substitution Industrialization policy and the creation of downstreaming in the defense industry. In the product evaluation, factors hindering the realization of a self-sufficient defense industry were identified. These factors include insufficient funding for domestic defense industry R&D compared to import budgets for defense equipment, lack of quality human resources, and limited funding. Therefore, to address these issues, a review of KKIP's performance as the state institution directly overseeing the development of domestic defense equipment until 2029 is necessary.

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