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Institutional Model of the National Legislative Body: Smart Regulations and Regulatory Guillotine as Solutions to Hyper-Regulation in Indonesia

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Abstract

This study aims to analyze the institutional design of regulatory management bodies in various countries and assess their applicability to the Indonesian context, particularly in overcoming hyper-regulation and regulatory disharmony. The study formulates strategic recommendations to establish a centralized regulatory agency to streamline the legislative process and improve cross-sector coordination. Using a qualitative embedded case study approach, the research combines a systematic literature review and comparative analysis focused on institutional structure and implementation outcomes, enriched by triangulation of Indonesian regulatory data. The study identified that in Indonesia, the fragmentation of 3,618 central regulations and 15,982 regional regulations emphasizes the urgency of establishing a National Legislation Agency (BLN) to consolidate authority, eliminate redundancies, and implement ex post evaluation. The findings recommend legal reforms to establish a National Legislation Agency by transforming (*Badan Pembinaan Hukum Nasional* – BPHN) into BLN or establishing a new agency. The main policy implications include the enactment of the regulatory alignment law that adopts the one in two out principles, the establishment of a regulatory sandbox for policy trials in priority sectors, and the increase bureaucratic capacity through training based on international best practices.

1. INTRODUCTION

The nature of the legislative product refers to the process of making laws. The process of making laws or regulations contains an understanding that must be passed by the interacting legislators, which is not separated from the study of politics and sociology, although guided by the law.[1] Regulation in Indonesia is still characterized by disharmony and hyper-regulation.[2] Various ministries/agencies often issue regulations without adequate coordination, resulting in overlap and misalignment between regulations.[3] This condition creates legal uncertainty, hampers investment, and burdens businesses, especially small and medium enterprises. The results of a study by the Indonesian Center for Law and Policy Studies (*Pusat Studi Hukum dan Kebijakan Indonesia* - PSHK) found several fundamental problems in Indonesia's legislative system, namely the lack of synchronization between legislative planning, both at the central and regional levels, and development planning and policy, as well as a tendency for legislation to deviate from the substance that should be regulated. Non-compliance with the content raises the issue of "hyper-regulation."[4] In addition, the number of sectoral and regional regulations further adds to the complexity of their implementation.

Based on the data attached to the website peraturan.go.id, there are 3,618 Central Regulations, 15,441 Ministerial Regulations, 4,037 (*Lembaga Pemerintah Non Kementerian* – LPNK) Regulations, and 15,982 Regional Regulations. The Constitutional Law Teachers Association notes that for a country that is not even 100 years old, this is a fantastic number. This can validate the number of regulations in Indonesia that are still valid now.[5]

This phenomenon of disharmony and hyper-regulation shows the need for more comprehensive and structured regulatory reform. The reform is not only limited to simplifying regulations, but also structuring regulatory management institutions that are able to bridge cross-sector collaboration.[6] It is in this context that the idea of establishing a single regulatory management institution in Indonesia is very relevant.[7] This institution is expected to harmonize existing regulations, assess the need for new regulations, and ensure regular monitoring and evaluation.[8] For example, the Job Creation Law Number 11 of 2020, which mandates policy integration in the investment sector, shows the direction of government policy to form a more coordinated regulatory structure.[9]

In this case, the National Legislation Center or a similar regulatory management institution has the potential to:

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1 Agnes Fitryantica and Regy Hermawan, "Fast-Track Legislation Mechanism as an Alternative to the Formation of Legislation in Indonesia," *Jurnal Ilmiah Kebijakan Hukum* 16, no. 3 (2022): 423–432, https://doi.org/10.30641/kebijakan.2022.V16.423-432.

2 Ahmad Noor, Irfan Marzuki, Eko Priyo Saputro, and Muhammad Arif Habib, "Overcoming Regulatory Hurdles in the Indonesian Crowdfunding Landscape," *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* 6, no. 2 (2023): 245–260, https://doi.org/10.24090/volksgeist.v6i2.10225.

3 Mario Agritama S. W. Madjid, Muhammad R. F. Failaq, Vina R. Ummah, and Ade Yulfianto, "The Political Capability of the Job Creation Law and the Urgency of Establishing a National Legislation Center Agency," *Journal of Lex Renaissance* 8, no. 2 (2023): 189–213, https://doi.org/10.20885/jlr.vol8.iss2.art1.

4 Sri Turatmiyah and Putu Samawati, "Optimalisasi Pedoman Evaluasi Peraturan Perundang-Undangan dalam Mengatasi Hiper-Regulasi di Indonesia" ["Optimizing Guidelines for Evaluating Legislation to Address Hyper-Regulation in Indonesia"], *Jurnal Ilmiah Kebijakan Hukum* 18, no. 2 (2024): 1–14, https://doi.org/10.30641/kebijakan.2024.V18.1-14.

5 Mohammad Fadil Aldiansyah, "Hyper Regulation, A Legal Disaster," *Kumparan*, 2022.

6 Dwi Fidhayanti, Mohd S. M. Noh, Ramadhita Ramadhita, and Syabbul Bachri, "Exploring the Legal Landscape of Islamic Fintech in Indonesia: A Comprehensive Analysis of Policies and Regulations," *F1000Research* 13 (2024): 21, https://doi.org/10.12688/f1000research.143476.1.

7 Amirul Hamidi and Ima Mayasari, "Analisis Peran Policy Entrepreneur Menggunakan Kingdon's Multiple Streams dalam Pembentukan Indonesia Investment Authority" ["Analysis of the Role of Policy Entrepreneur Using Kingdon's Multiple Streams in the Establishment of Indonesia Investment Authority"], *JIIP: Jurnal Ilmiah Ilmu Pendidikan* 6, no. 9 (2023): 7029–7033, https://doi.org/10.54371/jiip.v6i9.2499.

8 Ken Aryana, "Akuntabilitas dan Transparansi Lembaga Pengelola Wakaf melalui Waqf Core Principle dan PSAK 112" ["Accountability and Transparency of Waqf Management Institutions through Waqf Core Principle and PSAK 112"], *Jurnal Akuntansi Bisnis dan Ekonomi* 7, no. 2 (2021): 2065–2080, https://doi.org/10.33197/jabe.vol7.iss2.2021.783.

9 Anis Hartati, Triastuti Wuryandari, and Yuliana Wilandari, "Analisis Varian Dua Faktor dalam Rancangan Pengamatan Berulang (Repeated Measures)" ["Two-Factor Variance Analysis in Repeated Measures Design"], *Jurnal Gaussian* 2, no. 4 (2013): 279–288, https://ejournal3.undip.ac.id/index.php/gaussian/article/view/3092.

1. Unify the planning process and harmonize all regulations across ministries/agencies.[10]
2. Increase transparency and accountability of regulation formation, thereby minimizing overlap and duplication of rules.[11]
3. Encourage adequate public participation and consultation when drafting new regulations.[12]

As a result, there are norm conflicts, overlapping authority, and implementation difficulties at the technical level. Meanwhile, hyper-regulation is created by the habit of issuing new regulations as a quick response to certain issues, without first reviewing their urgency and impact.[13]

There are three key elements in designing regulatory reform in Indonesia:

1. Regulatory Reform: Focuses on simplifying, periodically evaluating, and systematically structuring regulations to make them more effective and efficient.[14]
2. Regulatory Impact Analysis (RIA): An instrument for assessing the impact of regulations (both positive and negative) before and after the rules are implemented.[15]
3. Institutional Design: Refers to how an institution is formatted (structure, authority, human resources, and governance) to carry out regulatory management and coordination functions.[16] A well-designed institution will be able to maintain harmony between central and regional regulations and foster cross-sector synergies.

These three concepts are intertwined; superior regulatory reform requires consistent application of RIA and is accompanied by capable institutional design.[17] Although there have been many discussions about regulatory disharmony and the need for reform, there are still study gaps (gap analysis) that need to be filled:

1. Limited Comparative Studies: There is limited literature that discusses the comparison of regulatory agency models in various countries and their relevance for Indonesia.[18]
2. Variation in Authority: There has not been much detailed analysis of the specific powers of management agencies in different countries, and how these powers drive regulatory effectiveness.
3. Socio-Political Context: Political, social, and cultural factors in each country are often overlooked in formulating institutional design.[19]
4. Adoption of Best Practices: There is limited literature that provides comprehensive "best practices" adaptation guidelines in the Indonesian context.
5. Response to Crisis: The experience of crises (e.g., the COVID-19 pandemic) and their impact on

10 Majdid et al., "The Political Capability of the Job Creation Law," 189.
11 Indah Astrida Lestari Putri and Nurul Satria Abdi, "Policy of Synchronization and Harmonization of Regulations through the Establishment of the Ministry of Government Legislation in Indonesia," *Ahmad Dahlan Legal Perspective* 1, no. 1 (2021): 36–46, https://doi.org/10.12928/adlp.v1i1.3573.
12 Fidhayanti et al., "Exploring the Legal Landscape of Islamic Fintech in Indonesia," 21.
13 Maurizio Pisu, *Tackling the Infrastructure Challenge in Indonesia*, OECD Economics Department Working Papers No. 731 (Paris: OECD Publishing, 2010), https://doi.org/10.1787/5kmh3dfg9r35-en.
14 F. Fuqoha et al., "Harmonization of Central and Local Government Regulations Between Social Welfare and National Interests," *Journal of Innovation and Creativity* 3, no. 1 (2023):68-79.
15 Komang Adi Kurniawan Saputra, Nyoman Ari Surya Dharmawan, Putu Gede Wisnu Permana Kawisana, and Gde Deny Larasdiputra, "Potential Carbon Tax in Indonesia: A Literature Review," *International Journal of Environmental Sustainability and Social Science* 4, no. 6 (2023): 1670–1677, https://doi.org/10.38142/ijesss.v4i6.891.
16 Thomas C. King, Tingting Li, Marina De Vos, Catholijn M. Jonker, Julian Padget, and M. Birna van Riemsdijk, "Revising Institutions Governed by Institutions for Compliant Regulations," in *Coordination, Organizations, Institutions, and Norms in Agent Systems XI*, ed. Virginia Dignum, Pablo Noriega, Mehmet Sensoy, and Jaime Simão Sichman, Lecture Notes in Computer Science 9628 (Cham: Springer, 2016), 191–208, https://doi.org/10.1007/978-3-319-42691-4_11.
17 Syahlan, "Effective and Efficient Synchronization in Harmonization of Regulations Indonesia," *Journal of Human Rights, Culture and Legal System* 1, no. 1 (2021): 55–70, https://doi.org/10.53955/jhcls.v1i1.7.
18 Madjid et al., "The Political Capability of the Job Creation Law," 189.
19 Y. N. Ikhwan and K. Khairani, "Kerangka Hukum Harmonisasi Peraturan Daerah dalam Perspektif Teori Hirarki Perundang-Undangan [Legal Framework for Harmonization of Regional Regulations in the Perspective of the Theory of Legislative Hierarchy]," *Nagari Law Review* 7, no. 2 (2024): 401–419, https://doi.org/10.25077/nalrev.v.7.i.2.p.401-419.2023.

regulatory arrangements in Indonesia has not been studied in much depth.

Based on the gaps identified in previous research, this study aims to develop an in-depth understanding of regulatory management and structuring in various countries, as well as its potential applicability and relevance to the Indonesian context. First, this research will analyze how the institutional design of regulatory management institutions in various countries has successfully addressed the problem of disharmony and hyper-regulation and will evaluate the possibility of adapting the model in Indonesia. Second, the research will map the authority and scope of work of these institutions assessing how the authority affects the effectiveness of regulatory coordination and harmonization functions.

Furthermore, this study aims to formulate institutional recommendations that will assist Indonesia in designing an efficient institutional structure, including the design of optimal structures, authorities, and coordination mechanisms to address issues of disharmony and hyper-regulation. These recommendations are expected to support integrative and evidence-based policymaking, including the consistent application of Regulatory Impact Analysis (RIA) and institutional design that encourages cross-sector synergy. The benefits of this research are expected to be multifaceted, including academic contributions that enrich comparative studies in law and public policy, practical benefits as reference materials for the government and legislature in designing policies, and supporting more effective public policy making that is responsive to economic, social, and technological dynamics.

This research highlights empirical evidence of Indonesia's regulatory fragmentation (3,618 central regulations and 15,982 regional regulations), proposes the transformation of BPHN into BLN or the establishment of a new agency, combines embedded case study, systematic review, comparative analysis, and data triangulation methods, and emphasizes ex post evaluation and cross-sectoral synergies in a comprehensive policy package-the one-in-two-out Regulatory Equalization Law, regulatory sandbox, and bureaucratic capacity building based on international best practices.

This research is divided into four main sections: first, the purpose of institutions in drafting regulations to ensure consistency, accountability, and responsiveness of policies; second, a study of regulatory simplification in several countries-including the one-in-two-out mechanism and regulatory guillotine-as a lesson for Indonesia; third, an analysis of the urgency and framework for the establishment of a special institution to regulate legislation and legislative governance in Indonesia; and fourth, a presentation of the institutional approach model of the National Legislation Agency, including organizational structure, workflow, and synergies with stakeholders to improve the quality of regulation making.

2. METHOD

This research uses a qualitative approach with an embedded case study strategy to analyze institutional models of regulatory management in various countries and their relevance for Indonesia. Data was collected through two main methods: a systematic literature study and official government documents from countries with the best regulatory management practices, such as South Korea, Canada, and the Western Balkan countries. The second method was comparative policy analysis. This involved evaluating the structure, authority, and working mechanisms of regulatory management institutions in five reference countries (the United States, the United Kingdom, Japan, South Korea, and Australia) in order to identify patterns of success and implementation challenges. The data analysis process is carried out thematically with the stages of Pattern Identification, Source Triangulation, and Gap Analysis.

3. FINDINGS AND DISCUSSION

3.1. Institutional Objectives on Regulatory Arrangement

The design of regulatory institutions aimed at addressing the issues of disharmony and hyper-regulation in different countries is critical to ensuring effective governance and compliance. This synthesis highlights key aspects of institutional frameworks that have successfully addressed these challenges, based on recent research.

One of the main factors affecting regulatory effectiveness is the establishment of a strong and clear regulatory framework. For example, research by Adeniran and colleagues emphasizes the importance of a

comprehensive risk management framework in financial institutions, which ensures compliance with regulatory mandates and aligns risk tolerance with strategic objectives.[20] This dual alignment is critical in addressing the problem of over-regulation, as it creates a balance between compliance and operational flexibility. Moreover, a systematic literature review by Mishra and Kumar shows that an effective regulatory framework can significantly improve sectoral performance, thereby reducing the incidence of regulatory disharmony that often arises from conflicting mandates.

Furthermore, the autonomy of regulatory authorities plays an important role in effective governance. In Tanzania, a study by Kyssima and Sulle explains how the autonomy of the Land Transport Regulatory Authority (LATRA) enables adaptive regulatory practices that meet local needs while maintaining standards.[21] The study found that a legislative framework that grants autonomy to regulatory agencies can foster an environment where regulations are enforced uniformly and efficiently, minimizing discrepancies that lead to disharmony.

Public finance compliance mechanisms also illustrate the correlation between regulatory governance and societal expectations, as discussed by Nkundabanyanga and colleagues. They argue that institutional controls associated with preventive measures improve regulatory compliance in financial management in Uganda.[22] By fostering a culture of accountability, these institutions can overcome a hyper-regulatory environment where excessive and redundant regulation often stifles innovation and compliance.

The integration of advanced technology into regulatory frameworks is another innovative approach emerging from current research. Alabi and colleagues highlight how harmonizing regulation with technological advances enhances risk management strategies in the African financial landscape.[23] This integration encourages adaptive regulatory responses that proactively address emerging challenges rather than relying solely on traditional, rigid compliance measures.

Finally, regulatory reforms driven by cooperation and learning from international best practices also play an important role in addressing these regulatory challenges. Walker emphasizes the importance of collaborative regulatory frameworks that draw on successful models from other jurisdictions, especially in transitioning economies.[24] Such an approach can lead to a more orderly regulatory environment, reduce redundancies, and improve consistency across sectors. Overall, regulatory agencies that are effective in addressing disharmony and hyper-regulation are characterized by robust and adaptive frameworks, regulatory agency autonomy and accountability, technology integration, and a collaborative approach to reform. These attributes are critical to fostering a more effective regulatory landscape that balances compliance with operational efficiency.

3.2. Simplification of Regulations in Some Countries

In an effort to overcome overlapping rules and build effective regulatory governance, various approaches have been taken at the international level, which can be a reference for strengthening the regulatory management system in Indonesia:

1. **Smart Regulations**: The implementation of Lumbanraja's (2021) concept requires digitizing the legislative process through an AI-based Regulatory Management System (RMS) to map overlapping regulations. A successful example can be seen in South Korea, which reduced 30% of the regulatory burden through a big database Regulatory Impact Analysis (RIA) (OECD, 2020)

20 Ibrahim Adedeji Adeniran et al., "Strategic Risk Management in Financial Institutions: Ensuring Robust Regulatory Compliance," *Finance & Accounting Research Journal* 6, no. 8 (2024): 1582–1596, https://doi.org/10.51594/farj.v6i8.1508.

21 Prosper F. Kyssima and Andrew Sulle, "Autonomy of Regulatory Authority to Effectively Provide Regulatory Services in Tanzania: A Case Study of LATRA," *African Journal of Empirical Research* 5, no. 3 (2024): 786–796, https://doi.org/10.51867/ajernet.5.3.67.

22 Stephen Korutaro Nkundabanyanga, Gorettie Kyeyune Nakyeyune, and Moses Muhwezi, "Management Mechanisms, Deterrence Measures and Public Finance Regulatory Compliance in Uganda," *Journal of Public Budgeting, Accounting & Financial Management* 31, no. 2 (2019): 178–196, https://doi.org/10.1108/JPBAFM-02-2018-0008.

23 A. M. Alabi et al., "Risk Management in Africa's Financial Landscape: A Review," *International Journal of Advanced Economics* 5, no. 8 (2023): 239–257, https://doi.org/10.51594/ijae.v5i8.573.

24 Christopher Walker, "Regulatory Transfer in Transitioning Economies: Responses to Corruption and Weak State Institutions," *Policy Studies* 44, no. 1 (2023): 26–45, https://doi.org/10.1080/01442872.2021.1980521.

2. **Red Tape Reduction Action Plan**: The Western Balkans Experience.[25] Emphasizes the importance of quantitative targets, such as a 25% cut in business licenses in 2 years, which need to be adopted in Indonesia's National Action Plan for Regulatory Alignment.
3. **One in, Two out Rule**: This principle is effective when combined with the Regulatory Guillotine-an automatic removal mechanism for rules that are not evaluated within 5 years, as implemented in Canada.[26]

A comparative study by the OECD (2021) shows that the success of regulatory simplification depends on countries' ability to adopt universal principles through contextualized mechanisms. In this regard, three policy frameworks-Smart Regulations, Red Tape Reduction Action Plan, and One in, Two out Rule-offer relevant paradigms to address hyper-regulation, provided they are implemented with structural modifications that take into account Indonesia's bureaucratic fragmentation and institutional capacity. For instance, digitizing the legislative process is a key prerequisite to unraveling regulatory overlap, while setting quantitative targets can serve as a measure of reform accountability. The challenge lies in how to transform this theoretical concept into operational policies that are aligned with Indonesia's multilevel and multidimensional regulatory ecosystem.

The implementation of the three approaches should be viewed as part of an integrative system, not an isolated solution. As Hood and Dixon (2015) argue, the effectiveness of regulatory reform depends on the synergy between policy design, institutional capacity, and the political-economic environment. Smart Regulations offer technical solutions through the use of technology, but require the support of digital infrastructure that is evenly distributed throughout the region. Meanwhile, the Red Tape Reduction Action Plan requires political commitment to set ambitious targets that are legally binding, as mandated in Presidential Regulation No. 89/2021 on Licensing Simplification. The One in, Two out Rule will not be effective without an ex post evaluation mechanism to identify obsolete regulations. Thus, these three approaches complement each other in creating a dynamic regulatory cycle-from data-driven policy formulation to systematic regulatory pruning.

The ideal regulatory body should have:[27]

1. *Hybrid structure:* Combining the Regulatory Oversight Unit in the executive with an independent Regulatory Reform Committee.
2. *Dynamic evaluation system:* Adopt machine learning algorithms to monitor compliance costs in real-time.
3. *Participatory mechanism:* Establish a multi-stakeholder forum with balanced voting power between government, academia, and business.

Hyper-regulation is not just a matter of quantity of rules, but a systemic failure in policy governance. The integration of Smart Regulations, Red Tape Reduction, and the One in, Two out Rule in the design of regulatory bodies can be a catalyst for systemic transformation. Successful implementation depends on political commitment, strengthening bureaucratic capacity, and building a collaborative regulatory ecosystem.

3.3. Establishment of a Specialized Agency for Legislation Regulation and Governance in Indonesia

The establishment of a specialized agency for the regulation and governance of legislation in Indonesia is an important step in overcoming the problem of complex and overlapping regulations. This agency is expected to simplify the law-making process and reduce disharmony in existing regulations.

One of the main ideas is the establishment of a National Regulatory Agency (BRN), which is proposed as a solution for regulatory reform in Indonesia. According to Winata and Musais, the establishment of BRN

25 Rrezarta Halili and Simona Kukovič, "Organizational and Structural Approaches on Administrative Simplification: The Case of Kosovo," *Administrative Sciences* 12, no. 1 (2022): Article 18, https://doi.org/10.3390/admsci12010018.

26 Neil Gunningham and Darren Sinclair, "Trust, Culture and the Limits of Management-Based Regulation: Lessons from the Mining Industry," in *Regulatory Theory: Foundations and Applications*, ed. Peter Drahos (Canberra: ANU Press, 2017), 711–724, https://doi.org/10.22459/RT.02.2017.40.

27 Sjors Overman, Madalina Busuioc, and Matthew Wood, "A Multidimensional Reputation Barometer for Public Agencies: A Validated Instrument," *Public Administration Review* 80, no. 3 (2020): 415–425, https://doi.org/10.1111/puar.13158.

aims to address the challenges in legislation, which are increasingly complicated amidst the need for legal certainty.[28] Not only that, Hanum also emphasized the importance of the establishment of the Central Agency for National Legislation (BPLN) after the amendment of Law Number 12 of 2011, which gives the mandate to develop more targeted and systematic regulations.[29]

With the implementation of Law No. 15/2019 on the Establishment of Legislation, Indonesia has further emphasized the importance of this institution in regulatory management. Research by Pratiwi dan Rishan shows how the existence of this institution can handle various regulatory issues that often occur in Indonesia, especially in terms of synchronization and harmonization of laws.[30] The establishment of such an institution is expected to answer the public's need for legal certainty and facilitate the implementation of more efficient regulations.

Furthermore, the OECD report in 2012 also recommended the establishment of a focused legislative body, which could serve as the center of regulatory structuring and regulation in Indonesia.[31] This establishment is considered a strategic step in improving regulatory governance and supporting the government's efforts to create a conducive investment climate.[32] On the other hand, Manintamahu et al. explained the need to strengthen the internal control system as part of state financial management, which will also contribute to regulatory efficiency.[33] On the other hand, Manintamahu et al. explained the need to strengthen the internal control system as part of state financial management, which will also contribute to regulatory efficiency.[34]

In the context of regulatory management, the emphasis on collaboration between government agencies and legislative bodies with civil society is also very important. This is in line with the views of Santyarini and Panennungi, who emphasize the need for cooperation in the formation of legislative bodies to ensure that all voices are represented.[35] The community is also expected to play an active role in the legislative process, so that the resulting regulations truly reflect the needs and aspirations of the community.

Second, regulatory inconsistencies and disharmony are not only substantial but also structural. The complexity of the legislative bureaucracy triggers the phenomenon of regulatory inflation, where each institution competes to produce laws without considering effectiveness and efficiency. Criticize this practice as a form of legal fetishism - the naive belief that all the nation's problems can be solved by producing new regulations, without evaluating systemic impacts.

Third, the presence of a national legislation institution will create a leading sector that consolidates the authority of ministries/agencies related to regulation formation. This step can be followed by the liquidation of the Directorate General of Legislation and BPHN in the Ministry of Law and Human Rights, to avoid duplication of functions and strengthen institutional accountability under the president.

28 Muhammad Reza Winata and Ibnu Hakam Musais, "Inisiasi Pembentukan Badan Regulasi Nasional sebagai Solusi Reformasi Regulasi di Indonesia [Initiating the Formulation of the National Regulatory Agency as a Solution to Regulatory Reform in Indonesia]," *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional* 10, no. 2 (2021): 303–318, https://doi.org/10.33331/rechtsvinding.v10i2.709.

29 Hanum, Cut. "Inisiasi Pembentukan Badan Pusat Legislasi Nasional (Antara Reformasi Regulasi atau Restrukturisasi Birokrasi) [Initiating the Establishment of the National Legislation Center Agency (Between Regulatory Reform or Bureaucratic Restructuring)]." *Jurnal Meta-Yuridis* 4, no. 1 (2021): 140–156. https://journal.universitaspahlawan.ac.id/index.php/meta-yuridis/article/view/6679.

30 Dwi Kartika Pratiwi and I. Rishan, "Gagasan Desain Kelembagaan Urusan Pemerintahan Bidang Pembentukan Hukum: Sebuah Urgensi? [Design Ideas for Government Affairs Institutions in the Field of Law Formation: Is It an Urgency?]," *Lex Prudentium Law Journal* 1, no. 1 (2022): 1–14.

31 Madjid et al., "The Political Capability of the Job Creation Law," 189.

32 Puri Diah Santyarini and M. A. Panennungi, "Dampak Penerapan Kebijakan Free Trade Zone (FTZ) di Indonesia terhadap Penanaman Modal Asing (PMA) [The Impact of the Implementation of the Free Trade Zone Policy in Indonesia on Foreign Investment]," *Jurnal Pembangunan Wilayah dan Kota* 17, no. 3 (2021): 276–286, https://doi.org/10.14710/pwk.v17i3.34236.

33 Ibid.

34 Maria P. Manintamahu, Yuliana G. T. Helan, and Stanislaus Yohanes, "Implementasi Sistem Pengendalian Intern Pemerintah dalam Pengelolaan Keuangan Negara pada Kementerian Hukum dan HAM Nusa Tenggara Timur [Implementation of the Government Internal Control System in State Financial Management at the Ministry of Law and Human Rights of East Nusa Tenggara]," *Jurnal Sosial dan Sains (Sosains) [Journal of Social and Science]* 3, no. 6 (2023): 594–608, https://sosains.greenvest.co.id/index.php/sosains/article/download/812/1339

35 Santyarini and Panennungi, "Dampak Penerapan Kebijakan Free Trade Zone," 276–286.

Fourth, this institution needs to be equipped with a research division and technology-based information systems to map regulatory needs, monitor implementation, and evaluate the relevance of legal norms. The integration of big data and artificial intelligence (AI) can be a solution to the problem of regulatory overlap that has been disrupting the investment climate. Fifth, the establishment of such an institution is a prerequisite for building an integrated legislative mechanism-from planning, drafting, to ex post evaluation. Hood & Lodge's (2006) study shows that a centralized regulatory lifecycle management system can reduce 40% of inefficiencies in the legislative process.

The establishment of a specialized agency for the regulation and governance of legislation in Indonesia is not just an administrative step, but a strategic effort to create efficiency, transparency, and accountability in regulatory management. With BRN or BPLN, Indonesia is expected to overcome the problem of disharmony and hyper-regulation that has been a long-standing challenge in running good governance.

3.4. Institutional Approach Model of National Legislation Body

3.4.1. Establishing a New Agency

The establishment of a National Legislation Agency (BLN) in Indonesia is a strategic step taken to deal with the complexity and dynamics of legislation-making. Two approaches to the establishment of BLN can be considered, namely (1) establishing a new independent body and (2) transforming the National Legal Development Agency (BPHN) into a more effective BLN. In this context, this article will discuss both approaches in depth.

Establishing a new body for legislation has its own advantages in adjusting organizational functions and structures to make them more efficient and relevant. This concept can be broken down into several key points:

1) Mandate and Responsibilities: The new BLN can have a clear mandate in formulating, evaluating, and overseeing the legislative process. As outlined by Handayani (2020), a clear mandate can help prevent overlapping functions between the legislature and the executive.[36]
2) Flexible Organizational Structure: In the creation of a new agency, there is an opportunity to design a customized structure that is flexible, allowing for a faster response to the changing needs of society. This structure can include experts from various disciplines to provide comprehensive insights into the formulation of regulations.
3) Independence from political influence: New agencies can be designed to operate independently, with checks and balances mechanisms to prevent excessive political intervention. Analysis by Setiawan (2021) shows that the independence of regulatory agencies can improve the quality of public policies.[37]
4) Community Involvement: In the era of information disclosure, the new BLN can be tasked with involving the public in the legislative process through discussion forums, surveys, and public consultations. This will create regulations that are more responsive to community needs.

3.4.2. Transforming the National Legal Development Agency (BPHN)

The merger of the Director of Legislation and the head of BPHN and placed them directly under the President so that they become Minister-level officials. The task is to synchronize and control the quality of laws at the level of legislation by the president, PP, and Perpres that are used to implement the technicalities referred to in the law. At the very least, it is similar to Japan, which has a cabinet legislation bureau (because Japan uses a parliamentary system), which is directly under the cabinet, so that it can control all regulations issued, except for Permen and Perda. Permen because it will later

36 Adeniran et al., "Strategic Risk Management," 1582–1596.
37 Bimal Kumar Mishra and Ashish Kumar, "How Does Regulatory Framework Impact Sectoral Performance? A Systematic Literature Review," *International Journal of Productivity and Performance Management* 72, no. 5 (2023): 1419–1444.

become an internal Ministry regulation that is no longer operationally binding, and Perda because it is within the framework of regional autonomy.[38]

Transforming BPHN into BLN also has significant advantages. This approach can be utilized to leverage existing resources and experience:

1) Structure and Function Reform: Transformation may include changes to the organizational structure, strengthening the capacity of human resources, and fundamental changes to BPHN's operational system so that it is more strategic in handling hyper-regulation.
2) Capacity Building: Given BPHN's experience, the transformation to BLN could be accompanied by internal capacity building, such as training and education on best practices in international legislation for members of the agency.
3) Consolidation of Resources: Transforming BPHN can be an efficiency measure, utilizing existing assets, data, and human resources, and reducing the cost of creating a new agency from scratch.
4) Utilizing Networks: BPHN already has established networks with various stakeholders, such as ministries, NGOs, and academics. The transition to BLN should utilize these networks to improve the information and consultation base in the legislative process.

Both approaches to the establishment of the National Legislation Agency - creating a new agency or transforming the National Legal Development Agency - have their own advantages and challenges. Which approach is taken should be based on an in-depth analysis of the need for more efficient, transparent, and responsive regulatory governance.

The urgency of establishing an effective BLN is increasingly felt amidst the existing regulatory challenges in Indonesia. Therefore, further discussions and public participation, as well as stakeholder support, are important to formulate the way forward to make Indonesia's legislative system better and more competitive.

4. CONCLUSION

Hyper-regulation and legal norm disharmony in Indonesia are systemic, triggered by *regulatory inflation*, lack of coordination between agencies, and weak evaluation mechanisms. Comparative studies show that successful regulatory reform depends on three pillars: (1) strong institutional design with a constitutional mandate, (2) integration of technology (such as AI and big data) to map regulatory overlaps, and (3) synergy between *Smart Regulations, Red Tape Reduction Action Plan, and One in, Two out Rule*. The establishment of the National Legislation Agency (BLN) as the *leading sector* is a strategic solution. BLN needs to be designed with a hybrid structure (a combination of executive oversight units and independent committees), equipped with a *machine learning*-based evaluation system, and an inclusive public participation mechanism. The transformation of BPHN into BLN or the establishment of a new agency should prioritize consolidation of authority, liquidation of overlapping institutions (e.g., Directorate General of Legislation), and strengthening human resource capacity.

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6. CONFLICT OF INTEREST

The author declares that no conflicts of interest exist in this manuscript.

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