

ASSESSING INDONESIA'S DEVELOPMENT COOPERATION

Aditya Vasishtha

“Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance.”

— Ban Ki-moon

Indonesia shows a great deal of individual initiative and sees more than half the population working either as self-employed or in micro-enterprises. The government wants to invest in such a resourceful population and help reduce poverty and this is in compliance with the National Development Plan objective for the period from 2015 to 2019 to promote small to medium-sized business and micro-enterprise. Indonesia's role in the South-South Cooperation dates back to 1995 when it hosted the Asia-Africa Conference, a milestone in the establishment of the Non-Alignment Movement (NAM) in 1961. NAM has been the foundation of the South-South Cooperation movement. It was then certainly strengthened by the establishment of G-77. Accordingly, Indonesia has set up its Developing Countries (TCDC) and Third Country Technical Cooperation (TCTP) international initiatives. The establishment of G-15 and D-8 and its membership in G-20 are helping boost the role of developing countries in the global community.

INTRODUCTION

Why Indonesia?

The fact that Indonesia has bountiful resources gives its developmental potential a huge head start. The country has enough oil and natural gas reserves as well as numerous other mineral and forestry resources. Indonesia shows a great deal of individual initiative and sees more than

half of the population working either as self-employed or in micro-enterprises. The government wants to invest in such a resourceful population and help reduce poverty and this is in compliance with the National Development Plan objective for the period from 2015 to 2019 to promote small to medium-sized business and micro-enterprise.

Indonesia also faces a lot of environmental challenges. Being situated on the Pacific 'rim of fire', the country has regularly been experiencing natural disasters such as earthquakes and volcanic eruptions. The year 2004 brought the Boxing Day Tsunami that killed over 160,000 people. Indonesia's environment is also being challenged by population pressures and strong economic growth. Indonesia has experienced steady economic growth in recent years. The country faces a lot of economic challenges resulting in part from the fact that Indonesia has emerged as a big market for attracting aid. The government has identified several challenges to accelerate development. Delegation and autonomy at the local levels are a major challenge faced by the country. Coordination and the attitude of the bureaucracy are major issues here.

Despite its well planned economic growth, Indonesia is still ranked 158th out of 228 countries in the world in terms of per capita GDP (Gross Domestic Product) according to the World Factbook, 2013. Thus, the Indonesian population experiences many poverty related problems common to developing nations. For example, a mother in Indonesia is 32 times more likely to die as a result of childbirth than a mother in its close neighbor Australia. It has also been observed that the Indonesian child's mortality rate is six times higher than Australia's.

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Indonesia's SSTC (South-South Triangular Cooperation) brings the vision of a better partnership for prosperity based on the following principles: equality, mutual respect, non-conditionality, the sharing of experience, knowledge and comparative advantages, being demand driven and looking for mutual benefits, opportunities

and sustainability. They help in aligning the primary objectives of Indonesia's Foreign Policy which are:

- To support national development with a priority on economic development, as set out in the five-year Development Plans.
- To preserve internal and regional stability conducive to national development.
- To protect the territorial integrity of Indonesia and safeguard the people's place of abode.

The other Indonesia

There are still many sectors in Indonesia such as health and education that face significant challenges. Health care facilities are at a decline and there is a high rate of infectious diseases which can pose a threat to the overall growth of the society. Loss of life can be equated to loss of human capital as can be seen with Tuberculosis (TB) killing approximately 65,000 Indonesians annually, as per a report by WHO published in 2013. It can also be seen that Indonesia's maternal mortality ratio is among the highest in Southeast Asia and it is predictable that Indonesia failed to reach its Millennium Development Goals (MDG) targets for maternal and child health. In the educational sector, there are significant disparities in access to higher education, based on income levels, and access to secondary and higher education and it remains low when compared to other countries in the region such as China, Malaysia, and Thailand (World Bank, 2012).

Another issue is Indonesia's gender inequality, which still persists and women continue to face discrimination in access to education, which ultimately results in women holding less secure jobs than men. With fewer social benefits, thus, they have fewer economic assets, and participate less in government and private sector leadership roles. The rapid environmental degradation and high incidence of natural disasters put Indonesia at high risk for climate change impacts. As an environmental impact, deforestation in Indonesia produces 80% of the country's annual carbon emissions, placing it among the world's top greenhouse gas emitters. Indonesia is vulnerable to severe climate-related stresses such as floods, fires, droughts and storms, which account for 80% of natural disasters.

The country's long term goal is "a stronger Indonesia advancing national and global development." This reflects Indonesia's own

aspirations for 2005-2025: “An Indonesia that is self-reliant, advanced, just, and prosperous”. There are eight objectives that the government of Indonesia has, including stronger democratic institutions and rule of law, reduction of social gaps, balance among the utilization, sustainability, and availability of natural resources, the environment, and increased international engagement. The adjective “stronger” in the Indonesia context connotes “more empowered” and “taking greater ownership”. The qualities of a “stronger” Indonesia would be demonstrated by Indonesia’s ability and willingness to take the lead in initiatives across sectors; it should continue to include completed and successful initiatives in their budget to sustain developmental impacts. Also, the goal statement acknowledges that Indonesia must address both its internal development gaps and its external development opportunities as it transitions from a traditional aid recipient to a partner and co-investor in development.

With the focus of many countries shifting to technology transfer, Indonesia should accelerate the development and application of state-of-the-art Science and Technology (S&T), and it must help in tackling global development challenges with national and regional implications, notably infectious diseases, biodiversity, reducing greenhouse gas emissions, and adapting to climate change, including disaster risk resilience.

INDONESIA AND SOUTH-SOUTH COOPERATION

South-South Cooperation in the Asia-Pacific region has three main facets: coordinated trade promotion, the enhancement of regional integration and infrastructure development. Indonesia is in a region where South-South trade accounts for 54 percent of total merchandise exports and 53 percent of imports, as compared to a 27 percent and 34 percent in the past 15 years. However, it is the lowest in South Asia (6 percent), Central Asia (7 Percent) and Pacific islands (7 per cent) but the trade of those sub-regions with the rest of Asia is much larger which can be especially seen in the case of the Pacific region (63 percent).

The term ‘South-South Cooperation’ has been historically used by policymakers and academics to describe the exchange of resources, technology and knowledge between developing countries, also known as countries of the “Global South”. Indonesia, as an emerging middle-income country and a member of the G20, has an important role in leading international development cooperation.

The three core objectives of Indonesian South-South Cooperation:

- to strengthen cooperation to achieve prosperity by eradicating poverty, improving education and health, promoting science and technology, and providing jobs;
- to improve solidarity among Asian and African countries through inter-regional economic cooperation and support connectivity by building more infrastructure facilities and
- to promote internal and external stability through respect for human rights, gender equality, and peacebuilding.

CHALLENGES AND RISKS OF SOUTH-SOUTH TRIANGULAR COOPERATION (SSTC)

To bring SSC and SSTC into the regional picture, one need to identify some practical challenges of implementation, which include coordinating partners, involving beneficiary countries in projects, and enlarging the scale and scope of triangular cooperation projects. It can be seen that the main obstacle to effective triangular cooperation is the issue of coordination among partners, as the presence of multiple stakeholders may hamper harmonisation and increase transaction costs as a result of the existence of distinct procedures in partner institutions from different countries and longer negotiations on the operational aspects of the project / program. Difficulty in agreeing on common standards / procedures for monitoring and evaluating projects is another issue and finally, an unclear division of roles and responsibilities leading to inefficiencies in implementation.

Another challenge is related to the availability of data of the SSTC, as there is certainly a problem in data collection and reporting as well as information regarding the financial flows of development assistance. This will, in fact, hinder the effective evaluation of development assistance. The lack of a coordinated effort at data collection across government ministries and agencies at the country level is prominent and thus there is no single credible source of data. The lack of data of SSTC initiatives revolves around the lack of clear institutional and coordination structures for managing and monitoring development cooperation.

LESSONS LEARNED FOR INDONESIA

The above mentioned issues and concerns bring us to a classic problem faced by all new providers of development cooperation,

which is the domestic coordination issue. This is a complex matter which relates to procedures, negotiation, and evaluation mechanisms. Also, at the national level, this leads to issues of defining work division among the key actors and thus sharing responsibilities. Such problems consequently hinder good implementation of the programs. Learning from the experiences of other countries, it seems that the role of a national level institution, responsible in planning and implementation of the programs is imperative. We need to check that the effectiveness of this national level institution is supported by a clear institutional framework, vision and mission. Tasks are designed through a participatory mechanism in coordination with other relevant institutions. The availability of information is a key feature, and there is ongoing consultation with non-governmental organizations and the business sector on support and common understanding.

INSTITUTIONAL STRUCTURE

There has been a lot of activity in the institutional structure looking at the rising demand for Indonesia's programs and activities in South-South Triangular Cooperation. In the year 2010, Indonesia was able to establish a National Coordination Team (NCT) of South-South and Triangular Cooperation in order to organize SSTC programs more effectively.

The NCT primarily, was able to coordinate programs from the line ministries, connect and formulate cooperation with development partners, and then monitor the implementation of SSTC programs. It also acts as the one-point contact for SSTC. The prospective development southern partners contact NCT about Indonesia's SSTC and other related issues.

A major issue regarding SSTC's institutional framework has been in question whether Indonesia should establish a unique entity for SSTC or continue with the existing one within the ministry body of coordination known as the National Coordination Team. Each option has its own merits but this study argues that while a unique entity option is desirable, the current status of Indonesia's SSTC does not warrant such an option to be pursued as a feasible path. For the present, Indonesia, can keep the current institutional framework, with a view to the establishment of a single SSTC institution in the future.

The other cooperating country governments should also consider creating agencies coordinating SSC-related activities. These agencies

should also develop guidelines to be followed by different government and non-governmental agencies with respect to data reporting to the coordinating agency. Looking at some examples we can see that some countries in Asia-Pacific have created such agencies e.g. Thailand International Cooperation Agency (TICA), Malaysia Technical Cooperation Programme (MTCP) under the Economic Planning Unit, Singapore Technical Cooperation (STP), the Republic of Korea: Korea Overseas International Cooperation Agency (KOICA). In China, the Ministry of Commerce coordinates most of the development cooperation activities. Even India has announced the formation of the India International Development Cooperation Agency (IIDCA). These development coordination agencies should also gather information from academic institutions, business enterprises and NGOs based on the country and their activities in other developing countries, especially those pertaining to creating productive capacities, human resource development, transfer of technology, scientific and R&D collaborations, technology licensing agreements, and trade in high technology goods and services. They should also compile information on SSC activities assisted by traditional donors or multilateral or regional agencies in a triangular manner.

The Four Legs

The current institutional structure, the National Coordination Team (NCT) on South-South and Triangular Cooperation comprises of 4 ministries that work closely with line ministries, local government, the private sector and NGOs working on SSTC programs.

- Ministry of National Development Planning/ BAPPENAS is responsible for national development priority and policy, development cooperation and development funding.
- Ministry of Foreign Affairs is the front line of diplomacy and foreign policy.
- Ministry of Finance is responsible for budget allocation for Indonesia's contribution to international cooperation.
- Ministry of State Secretariat serves as support and facilitation point for foreign technical cooperation.

Structure of NCT

The Technical Team of NCT consists of echelon, 2 levels responsible for the three working groups detailed below:

- Working Group 1: Capturing demand working Group
- Working Group 2: Program and Funding
- Working Group 3: Monitoring and Evaluation, Publication, and Knowledge Management

CHALLENGES AND CONCERNS

The most common challenge is that the existing studies identify development cooperation, especially SSC, from the perspective of traditional donors. This comes from the previous notion of highlighting the need for all nations to work together in diversity, especially Asian-African countries and respect for freedom, welfare and independence of all nations. In a politically capricious country such as Indonesia, power relation among actors, identity/nationalism, historical context, process, and mechanisms are often neglected in the analysis of SSC and it needs to be addressed.

The development cooperation between developing countries has moved beyond aid, with mixed types of cooperation to improve trade, political interaction, and strengthen relations. Their basic principles are non-intervention, mutual respect, equality, and 'win-win solution, for which they use a different terminology of "partnership" and "cooperation". This vision came with the challenge of whether the current condition has moved beyond old "political vision" and based its notion on current knowledge.

An extremely powerful and influential country right next door in Indonesia's neighborhood, Australia plays a very key role in defining its assistance. Australia needs to consider how the aid program can achieve results in the short term, while leveraging funds of the Government of Indonesia to provide sustainable long-term benefits to Indonesian communities.

Initially, South-South cooperation was not government's main priority and it was only recently that it started being acknowledged. There was also no clear policy directions and implementation framework within either development policy /or foreign Policy. This also brought a lot of coordination problems among line ministries.

RELEVANCE AND EMERGING PATTERNS IN SOUTH-SOUTH COOPERATION IN INDONESIA

The relevance of South-South Cooperation (SSC) arises from the replicability of development experiences of one country to other co-developing countries. SSC is undertaken by developing countries as a part of partnership and solidarity for development rather than development assistance or aid. In the process of their development, developing countries accumulate lessons, skills and expertise that can be valuable for other developing countries. These skills and capabilities are often more appropriate than those available from industrialized countries due to shared development challenges faced by them. The appropriateness of developing country skills and technologies arises from number of reasons.

Developing country technological solutions are evolved in an environment of relatively poorer infrastructure and hence may be more appropriate compared to those available in industrialized countries, for instance, telecommunication switching technologies not requiring air-conditioning, vehicles with more rugged suspensions to work in poor road conditions, among others. The current government brings about a sense of cooperation and nationalism as needing to be strengthened among Asian and African countries. This includes the need to build and renew a model of cooperation within the international economic system that has previously been dominated by a Western-led economic order. Looking at the timeline of Indonesia's power relations, and if we consider Indonesian South-South Cooperation under President Jokowi and compare it to President Soekarno's nation in his early years, some interesting landmarks may be identified regarding the establishment of SSC in Indonesia.

- In the opening speech of the first Asian-African Conference in 1955, President Soekarno highlighted the need for all nations to work together in diversity, especially Asian and African countries, and respect for freedom, independence and welfare of all nations.
- The opportunities to renew the model of cooperation and reinstate the old message that lay in nationalism and national identity certainly need to be considered within the new global context and in internal political negotiations.
- Nationalism, as a continuous effort to create a narrative discourse within the nation, is often seen as a process for Indonesia to establish its South-South cooperation

- Indonesia should move beyond political discourse by recapturing the nationalist spirit and considering the wider global development context of the issues.
- President Jokowi's pragmatic approach to development cooperation should be discussed more thoroughly. Bringing the old message to the current global context can be challenging. However, the times are changing and we need to showcase better:
- opportunities to strengthen Indonesia's national identity, within the international context, and
- provide a clear linkage between development policy and international cooperation.

The timeline has seen leaders from Sukarno in 1945 to Jokowi at present and the doctrine has seen shifts from anti-colonialism and sense of independence to importance to accommodate MIC and challenge the global economic order.

INDONESIA, EMERGING AID DONOR

Statistically, it can be seen that Indonesia has provided approximately US\$42 million of foreign assistance over the past ten years to multiple partners. In addition to technical cooperation, Indonesia has provided more than US\$7 million in humanitarian assistance in the past two years alone. During miserable times, Indonesia extended its aid to Japan after the 2011 earthquake and tsunami, to Australia following the Queensland floods, to New Zealand after the Christchurch earthquake, as well as to Haiti, Pakistan, Turkey and others. This initial assistance could eventually prove to lay the groundwork for Indonesian South-South Cooperation.

At present, an inter-ministerial team is finalizing a grand design for Indonesia's South-South Cooperation through to 2025. The Donor countries (Indonesia's development partners) have a unique opportunity to help shape the future direction of Indonesia's provision of foreign aid. To be effective, development partners will need to engage with Indonesia on equal terms on areas of mutual interest, such as the provision of assistance in the region, to countries such as Myanmar.

As Indonesia increasingly provides foreign assistance to other countries, development partners that provide aid to Indonesia will need to change the way they operate. Looking at things realistically, Indonesia is likely to receive less publicly funded foreign assistance from traditional

donors and yet the targeted provision of small amounts of resources and focused interventions, for example, staff exchanges, triangular cooperation, etc., will have a huge impact.

In future, we can see that Indonesia will also start to look more critically at its own development achievements, thereby spurring increased efforts within Indonesia to address inequality, improve its own people's lives, and to extend the freedom deriving from Indonesia's democratic transition, to more of the population. While, the future funding that Indonesia plans to provide is unclear, what is important are the transparent steps Indonesia is taking.

POLICY RECOMMENDATIONS

These recommendations are meant to provide the practitioners of SSCT within Indonesian government agencies with some suggestions as to how the strategic and operational mechanism of Indonesia's SSCT can be enhanced and made more coherent and systematic.

Indonesia's SSCT need to have a clearly articulated vision

A vision for Indonesia's SSCT has been well captured in the expression of intent to create "a better partnership for prosperity." This statement of vision, however, needs to be expanded to also reflect the strategic values that Indonesia wants to advocate through its participation and role in SSCT. The essence of development cooperation is to support the economic, environmental, social, and political development of developing countries; hence the concept should actually be understood more comprehensively than prosperity. In this regard, Indonesia's SSCT should reflect its commitment to engage in international cooperation in order to facilitate development that upholds human dignity, ensures human rights in development, delivers prosperity and better quality of life, improves people's livelihood and well-being, strengthens collective community self-reliance, and is guided by the principles of good governance in development.

This study proposes that Indonesia adopts human security as the key strategic value of its national policy on SSCT. A human security approach would endorse some key principles of development cooperation such as partnership, and actually implies more assistance for development, as human development is a vital component of human security.

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