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SOUTH-SOUTH & TRIANGULAR COOPERATION (SSTC)
Stocktaking and Strategic Review

Ministry of National Development
Planning/BAPPENAS, Indonesia;
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South-South and Triangular Cooperation (SSTC)

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Ministry of National Development Planning/BAPPENAS

United Nations Development Programme (UNDP)

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Foreword

Trends of the world's economies exhibit the growing power of developing countries, as also reported in the World Economic Forum or the Global Economic Prospects. In the 4th quarter of 2012, the developing countries' GDP grew at a 5.7% annualized pace indicating that developing countries are becoming more economically and politically capable. In a sense, the economic growth of the Southern countries is making the world less unequal; henceforth shifting the paradigm of international cooperation from traditional North-South Cooperation into a more balanced cooperation, in which South-South Cooperation heightens as complementary to North-South Cooperation.

Countries of the South are increasingly looking for each other to reinforce their mutual prosperity by sharing relevant knowledge. The accumulated wealth of experiences, knowledge, practices and local wisdom of the Southern countries provides alternative solutions to fellow Southern countries that face similar development issues. Knowledge sharing among Southern countries then becomes not only as an option but an imperative to complement the traditional North-South Cooperation.

The Government of Indonesia has been one of the world's champions for technical cooperation within the framework of SSTC. The dramatic surge in the advancement of SSTC programs in Indonesia is originated from a number of international trends, as reflected in the shifting socioeconomic patterns and an increased number of regional and inter-regional agreements. And as a member of the G20, Indonesia holds a vital position in the global international development as a representative of countries from the Global South to support international development.

In this regard, at the *First High-Level Meeting of the Global Partnership for Effective Development Co-operation (GEPDC): Building Towards an Inclusive Post-2015 Development Agenda*, in Mexico on 16 April 2014, Indonesia is leading the Global Partnership's work stream on SSTC and Knowledge Sharing as two concepts intrinsically linked and complementary for an effective development cooperation. At the *2nd High-Level Meeting on Country-led Knowledge Hubs* in Seoul, held on 23 to 26 June 2014, Indonesia further agreed to develop institutional and operational capacities to more systematically

capture and share their operational experiences and lessons learned. The National Coordination Team (NCT) as the central entity will have an enforced roles in brokering demand and supply of development cooperation.

Along with the increasing breadth and scale of South-South Cooperation, the need for increased quality and momentous impact of South-South Cooperation is echoed. Indonesia is currently identifying opportunities to strengthen its policies and strategies to improve the arrangements and implementations of its SSTC and Knowledge Sharing programs. This "*Stock Take and Strategic Review of Indonesia's SSTC*" poses as a useful reference for the establishment of affirmative policies and pro-active undertakings. We look forward to incorporating the recommendations furnished in this review into our agenda for a more effective development cooperation framework.

Tubagus Achmad Choesni

Director for International Development Cooperation, National Development Planning Agency/BAPPENAS, as Chairperson of the Technical Team, National Coordination Team on South-South Triangular Cooperation

Executive Summary

The stocktaking and strategic review were aimed at examining Indonesia's role in international development cooperation as a Middle Income Country (MIC), and how it is impacting the global and regional development architecture and forms of partnerships; to assess the existing national legal framework, policies and strategies on Indonesia's South-South and Triangular Cooperation (SSTC); and to make recommendations to further implement the SSTC agenda within the evolving international and regional frameworks. The Report highlights the need for tackling development cooperation amid the pro-active role of Line Ministries and Agencies, which are already intensely engaged in SSTC with Indonesia's Southern partners. Assessment is made to the current status of Indonesia's legal framework, policies, institutional arrangements and expenditures for SSTC. Five key messages are brought forth in this Report, which include: (1) creating a clearer vision of results in the areas of foreign policy, sustainable development and economic dividends; (2) furnishing benefits with transparency and open data; (3) actively scoping for demands from the Global South partners; (4) institutional strengthening for better delivery; and (5) enhancing better SSTC strategy to achieve optimum development impact and mutual benefit. The recommendations are provided at three levels - policy; institutional; and expenditures, including modalities for delivery.

Table of Contents

Abbreviations & Acronyms

A4DES	Aid for Development Effectiveness Secretariat
ADB	Asian Development Bank
ARFTC	Agricultural Rural Farmers Training Center (Gambia)
ASEAN	Association of Southeast Asian Nations
AIMS	Aid Information Management System
APBN	*Anggaran Pengeluaran Belanja Negara* (National State Expenditure)
APEC	Asia-Pacific Economic Cooperation
AUSAID	Australian Agency for International Development
Bappenas	*Badan Perencanaan Pembangunan Nasional* (National Development Planning Agency)
DAC	Development Assistance Committee
DIPA	*Daftar Isian Pelaksanaan Anggaran* (Budget Implementation Registration Form)
DFID	(British) Department for International Development
EC	European Commission
FARTC	Farmers Agricultural Rural Training Center (Tanzania)
GDP	Gross Domestic Product
GIZ	Deutsche Gessellschaft fur Internationale Zusammenarbeit (GIZ), previously GTZ
GDP	Gross Domestic Product
GPEDC	Global Partnership for Effective Development Cooperation
GTZ	Gesellschaft fur Technische Zusammenarbeit (German International Technical Cooperation Agency), now GIZ
IATI	International Aid Transparency Initiative
JICA	Japan International Cooperation Agency
LIC	Low Income Country

MDGs	Millennium Development Goals
MDTF	Multi Donor Trust Fund
MIC	Middle Income Country
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
Monev	Monitoring and Evaluation
MPPPEI	*Master Plan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia* (Master Plan for the Acceleration and Expansion of Indonesian Economic Development)
NAASP	New Asian-African Strategic Partnership
NAM	Non-Aligned Movement
NGOs	Non-Government Organizations
NPD	National Project Director
NTC	National Coordinating Team
OECD	Organization of Economic and Cooperation Development
PCI	Per Capita Income
PPN	*Perencanaan Pembangunan Nasional* (National Development Planning)
PPP	Public-Private Partnership
RoI	Return on Investment
RPJP	*Rencana Pembangunan Jangka Panjang* (Long-Term Development Plan)
RPJM	*Rencana Pembangunan Jangka Menengah* (Medium-Term Development Plan)
RUU	*Rancangan Undang-Undang* (Draft Law)
SC	Steering Committee
SIP-DC	Strengthening Innovative Partnership for Development Cooperation
SK	*Surat Keputusan* (Decree)

SOPs	Standard Operating Procedures
SSC	South-South Cooperation
SSTC	South-South and Triangular Cooperation
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
UU	*Undang-Undang* (Law)
UUD	*Undang-Undang Dasar* (Constitution)

Background

Southern partners for development cooperation are increasingly active in cooperating in solidarity with other developing countries to tackle international development challenges. They are cooperating through the exchange of knowledge, transfer of technology, trade, concessional loans, collective actions at regional level and neighborhood initiatives. Through engagement with other Southern partners, they can contribute towards development solutions in sectors ranging as wide as infrastructure, economic development, social protection, health and education services, resilience building, environmental protection, security and many others.

In the changing global development cooperation landscape, Middle Income Countries (MICs) such as Indonesia have become key actors to engage in South-South and Triangular Cooperation (SSTC). These forms of development cooperation seek to complement rather than replace traditional North-South Cooperation. Approaching the year 2015, the world is taking stock of how much progress has been made with the implementation of the Millennium Development Goals (MDGs), and Heads of States are engaging on the formulation and implementation of a uniform and overarching framework for development Post-2015 and the definition of the future Sustainable Development Goals. In light of this setting, SSTC offers important contributions not only as an "alternative way of development cooperation", but also enrich and broaden the range of modalities for delivery in development cooperation and contribute to the "how" of implementing the Post-2015 agenda.

The 2013 Report of the Secretary General "The State of SSC"[1] indicates that discourse among partners in the Global South has evolved around two following key issues. Along with the increasing breadth and scale of South-South Cooperation, there is a call for increased quality and strengthened impact of South-South Cooperation. At the same time, providers of development cooperation are organizing themselves in order to contribute to the rebalancing of the global governance architecture.

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[1] See United Nations General Assembly (2013): "The State of South-South Cooperation. Report of the Secretary-General, "Sixty-eighth session; Item 24 (b) of the provisional agenda; Operational activities for development: South-South cooperation for development.

Global Trends on SSTC

While over the past decades there has been an increase in breadth and scale of international cooperation provided by the Global South, on global level, the discourse among countries in the Global South is focusing now stronger on questions related to the quality of SSTC. Ensuring its effectiveness and impact in light of sustainable development results is another crucial topic, in order to pave the way for scaling up effective South-South development solutions.

In this discussion, and as we are approaching the year 2015, two key issues stand out:

(1) The first one is about the **influence of SSTC** in the global development cooperation architecture, especially in the context of the Post-2015 Development Agenda:

- With the rising importance of a *more diverse range of development actors*, including Southern providers of development assistance and a stronger role of the private sector, SSTC has fundamentally changed the way in which actors in development connect with each other, interact and work on innovative solutions for sustainable development.
- SSC has changed the global development architecture through *greater knowledge transfer, trade and technology transfer*, and has a greater potential in changing the way development is supported in the context of the Post-2015 development agenda.
- SSTC offers various forms of development cooperation, which *complement* North-South Cooperation. In this context, the principles of transparency and its effectiveness are different from those of the aid effectiveness agenda and the norms and standards for delivering and evaluating North-South aid established by the Development Assistance Committee. For example, the major providers of International Development Cooperation from the Global South have come together at a "Conference of Southern Providers of Development Cooperation" in New Delhi in April 2013, convened by the Department of Economic and Social Affairs of the UN Secretariat and the Government of India. They have discussed the need for improved transparency and effectiveness of South-South Cooperation among

themselves, while affirming that the principles of transparency and its effectiveness are different from those of the aid effectiveness agenda.

- *Consultations among countries from the Global South, networks and the use of modern social media* have proved an effective means to identify main aspirations and areas of contribution to the implementation of the Post-2015 Agenda and the sustainable development goals among Southern providers of development cooperation.
- *Triangular cooperation* has proved an effective way for development actors to build on their comparative advantages and combine resources and knowledge for innovative development results in a Post-2015 context.
- There is an increasing *awareness* on the influence and impacts of South-South Cooperation in the development architecture and the Post-2015 framework; noticeable both at global and at regional level, e.g. through Southern countries' engagement in neighborhood initiatives or regional collective actions (e.g. ASEAN, AU, etc.).

(2) The second key question is around possible **principles and arrangements for ensuring effectiveness and impact** of sustainable development results in South-South and Triangular partnership initiatives, in order to pave the way for scaling up effective South-South development solutions.

- Principles for effectiveness and impact of SSC should build on the *voluntary nature of actions of South-South Cooperation* to contribute to the global development architecture. Accordingly, the voluntary element of SSC as one way of providing development cooperation should be at the heart of "measuring" impact of South-South Cooperation in its contribution to sustainable development solutions.
- Measures to strengthen impact of SSTC should build on gathering *evidence and capitalizing on knowledge* about what works and what doesn't; how it works and under which specific circumstances. Southern based Centers of Excellence and Policy can proof a useful roles as "*source of evidence*", "*catalyzers*", and "*facilitators*" for effective South-South solutions.
- Showcasing impacts of SSC in and across *sectors,* combined with *demand-driven country level approaches to SSC* can further enhance country ownership and alignment with countries' development objectives in their contribution towards the Post-2015 Framework.

- *Policy and partnership frameworks* which ensure that SSC is being embedded into their institutional frameworks and arrangements for managing development cooperation can be key for effective implementation of SSC. For example, countries such as Cambodia have put forward a Development Cooperation and Partnership Strategy, which includes a detailed consideration of how greater use and impact can be attained in its development cooperation efforts; including through SSC.
- *Effective programming and implementation arrangements* ensure a strong link between policy formulation, including planning and budgeting, implementation of policies and strategies, monitoring and evaluating for results. Examples of evidence-based impact assessment of SSC projects, which is linked to a platform for exchange with other countries can be useful.
- Effective *knowledge management arrangements* to record, disseminate, scale-up and replicate innovative South-South development solutions can serve to increase the impact of SSTC.

Solidarity and cooperation among countries in the Global South which are providing development cooperation have found expression over the past few years with their efforts to institutionalize their own development cooperation. In recent years, an important number of countries have moved towards setting up or strengthening existing institutional frameworks for coordination and management of their development cooperation with strategic views and the intention to position themselves as important actors in the international development cooperation architecture. For example, Mexico established the Mexican Agency for International Development Cooperation (AMEXCID). The Indian government is formalizing its plans for creating its development cooperation agency. Also, the South African Development Partnership Agency (SADPA) is being set-up, and Turkey is making provisions to enhance the capacity of the Turkish International Cooperation Agency (TIKA) to meet its ambitious development cooperation programmes. The UAE has established the UAE Office for the Coordination of Foreign Aid (OCFA), and new Eastern European EU member states are setting up their development cooperation delivery mechanisms including institutions, procedures, and training staff as well as other Southern providers from different regions.

While there is great diversity in terms of economic power, demography, political background and culture among countries in the Global South that are increasing

their role as providers of development cooperation, there are also several shared issues of interest. These include:

- **Enhancing systems for reporting, communication and visibility**: Given their dual role and with a view to sustain support by their domestic constituency for continuous and increasing provision of development assistance overseas, a number of countries are stepping up their efforts to enhance their information management systems for reporting, strengthen their communication strategy and visibility.

- **Focusing on results of SSTC**: Within the context of enhanced institutional frameworks for development cooperation in countries providing International Development Cooperation, a number of countries are also undertaking their reflection and consultation in order to reach an understanding among their domestic development stakeholders as to what kind of results they are seeking to achieve with the development cooperation they provide.

- **Managing MICs' dual roles in development cooperation**, both in terms of increasing support to developing countries and mobilizing resources for that, while tackling remaining development challenges in their own countries. The quest for a solid system of graduation is closely related to that point.

- **Strengthening the role of Knowledge Sharing**: Knowledge Sharing has evolved as an important modality of development cooperation provided by the Global South. Because of the proximity between Southern cooperation partners and similar histories in terms of development transition, Knowledge Sharing has proved to provide an important contribution to the development agenda. A number of countries are exploring ways in which to embed Knowledge Sharing more effectively into their international development cooperation strategies. The aim is to consolidate and coordinate the sharing of knowledge and development solutions more effectively, and to scale up this practice in the future in order to achieve greater reach and breadth with their development cooperation.

Global Fora to Monitor Trends in SSTC

It is possible to track global trends in SSTC following Global Dialogue Fora, which exist to date. To exemplify:

- Global tendencies and trends in SSTCare also taken forward in global fora such as the **UN General Assembly**, providing a universal umbrella to make the voices of the South heard on this topic. As a prevalent topic of discussion these days, the contribution of SSC to the successful implementation of the Post-2015 Agenda stands out.

- The **High Level Committee on South-South Cooperation**, hosted by the United Nations Office for SSTC, is one such fora. As a subcommittee of the General Assembly convened by the Administrator of the UNDP on behalf of the Secretary-General, the Committee meets biennially to undertake an overall intergovernmental review of South-South Cooperation within the UNdevelopment system.

- Also, the **Busan Partnership framework** represents an agenda, recognizing an increasing important contribution made from broader development stakeholders beyond providers of aid. The Global Partnership for Effective Development Cooperation is a multi-stake holder platform, providing an opportunity for mutual learning and sharing of experience for enhancing effectiveness of development cooperation. It offers room for synergy and **complementarity of various forms of development cooperation**. Over the decades, South-South Cooperation has been gaining importance in the evolving architecture of development cooperation, having risen steadily both in terms of breadth and scale. Drawing on MIC's dual role in managing SSTC while also still managing incoming flows from traditional providers, many of them have stepped up their contribution in providing experience, knowledge and development solutions, and are becoming important actors of the global development agenda based on the principle of solidarity.

Along with these global trends, Indonesia's SSTC has significantly increased in terms of strategic importance, breadth and scale. Knowledge Sharing has become an important pillar of Indonesia's SSTC, embedded into the country's

vision for International Development Cooperation. It contributes to the enhancement of national, sectoral, local capacities for sustainable development.

Objective of Stock-take and Strategic Review of Indonesia's SSTC

In a nutshell, the objective of the stock-take and strategic review was to lay out ways to establish a baseline of Indonesia's role in the provision of development cooperation. Through concrete recommendations to strengthen Indonesia's SSTC under the umbrella of the country's "Grand Design for SSTC", impact and quality of SSTC results can be enhanced. At the same time, Indonesia is being provided with concrete options to strengthen their position in the global and regional governance architecture; e.g. in the role as a leader for Knowledge Sharing in international cooperation.

Outputs, Methodology and Timeline

The stock-take and strategic review were targeted to provide an overview of (i) Indonesia's role in International Development Cooperation at global and regional level; (ii) the state of national policies and strategies on Indonesia's international development cooperation which currently exist and which are being implemented by selected line ministries; (ii) actionable recommendations for strengthening Indonesia's Grand Design for SSTC. The recommendations focus on solutions at the level of policies, institutional arrangements, expenditures and modes of delivery.

These outputs are to be seen in the context of Indonesia as an MIC. As such, Indonesia is taking on a dual role in terms of providing development cooperation to other countries in the Global South, while also managing various, increasingly complex cooperation flows and tackling remaining development challenges at home.

The stock take and strategic reviewwere conducted between December 2013 and January 2014, building on UNDP's support to the Government of Indonesia

in the context of the Strengthening Innovative Partnership for Development Cooperation (SIP-DC) Programme.[2]

A workshop was conducted on 28 January 2014 in Jakarta, in order to share and discuss preliminary findings with key stakeholders and decision-makers in Indonesia's International Development Cooperation. Comments, feedback and suggestions have been integrated in the draft Report to the extent possible.

Indonesia's Role in the Changing Development Architecture

In order to shed light on Indonesia's role in the changing development cooperation architecture, there are historical, economic, political considerations to be taken into account. To complement those, there will be a differentiation of Indonesia's position in international development cooperation on the global, regional and national level in the paragraphs below.

Historical Considerations

Historically, the Government of Indonesia has been actively engaged in world affairs since its independence in 1945. Following the independence, Indonesia's vision for a free and just world simultaneously came with the yearning of many Asian and African nations to free themselves from the shackles of colonialism. With the present-day agenda on SSTC, it has been extensively argued that Indonesian assistance and development cooperation with other developing and least developed countries had started since President Sukarno's initiative to bring together Southern countries from Asian and African continents in the historic 1955 Bandung Conference. Indonesia hosted the "Asian-African Conference" in Bandung, West Java, to promote economic and cultural cooperation among Asian and African countries, most of which were still

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[2] Based on the project document, SIP-DC will pilot innovative partnerships including South-South Cooperation, in line with the Grand Design 2011-2025 and Blue Print 2011-2014 of Indonesia South-South Cooperation. It is also expected to strengthen the cooperation between Government of Indonesia and UNDP in programme/project management including on the "UN Working Together". The project focus is on "institutional strengthening, policy support and capacity building that lead to the shift in paradigm and develop further international development cooperation agendas, including post MDG 2015 plans".

recently established back then. Indonesia's historic role in bridging the interests and facilitate strategic alliances between developing countries has often been stated in international fora, including the ASEAN,[3] the G20,[4] the Bali Democracy Forum[5] and the Global Partnership for Effective Development Cooperation.[6]

This Conference came to be seen the start of the influential Non-Aligned Movement (NAM), established in 1961, which not only generated major political confidence among the Southern countries, but also collective commitment to boost development cooperation with each other.[7] The NAM was established to essentially "create an independent path in world politics that would not result in member States becoming pawns in the struggles between the major powers".[8]

Economic Considerations

Indonesia's current role and opportunities to strengthen their position in the global development architecture need to be considered from the perspective of their role in the changing world economy.

The World Bank's twice-yearly report entitled the *Global Economic Prospects 2011* stated that the world economy is shifting from the phase of post-crisis to growth. But the underlying prospect is that half of the growth of the world will take place within the developing countries. And the recent *Global Economic Prospects 2013* informs us that in the 4th quarter of 2012, the developing countries' GDP grew at a 5.7% annualized pace, which provides a relatively good indicator to the positive economic trajectory. Other sources suggest an equally promising prospect for growth among the Southern countries. The *Super Cycle Report* by Standard Chartered (2010) suggests that by 2030, trade

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[3] Association of Southeast Asian Nations; website: http://www.aseansec.org/.
[4] Group of Twenty (G20); website https://www.g20.org/
[5] Bali Democracy Forum; website: http://bdf.kemlu.go.id/
[6] Global Partnership for Effective Development Cooperation; website: http://effectivecooperation.org/
[7] In addition to the Bandung Conference and NAM, numerous other significant initiatives related to SSC include: the G-77, established by the UN Conference on Trade and Development (UNCTAD) (1964), Buenos Aires Plan of Action (BAPA)(1978), Caracas Program of Action (CPA) (1981), G-15 (1989), D-8 (1997), South Summits (2000 and 2005), Marrakech Declaration on SSC (2003), and UN Conference on SSC in Kenya (2009), UN Resolution No. 58/220 on High Level Committee on SSC, the officiating of "the UN Day for SSC" and the Bogota Statement: Towards Effective and Inclusive Development Partnerships (2010).
[8] See: http://www.nti.org/treaties-and-regimes/non-aligned-movement-nam/

among South-South countries will constitute 40% of the entire international trade.

Within the context of these economic trends, and based on Indonesia's Master Plan for the Acceleration and Expansion of Indonesian Economic Development (MPPPEI), the country has set a target that by 2025, Indonesia's Gross Domestic Product (GDP) will have achieved US$4.3 trillion with a Per Capita Income (PCI) of US$14,900.[9]

With the increasing wealth, national budget and expenditure, foreign development cooperation in the form of grants and loans coming to Indonesia have significantly diminished. Apart from beingan MIC, Indonesia's role in the global arena has put the country into the rank of the world's biggest economies in terms of nominal GDP. Being a member of the G-20, Indonesia is now part of the twenty nations that constitute 85% of the world's GDP in which they have a central role in determining global economic policies.

Despite the impressive growth and appreciation Indonesia has earned in the past decade or so, the country remains subject to what economists might call the 'middle income trap', where stability and sustainability of development become an incessant question. Thus, while Indonesia has been experiencing a steady growth with an average annual rate of over 6%, such development is hard to maintain. In 2014 alone, due to the upcoming elections and the so-called Year of Politics (*Tahun Politik*), Indonesia's economic growth will be lesser than the year before. In view of the unpredictable and volatile situation, what is in the minds of all people is whether or not the new political constellation would prove to be conducive for social, political and economic development.

Managing Indonesia's Dual Role and Positioning in International Cooperation in Times of Political Uncertainly

Specifically for SSTC, uncertainty has generated a new set of concerns with respect to the political commitment of Indonesia's top leadership. The main issue is whether or not the executive branch of the government will continue to

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[9] As a comparison, Indonesia's 2012 GDP stood at US$878 billion.

be oriented toward assisting Southern countries in their development through the building of an effective, strategic and mutually-beneficial framework for international development cooperation. Moreover, the political uncertainty raises a lingering question of whether or not the Parliament, which holds authority over state budgeting, would be amenable to the idea of SSTC.

Countries such as Brazil, Russia, India, China and South Africa (the so-called "BRICS" countries) hold a significant force in the arena of international development cooperation.[10] This group of five has made headways in Asia and Africa by utilizing international development cooperation as an instrument of foreign policy to further their objective of expanding trade, business and investment. Beyond the BRICS, there are other MICs, including Mexico and South Korea that have pursued a similar course much to their advantage. Others like Peru and Thailand, which share comparable features of the level of Indonesia's development stage, have joined in the bandwagon by establishing their own development agencies as a government arm to ensure effective and mutually beneficial international development cooperation programs.

However, while there is a critical mass of diverse MIC–beyond the BRICS–that move stronger into the roles of Southern providers of development cooperation and set up their own development agencies (including KAZAID in Kazakhstan and TIKA in Turkey, beyond the ones mentioned already), a common challenge which they share is the need to justify towards their own constituencies why money is being invested into other countries from the Global South, instead of tackling remaining development challenges "at home". This challenge is common to the case of Indonesia as well. One way to address this question is to better understand the objectives that MIC pursues with their SSTC. They often range from economic objectives, foreign policy goals to sustainable development. Once this is clarified, it will be easier for MICs such as Indonesia to target messages on the value of engaging in SSTC towards their own constituencies and to ensure political and public support.

In light of the above described developments and trends, the key challenge for Indonesia is to find a niche in international development cooperation, while utilizing the country's position and bargaining power to fulfill its own foreign

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[10] These providers are conceived of as being "non-traditional" because they are not part of the OECD-DAC (Organization for Economic and Cooperation Development– Development Assistance Committee), which comprises traditionally considered advanced economies of the world.

policy objectives, sustainable development goals and economic gains, while managing its remaining development challenges at home.

In order to shed a more nuanced light on Indonesia's current role in International Development Cooperation, the following paragraphs distinguish between the global, regional and national level of Indonesia's engagement.

Indonesia's Role in International Development Cooperation at Global Level

During 2010-2012, Indonesia has provided more than 700 activities within South-South Cooperation and participated by approximately 3,800 participants from Asia, Pacific, Africa, Middle East as well as Latin America. In Asia, partner countries of Indonesia SSTC are: Cambodia, Lao PDR, Myanmar, Vietnam, Sri Lanka and Timor Leste. Meanwhile, in Africa partner countries of Indonesia SSTC are: Tanzania, Ethiopia, Kenya and Uganda, and in Pacific Islands, they are Fiji, Papua New Guinea and Samoa.

Over the past few years, at the political and strategic levels, Indonesia has been strengthening its position in global policy fora, such as the G20 or the Global Partnership for Effective Development Cooperation, and has deepened its international alliances and partnerships, which contribute to rebalancing power equations and reforming the existing architecture for international cooperation, and contributing to it through consolidating its profile as partner for international development cooperation and Knowledge Sharing for development.

Within the Global Partnership for Effective Development Cooperation (GPEDC), Indonesia has taken on a leading role as its Co-Chair, together with Nigeria and the UK. Also, Indonesia is leading the Global Partnership's work stream of Knowledge Sharing, which is feeding into a joint session with Mexico, the World Bank and UNDP on SSTC and Knowledge Sharing to be held during the Global Partnership's High level Meeting in Mexico on 15-16 April 2014. SSTC and Knowledge Sharing are being addressed as two concepts which are intrinsically linked and complementary in effective development cooperation; however, they should not be understood as interchangeable, synonym concepts. In the discussions, led by Indonesia and Mexico, it was agreed that South-South and

triangular cooperation includes, but is not limited to knowledge-sharing, as it also embraces elements such as trade and investment. Similarly, Knowledge Sharing includes but is broader than South-South knowledge exchange. Under these normative parameters, Indonesia is now identifying opportunities to strengthen its policies and strategies for Knowledge Sharing, as part of its international development cooperation.

On the international level, Indonesia has also been taking on an active role as Co-Chair of the G20 Pillar 9 on Knowledge Sharing. The G20 was established in 1999 as a forum for Finance Ministers and Central Bank Governors of important economies in the world to discuss key issues in the global economy. Indonesia as a G20 member, feels a great responsibility to contribute to the global economy as a representative of countries from the Global South. The G20 has created decisive motivation in Indonesia to support international development, with Knowledge Sharing being an important pillar integrated into it.

Indonesia endeavors to play a leading role in South-South and Triangular Cooperation and Knowledge Sharing, evidenced by its hosting of a high-level forum on knowledge exchange involving more than 300 policymakers and practitioners from 46 countries in Bali in July 2012. During this event, Indonesia has launched a "knowledge hub" in three main areas, namely: disaster risk reduction and climate change, human development, and poverty reduction; peace building and good governance issues including peacekeeping, law enforcement, and democracy; and economic issues, including macro-economic management, public finance, and micro finance.

In light of Indonesia's active engagement in these different global fora, it becomes clear that the country is carrying different roles in each one of them, while Indonesia's position in the one can influence its role in the other one. Therefore, it is crucial for Indonesia to have a clear vision, roadmap and position on its contribution in the changing development architecture, on the type of economic goals and foreign policy objectives that it seeks to pursue.

Indonesia's Role in the Regional Context of Development Cooperation

Over the past 15 years, Indonesia's democratic and economic advancement has led to its emergence as a valued regional leader and voice.[11] Indonesia's historic role in bridging the interests of neighboring countries and facilitate strategic alliances between countries in the region has often been stated in international fora, including ASEAN.

Further to the Report of the 2013 Secretary-General on "The State of South-South Cooperation."[12]the most sustained success story concerning SSC in any region continues to be the 10-member ASEAN. The association has been an important factor in establishing economic and political stability in large parts of East and South Asia. Following the 1997 Asian financial crisis, an initiative by ASEAN led to China, Japan and the Republic of Korea joining in the financial cooperation mechanism known as the Chiang Mai Initiative. Now multilateral, the Initiative is able to lend to countries that have bilateral currency swap agreements with the primary participants. Current discussions evolve around how to strengthen the Initiative using prudential measures that would involve monitoring the economic performance of countries and establish an early warning system. Within the context of ASEAN, Indonesia is playing a key role in connecting and developing "neighborhood initiatives" with countries in Southeast Asia, paving the way for numerous regional forms of collective actions.

Apart from ASEAN, Indonesia also plays a role in other regional organizations, such as theAsia-Pacific Economic Cooperation (APEC). APEC is the premier Asia-Pacific economic forum, which strives towards sustainable economic growth and prosperity in the Asia-Pacific region. Building a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical cooperation, enhancing human security, and facilitating a favorable and sustainable business environment are at the heart of the APEC. Indonesia has been a strong supporter of it.

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[11] USAID (2013); website: http://www.usaid.gov/indonesia/cdcs.
[12] United Nations General Assembly (2013): "The State of South-South Cooperation. Report of the Secretary-General."Sixty-eighth session; Item 24 (b) of the provisional agenda; Operational activities for development: South-South cooperation for development.

Indonesia's Role in the National Context of Development Cooperation

The Government of Indonesia has stated SSTC as one of the national priorities in its National Medium-Term Development Planning (2010-2014).[13] Developed in 2011, the Grand Design and Blue Print of SSCwere to elaborate further Indonesia's policy, strategy, and implementation stages for development cooperation for the next 15 years.[14]

Indonesia has made conscious efforts to advance the agenda on effective development cooperation at the national level, which has to be considered an important milestone towards strengthened coordination and effectiveness of development cooperation at national level. Indonesia signed on 12 January 2009the "Jakarta Commitment"[15] together with its development partners through which Indonesia stated its commitment to improve effective development cooperation by aligning external assistance with Indonesia's national development priorities. As a means to realize the Commitment and to ensure that Indonesian government institutions have the capacity to take full ownership and lead the coordination and management processes of development cooperation, an "Aid for Development Effectiveness" Secretariat (A4DES) was established.

In 2010, Indonesia took a pertinent and strategic step towards building stronger institutional coordination and inter-ministerial coordination in the area of International Development Cooperation, with the creation of the "National Coordination Team" (NCT). Drawing on the mandates and roles of Indonesia's Ministry of National Development Planning, Ministry of Foreign Affairs, Ministry of Finance, State Secretariat, the NCT is taking the lead in managing matters related to international development cooperation. Especially with a view of designing and managing activities of international development cooperation, the NCT iscurrently in charge of providing guidanceand ensuring coherence of

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[13] Presidential Regulation No.5/2010 on the National Medium-Term Development Plan of 2010-2014 can be found at: http://www.presidenri.go.id/DokumenUU.php/409.pdf.

[14] Further elaboration on the Grand Design and Blue Print is provided under "Indonesia's Legal Framework and Policy Instruments" (pp.13-14).

[15] The Jakarta Commitment was signed by the Deputy Minister from the Coordinating Ministry for Economic Affairs, Deputy Minister/Chairman of National Development Planning and the Director General from the Ministry of Finance. The document was officially adopted by 22 development partners. Refer to the document entitled "Jakarta Commitment: Aid for Development Effectiveness -- Indonesia's Roadmap to 2014" at: http://www.aideffectiveness.org/media/k2/attachments/JakartaCommitment.pdf

Indonesia's development cooperation. A more detailed review of the structure of the NCTwill follow in the subsequent section.

Current Status of Indonesia's Policies, Institutional Arrangements and Expenditures for SSTC

Review of Indonesia's Legal Framework and Policy Instruments

The legal framework and policy instruments for SSTC in Indonesia are enshrined in many decrees, regulations and laws adopted by the Government of Indonesia. The legal basis for a coordinated international development cooperation delivered by various Line Ministries and Government Agencies goes back as far as 1945. The full listing is as follows:

- Opening of the UUD (1945 Constitution), which stipulates the need to "participate in maintaining world order that is based on independence, eternal peace and social justice"
- Cabinet Presidium Decision No.81/U/KEP/4/1967 on Coordination of International Technical Cooperation
- Presidential Decree No.60/1981 on Committee Membership for Coordination of International Technical Cooperation
- Law No.37/1999 on Foreign Relations
  - o Chapters 11 and 12 on "establishing agencies for culture, friendship, promotion and cooperation"
- Law No.24/2000 on International Agreements
- Law No.17/2003 on State Finance
  - o Chapter 23 on providing and receiving grants and loans by the Central Government with the endorsement of the Parliament
- Law No.1/2004 on State Treasury
- Law No.25/2004 on National Development Planning System
- Law No.17/2007 on Long-Term National Development Planning 2005-2025
- Jakarta Commitment on Aid for Development Effectiveness (2009)
- Presidential Decree No.5/2010 on the Mid-Term National Development Plan stating that SSC is "one of the focus areas for foreign policy and a platform for increased economic cooperation"

- MPPPEI on Acceleration and Expansion of Indonesia's Economic Development (2011-2015)
- Ministerial Decree of Bappenas No.KEP.S1/HK/03/2013 (dated 25 March 2013) on the establishment of the NCT[16]
- Law No.21/2013on Industrial Policy

Aside from the above, what can be expected in 2014 is the ratification by Parliament on the draft Law on Trade Policy, which provides a strong platform for international development cooperation.The most relevant stipulations are contained Clause 53(1), which stipulates that "the Government may give unilateral preference to developing and least developed countries". In addition to the above, the Government can give preference based on international trade regulations (2) and that "any preferential treatment shall be governed by Presidential Decrees" (Clause 54).

These two Clauses in the draft Law can no doubt be utilized by the Government of Indonesia to engage Southern partners in trade negotiation that can be beneficial for both countries. Such preferential treatment can be used as leverage by the Government of Indonesia in offering package deals in development cooperation with LICs, while providing opportunities for capacity building.

In this context, it is important for national stakeholders can safeguard the clauses to ensure that they remain intact, and are not ultimately dropped from the Law.

The policy on Indonesia's SSC has been stated clearly in the *Jakarta Commitment: Aid for Development Effectiveness – Indonesia's Roadmap to 2014* (2010) and the Mid-Term National Development Plan (2010-2014). In the Road Map,it specifically states:

> *"Already involved in numerous elements of SSC for capacity development, the Government of Indonesia and development partners commit to further strengthen regional processes and institutions facilitating SSC. Efforts at SSC will through time expand*

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[16] See discussion on NCT setup under "Review of Indonesia's Institutional Arrangements for International Development Cooperation".

> *to include possibilities for financial assistance as well as technical support from the Government of Indonesia."*[17]

Meanwhile, the National Mid-Term Development Plan under the so-called "Eight National Development Missions" mentions the following:

> *"Realizing an Indonesia that has an important role in the international community, that is consolidating Indonesia's diplomacy in the strive for the national interest; continues Indonesia's commitment in the establishment of its identity and in consolidating international and regional integration; and encourages international, regional, and bilateral cooperation among nations, among groups, and among institutions in various fields."*[18]

In addition to the above, ameeting was also convened by the Government of Indonesia in July 2010, which led to the establishment of the NCTfor the development of SSC, based on the Ministerial Decree (*SK Menteri PPN*) dated 2 August 2010 and 26 May 2011. The Decree stipulated that the main task of the NCT is to develop a **Grand Design and Blue Print for South-South Cooperation**. The Grand Design is the overall direction of policies on the implementation of the SSC within the given time frame (2011-2025), and should be in line with the Long-Term National Development Plan of 2005-2025. The Grand Design is set to be implemented in three phases: Phase I: 2011-2014, Phase II: 2015-2020 and Phase III: 2021-2025.

Within the Grand Design, a Primary Plan (*Rencana Induk*) has been set with the vision of "Better Partnership for Prosperity". The document makes mentionthat the main goal of SSC is to accelerate Indonesia's economic development and to support Southern countries to achieve "collective self-reliance" based on solidarity, mutual opportunity and mutual benefit. In the Primary Plan, the principles that beset the SSC are as follows:

1. Mutual respect
2. Demand driven
3. Non-conditionality
4. Equality, mutual respect, mutual benefit and opportunity

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[17] See: http://www.aideffectiveness.org/media/k2/attachments/JakartaCommitment.pdf, p.3.
[18] Contained in the Appendices of Presidential Regulation No.5/2010, p.I-23 (English version).

5. Comparative advantage
6. Sustainability and independency
7. Experience and Knowledge Sharing

Meanwhile, the Blue Print (2011-2014) is the policy framework and action plans for the implementation of the SSC within the time frame of 2011-2014, and based on the Mid-Term National Development Plan of 2010-2014.

Review of Indonesia's Institutional Arrangements for International Development Cooperation

As mentioned above, Indonesia's NCTis in the lead of managing matters related to international development cooperation; especially with a view of designing and managing activities of international development cooperation. A more detailed overview of the roles and mandates of the different ministries involved in the NCTare as follows:[19]

- The Ministry of Foreign Affairs (MOFA) functions as the front-liner to communicate in exploring high-level international cooperation, as well as the technical implementer in international politics and foreign relations.[20]
- The State Secretariat serves as administrative coordinator and provider of technical cooperation facilities mandated by the Decree of the Presidium of the Cabinet of the Republic of Indonesia No. 81/U/4 of 1967.
- Ministry of National Development Planning/Bappenas functions as a planning agency in national development, budgeting, preparation of funding allocations.
- The Ministry of Finance provides formulation, determination and implementation of policy in the field of finance and state assets and filters loans and grants to be submitted for approval to the President and Parliament.

Each ministry involved in the NCThas a specific role and function aligned with its mandate, as outlined above. For example, Ministry of Foreign Affairs' role is

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[19] UNDP China and CAITEC (2013): Pre-conference report, "Middle Income Countries Development Cooperation Experience Exchange Workshop", Conference Beijing, 17-18 January 2013.
[20] Based on the Regulation of the President of the Republic of Indonesia No.9/2005 on Position, Duties, Functions, Organization Structure and Procedures for the Ministry of Republic of Indonesia, articles 31 and 32.

in foreign policy and diplomacy; Ministry of Planning's role is in national priority, development cooperation and budgeting; State secretariat's role is in support and facilitation; Ministry of Finance's role is in fiscal policy and state budget; while Line Ministries and Agencies will become implementing agencies for Indonesia's SSC programs.

The structure of the NCT is governed by the Ministerial Decree of Bappenas No.KEP.S1/HK/03/2013 dated 25 March 2013. According to the Ministerial Decree, the NCT has three layers of authorities, which consist of a Steering Team, Technical Committee and Working Groups. The Steering Committee has two Chairs led by the Minister of National Development Planning/Bappenas Chairperson and the Minister of Foreign Affairs. The two Vice Chairs are also derived from the two Deputy Ministers. The Secretary of the Steering Committee appointed is the Deputy Minister for Development Funding in Bappenas. Members of the Steering Team are Director Generals (Echelon 1) from the other Ministries and individuals from the private sector, who normally represent the Indonesian Chamber of Commerce (Kadin).

The second layer is the Technical Team led by the Director of the International Development Cooperation in Bappenas. Meanwhile the Deputy Chairs comprise Directors (Echelon 2 level) of six institutions: Director for Technical Cooperation, MoFA; Director for Politics and Communications, Bappenas; Director for Multilateral Foreign Funding, Bappenas; Head of Regional and Bilateral Policy, MoF; Head of Technical Cooperation Bureau, State Secretariat; and Director for Socio-Cultural and International Organization of Developing Countries, MoFA. Members include other Directors from other related Ministries.

Meanwhile, the NCT has three Working Groups, which focuses on three specific aspects of SSTC: "Institutional Framework", "Program and Funding" and "Monitoring and Evaluation, Publication and Knowledge Management". Working Group I on Institutional Framework is co-chaired by the Director of Politics and Communication of Bappenas and the Head of the Regional; and Bilateral Policy from the Ministry of Finance. The Working group II on Program and Funding is co-chaired by Director of Multilateral Foreign Funding of Bappenas together with Director of Technical Cooperation from the Ministry of Foreign Affairs. Meanwhile, the Working Group III on Monev, Publication and Knowledge Management is co-chaired by Head of the Bureau for Foreign Technical Cooperation of the State Secretariat and the Director for Socio-Cultural,

International Organization and Developing Countries from the Ministry of Foreign Affairs. Membership in the Working Groups isalso open to "other relevant ministries". The NCT can thus be illustrated as below:

Steering Committee

Co-Chair	: Minister of National Development Planning/Bappenas
Co-Chair	: Minister of Foreign Affairs
Vice Chair I	: Vice Minister of National Development Planning (Bappenas)
Vice Chair II	: Vice Minister of Foreign Affairs
Secretary	: Deputy Minister for Development Funding, Bappenas
Members	: Director General level of other related Ministries and private sector representatives

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Technical Committee

Chair	: Director, International Development Cooperation, Bappenas
Vice Chair	: Director for Technical Cooperation, MoFA; Director for Politics and Communications, Bappenas; Director for Multilateral Foreign Funding, Bappenas; Head of Regional and Bilateral Policy, MoF; Head of Technical Cooperation Bureau, State Secretariat; and Director for Socio-Cultural and International Organization of Developing Countries, MoFA
Members	: Director level of other related Ministries

Working Group I
Institutional Framework

Co-Chairs:
- Director, Politics & Communication, Bappenas
- Head, Regional & Bilateral Policy, MOF

Members: Other related Ministries

Working Group II
Program & Funding

Co-Chairs:
- Director, Multilateral Foreign Funding, Bappenas
- Director, Technical Cooperation, MOFA

Members: Other related Ministries

Working Group III
Monev, Publication & Knowledge Management

Co-Chairs:
- Head, Bureau for Foreign Technical Cooperation, State Secretariat
- Director, Socio-Cultural & Int'l Organizations, Developing Countries, MOFA

Members: Other related Ministries

Beyond the NCT, the review showed that large parts of Indonesia's SSTC are being accounted for by Indonesia'sLine Ministries and Agencies such as the Ministries for Agriculture, Education and Culture and National Family Planning Agency play a key role in the design, planning, and implementation of SSTC initiatives. Each ministry apparently fosters its own foreign relations to (potential) partner countries in the set-up and implementation of SSTC programs and initiatives.

There are at least three entry points in how Southern partners' country demands are met through Indonesia's SSTC. Some Line Ministries and Agencies make use of Indonesia's global networkof embassies in order to identify partner country demands and potential for mutually beneficial programs and activities. Others have received special requests relayed by the respective Ambassadors stationed overseas on the need for Knowledge Sharing programs and initiatives from Indonesia. The last entry point derives from requests made to the President of Indonesia in his overseas travels and subsequent agreement to assist the demands of Southern partner countries.

Thus, findings from the review suggest that no uniform, systematic mechanism is in place in terms of managing the country demands from Indonesia's Southern partners. The challenge here is how the NCT can maintain the already pro-active and positive engagement of these Line Ministries and Agencies in SSTC, while at the same time put in place a mechanism whereby further alignments can be made to ensure a more effective, efficient and measureable outcome can be attained.

Review of Indonesia's State of Affairs – A Financial Reality Check

The general sentiment among key stakeholders is that the SSTC setup and process of institutional formation has been largely "ad-hoc" and fragmented in all its forms i.e. planning, financing, coordinating, recording, reporting, monitoring and evaluating. Until now, a Presidential Decree or Government Regulation (*Peraturan Pemerintah*) is expected to be issued, which will bring into effect the inter-ministerial setup for SSTC.[21]There is likelihood that this

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[21] As of the time of the writing of the Report, a draft Presidential Decree or Government Regulation remains to be assessed in the office of the Cabinet Secretariat.

process may have to wait until the outcome of the Parliamentary and Presidential elections this year.[22]

From the state financing viewpoint, the challenge of coordination stems from the non-integrated allocation for SSC in the state budget. The inclusion of Triangular Cooperation is even more complex, as it involves the Government of Indonesia and its so-called traditional donors to agree on the nomenclature for the third country beneficiary as the ultimate recipient of development cooperation. On top of this, no integrated, systematic information system for monitoring, recording and reporting of SSTC-related activities exist to date, which would otherwise provide a view of Indonesia's extensive international development cooperation programs.

Datagenerated from the review indicates how much the Government of Indonesia has spent over the past decade on what is perceived to be SSC-related programs and activities. However, this existing data should merely be treated as "expenditures that are perceived to be SSC-related activities" (*pengeluaran yang disinyalir untuk mendanai kegiatan-kegiatan yang berkaitan dengan SSC*), and not as "SSC expenditure".[23] The best current data is said to be around US$ 42 million over the course of ten years (2000-2010). As cited in Hermawan's work (2013) entitled "SSC Funding per Ministry and Agency", these figures indicates that the Ministries of Agriculture (US$ 12.4 million), National Agency for Family Planning (US$ 6.2 million) and Education and Culture (US$6.0 million) recorded the highest expenditures for SSC over the span of ten years. The data suggest that it is extremely difficult to track the expenditures from multifarious Line Ministries and Agencies. This may largely stem from the division of labor or disconnection between the more technically-oriented directorates in a Ministry and its Planning Bureau, which makes allocations for both "overseas travels"and "training" programs in Indonesia. As an illustration, a figure of US$ 7.3 million is attributed to the expenditure of "Other Ministries/Agencies".

Some may argue that that these figures are conservative and grossly underestimated. Many more programs by the Line Ministries and Agencies over the past decade point to SSC-related activities. Again, this raises the issue

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[22] While the Parliamentary elections were held on 9 April 2014, the Presidential elections will take place on 9 July, 2014.
[23] The authors are thankful for the input on this point, which was conferred by an official from the MOF.

about the urgency of a definitive budget account for SSC-related programs and activities.

Data from the Ministry of Finance suggest that the 2013 state budget for technical cooperation stood at US$ 2.3 million with 40 programs across the Line Ministries and Agencies, a major departure from the mere 12 the year before. Recent data from the Ministry of Foreign Affairs also suggest that from 2000-2012, the Government of Indonesia disbursed around US$ 50 million for over 700 programs throughout Asia-Pacific, Africa and Latin America (*Jakarta Post* 2013). This points to a need for greater detailed investigation on the matter, involving inter-ministerial effort to track financial data in the last decade, while thinking collectively to resolve the problem for future planning, programming and budgeting.

However, the most recent data from the Government of Indonesia indicates a forward looking approachby the Government of Indonesiain terms of tracking and recording on the SSTC-related activities. The most recent data collected by the Government of Indonesia, based on the Trilateral Meeting in 2013—among Bappenas, Ministry of Finance and Line Ministries/Agencies—stands significantly at Rp 76,160,479,000.55 or equivalent to around US$ 6.769.820,36.[24] The dataset above serves to provide information on the on-budget expenditures by the different Line Ministries and Agencies based on the DIPA (*Daftar Isian Pelaksanaan Anggaran*) or Budget Implementation Registration Form. However, it was a challenge to gather detail data on types of activities and how much was spent per activities. Recommendation on the importance on how to develop a database on this type information will be included in the report.

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[24] This assumes a conversion rate of US$1=Rp.11,250.00.

No.	Line Ministry or Agency	On-Budget State Expenditure (APBN) (in Rupiah)
1.	State Secretariat	2,569,700,000.00
2.	Ministry of Foreign Affairs	15,090,470,000.00
3.	Ministry of Finance	341,279,000.55
4.	Ministry of Agriculture	6,275,900,000.00
5.	Ministry of Transportation	13,270,600,000.00
6.	Ministry of Education and Culture	34,267,600,000.00
7.	Ministry of Health	2,025,630,000.00
8.	Ministry of Marine Affairs and Fisheries	420,000,000.00
9.	Ministry of Public Works	500,000,000.00
10.	Ministry of National Development Planning/Bappenas	1,000,000,000.00
11.	National Agency for Family Planning (BKKBN)	399,300,000.00
Total		**76,160,479,000.55**

What is noteworthy to note here is that no specific single budget account has been assigned for SSC, much less TC. Therefore, no official definition of what constitutes SSTCprograms and activities has been offered in the state budget system. What the figures in the dataset mostly represent is the expenditure for two major components: first, it covers the so-called "overseas travel" (*perjalanan keluar*) for Indonesian government officials and invited parties to provide educational and/or vocational training to their counterparts in the various Southern countries. Second, the budget entails the costs of participation of government employees and individuals from Southern countries to participate in various training programs and activities held in Indonesia.

The foremost challenge in such a dispersed mechanism of delivery of SSTC is the cumbersome process of monitoring, recording and reporting. Furthermore, private funds and foreign grants dedicated to SSTC has yet to be integrated into the State Expenditure System, hence raising a new set of challenges from the viewpoint of accountability, system delivery and measure of performance.

The dataset above is thus far from being exhaustive. The dataset merely represent the on-budget expenditure for SSC-related programs and activities, and does not include TC-related initiatives, which are also significant. Other Line ministries and Agencies, for instance Ministries of Industry and Trade, to name a couple, have been involved in SSTC programs and activities utilizing triangular cooperation with the support from international development organizations.

Examining the past practices of the Line Ministries and Agencies and in view of the various countries' demands for Indonesia's Knowledge Sharing schemes, funding sources can be derived from the National State Expenditure (*APBN*), Public-Private Partnership (PPP), Private Funding, Bilateral and Multilateral Cooperation and Trust Funds, although the latter has yet to be agreed upon and setup.

Building an effective, strategic and sustainable international development cooperation framework at this juncture may have to involve capacity development in order to maintain the SSTC momentum in accordance with the Grand Design and Blue Print. Professionalization of the Secretariat can therefore be one among many possible solutions to advancing the SSTC agenda.[25]

Towards a New Position on SSTC – Indonesia's Dialogue with Constituencies

An Indonesian proverb expressly states: *Tangan di atas lebih baik dari tangan di bawah* (The upper hand is better than the lower one). In other words, 'to give is better than to receive'. Being a non-aid dependent country, Indonesia is well positioned to lead the way in sharing its knowledge, its own experiences in

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[25] The authors hesitate to elaborate on issues pertaining to the institutional setup for SSTC and the capacity development needs for the Secretariat, SC, NCT and others mainly due to two reasons: one, studies are currently being conducted by the Center for Strategic and International Studies (CSIS) on institutional mapping and arrangements; and the other relates to various programs being devised and supported by the Japan International Cooperation Agency (JICA) in Jakarta.

managing development cooperation and development dividends with other Southern countries.

However, the strategic review showed that while the sharing of Indonesian expertise on a mutually beneficial basis with other Southern partners is a key pillar of Indonesia's SSC, there are also other dimensions, which have been identified by national stakeholders. In practice, the sharing of expertise is perceived not only as a pillar, but also a mode of delivery. In numerous cases, sharing of expertise was combined with other modes of delivery, such as with project development cooperation and sector programmes or development loans. A primary example of this is the road construction projects in countries such as Timor Leste, which led to other infrastructure projects in the said country. Similarly, democracy programmes in Myanmar can well lead to cooperation in the agricultural and energy sectors. The same can be said with SSTC programmes with African nations, which in turn can supply raw materials for Indonesia's industries and possibly setup cooperation in the agricultural sector to help Indonesia in its food security, which can no doubt help the country's sustainable development goals.

With a closer look at the combination of delivery modalities, cutting across different sectors, countries and areas of sustainable development cooperation, the review quickly demonstrated that Indonesia's aspirations towards SSTC went well beyond the focus on sharing of Indonesian expertise for sustainable development solutions. Although this is a central element and pillar of Indonesia's SSTC, it is also motivated by rational, economic interests (connecting Knowledge Sharing with market accessibility), foreign policy goals (connecting capacity building with internal and regional stability) and sustainable development (connecting development cooperation with food security).

This is an important point to keep in mind especially when Indonesia takes up the discussion with their own constituencies, who might challenge the decision to invest development cooperation into other countries, while Indonesia still has to manage its own development challenges at home. While economic growth has exceeded 6% in recent years, the poor and most vulnerable –nearly half the population– still lives on less than $2 per day. Decentralization of government, generally a positive democratic development, has not evened access to basic service across the archipelago. Indonesia still struggles with

fragile institutions and endemic corruption.[26] The foremost fundamental criticism of SSTC concerns the rate of poverty in Indonesia. The usual argument is: "Why should we help poor countries, when Indonesia still has so many poor people?!" *(Buat apa bantu Negara miskin, padahal Indonesia masih banyak orang miskin?!")*. Hence, enough for constituencies to argue for the focus of investments to tackle Indonesia's own challenges first before investing in sustainable development in other countries.

However, findings of this review suggest that the spectrum of argumentation for Indonesia's rationale to invest and engage in SSTC in the region and at global level has expended through tightening its links with countries in the region, for example, Indonesia's position in various fora such as the ASEAN or APEC is getting stronger, providing the country with favorable conditions to fully realize the positive benefits of its process of democratization and economic growth. Similarly, Indonesia's bargaining power in international policy fora, such as the G20, and intergovernmental negotiations on topics such as climate change and energy security can be strengthened with SSTC being instrumental to achieving the country's foreign policy goals.

Considering all of the three dimensions of Indonesia's SSTC, the national stakeholders consulted, who took part in the strategic review, called for a change in mindset and communication about development and international cooperation—both towards stakeholders abroad, and towards Indonesia's own constituencies.[27] Being an MIC with membership in the G-20, Indonesia assumes international responsibility to assist developing and least developed countries,while utilizing its international political clout to leverage and expand its own economy and ensure sustainable growth.

Clearly identifying and communicating the value of Indonesia's engagement in SSTC along the rationale of (i) foreign policy goals; (ii) sustainable development objectives; and (iii) economic dividends will better prepare the Government of Indonesia to gain political support and country ownership for its position in SSTC. It will support the transition from being the 'lower hand' (aid recipient) to becoming the 'upper hand' (provider of development cooperation), and support

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[26] USAID (2014); website: http://www.usaid.gov/indonesia/cdcs
[27] See Annex 3 on the Main Drivers and Key Stakeholders, who were consulted during the stock take and strategic review.

the country in branding itself as an equal partner in international development cooperation, moving beyond the paradigm of donors and recipients of aid.

Once this is achieved, it will open doors for Indonesia to strengthen its position in each of the three stated dimensions:

- The foreign policy dimension in development cooperation involves the strategic positioning of Indonesia as a global player. This can be applied in the various roles Indonesia plays in international and regional organizations and fora, including the G20, the Global Partnership for Effective Development Cooperation, ASEAN and APEC. Building on the incumbent President's orientation in international politics to achieve the attainment of "a thousand friends, zero enemies" can help strengthen Indonesia's position in international development cooperation at the political level.

- Sustainable development goals can be achieved through Indonesia's engagement in SSTC in areas such as food security, which can be connected to the agricultural sector. Cooperation schemes that can be mutually beneficial for Indonesia and its Southern partners to achieve sustainable development impact. The reality that Indonesia is experiencing is shrinking agricultural lands and decreased human resource to work the land attests to the urgency in securing the rice supply for the whole populace. Hence, mutually beneficial South-South solutions can lead the way to progress for all partners involved.

- The economic gains argument gives the rationale and logical justification to obtain greater market accessibility andpossible opportunities for the Indonesian private sectorto enhance business, trade and investment, hence creating new growth areas in various fields of industry and commerce.

Hence, SSTC is becoming a strategic vehicle for the Government of Indonesia to be utilized as an opportunity to optimize leverage to further its political, diplomatic andeconomic goals at the same time.

Again, one of the most pressing issues is how the Government of Indonesia can obtain buy-in from its domestic constituents, which requires negotiations, specifically with those sitting in Parliament, and clear messages on the benefit of Indonesia to invest in SSTC. This is especially relevant in terms of

Indonesia's opportunity cost of investing in SSTC – tackling its own development challenges. The more rational the argument is, the better it can serve the purpose.

It is therefore plausible to consider state resources for international development cooperation not as a "dead weight loss" or "sunk cost", but an investment with reasonable expectations for clear and tangible returns. This way, one can get around the weak argument on the necessity for charity and donation or even 'foot printing', which as a consequence might have to confront the brutal logic on the country's poverty rate. Worse still, the Government can well be accused of 'throwing money overseas'. The paradigm shift is thus intended to serve the purpose for the justification of engaging Southern countries in a mutually-beneficial international development cooperation framework.

Its necessity also functions in shifting the argument on SSTC from an over-emphasis on inputs and resources to outputs and results. The clearer the benefit and value of Indonesia's engagement in SSTC to foster their own economic foreign policy and sustainable development goals can be captured and communicated, the stronger will be its position on SSTC and domestic support. For that matter, a cost-benefit analysis could lend a hand in providing the rationale and justification for SSTC, especially to the targeted domestic constituents.[28]

Review of the Role of Knowledge Sharing in Indonesia's International Development Cooperation

Development cooperation does not always involve cash grants and loans. Knowledge Sharingis an equally important element of it. Having a fair share of successes and experiencesin development, Indonesia is strongly positioned to share its wealth of expertise on different aspects of development that contribute to economic growth, prosperity and sustainable development. Such Knowledge Sharing is pertinent and wholly consistent with the Indonesian

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[28] See Annex 5 on Cost-Benefit Modeling for Indonesia's SSTC.

mindset, which is more or less represented in the adage that: "You give a person a fish, and he will eat for a day. You teach a person how to catch fish, he will eat every day." Such metaphortouches upon the fundamental principle of development cooperation, which must not in any way create dependency, but rather a mutually beneficial framework for both the supplier and receiver of development cooperation.

The above logic helps to serve as a rational platform for SSTC, where in Indonesia—while still a recipient of aid—is treading the path of becoming a key player in international development cooperation, with Knowledge Sharing being both a pillar and a modality to achieve the Government's goals.

Based on the Government of Indonesia's past and ongoing Knowledge Sharing programs, SSTC can serve as a convenient platform to further enhance the various potential areas of development. Below is a small sample of areas where Indonesia's Knowledge Sharing in SSTC could play a central role to strengthen its strategic international role:[29]

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[29] Data gathered in this table was derived from various sources, and is meant to be illustrative and not exhaustive.

No.	Sector	Main Supplier/ Implementing Agency	Sample Programs
1.	Finance	Ministry of Finance (Fiscal Policy Agency)	Capacity Building Program on Capital Market Development for ASEAN Countries
2.	Industry	Ministries of Industry (Secretariat of SSTC)	Capacity Building Program on Export and Industry
3.	Trade	Ministry of Trade (Multilateral Cooperation)	International Trade Standards to LICs
4.	Agriculture	Ministry of Agriculture	Rural agriculture in Gambia (ARFTC) and Tanzania (FARTC) Capacity Building Program on Artificial Insemination for Cattle to East Timor, Kazakhstan and Uzbekistan Hand tractor to Namibia, Zaire
5.	Environment and Disaster Risk Management	National Agency for Disaster Mitigation (BNPB)	Technical Cooperation Program on Disaster Risk Management
6.	Democracy, Governance and Peace Building	Ministry of Foreign Affairs (Technical Cooperation),Ministry of Finance (Taxation), Academia (Universitas Udayana) and NGOs	Capacity Building Program on Democratization and Good Governance Program Bali Democracy Forum Palestine Development (Micro-Financing, Property Taxation, etc.) Social Reconstruction in Myanmar Democracy training for Arab Spring (Algeria, Sudan, Syria, Tunisia and Yemen)
7.	Infrastructure	Ministry of Public Works	Infrastructure in Road Sectors in East Timor Water Management in Africa

No.	Sector	Main Supplier/ Implementing Agency	Sample Programs
8.	Education	Ministry of Education and Culture	Scholarship programs for developing countries
9.	Forestry	Ministry of Marine Affairs and Fisheries and Ministry of Forestry (Conservation Management)	Forest and Climate Change Strengthening Biodiversity Conservation Coral Reef Rehabilitation
10.	Mining and Energy	Ministry of Mining and Energy	Management of Energy Sector in Myanmar
11.	Family Planning	National Coordinating Agency for Family Planning (BKKBN)	Awareness Building on Family Planning

The various initiatives provide for a good sample of the kind of areas in which Indonesia could step up its efforts of SSTC with its Southern partners, and experiment with mixing the modality of sharing expertise with other modes of delivery (e.g. sector specific programmes) in international development cooperation. The Palestinian development cooperation, for instance, is a good example of how Indonesia's development cooperation could be developed to the benefit of both countries to overcome development challenges while fostering a specific sector. The Capacity Building for Palestine stemmed from the New Asian-African Strategic Partnership (NAASP) Ministerial Conference, where a pledge was made to develop the capacity of Palestinians, who will subsequently ensure the viability of the eventual evolution from the Palestine Authority to an independent functioning state.[30] This Conference saw the President of Indonesia committed to building the capacity of 1000 Palestinians for a period of five years until 2013.

Supported through triangular cooperation with JICA, the capacity building program for Palestine covers Knowledge Sharing activities in various fields of development such as business and technology incubator, improvement of property taxation, vegetable and fruit production, artificial insemination and

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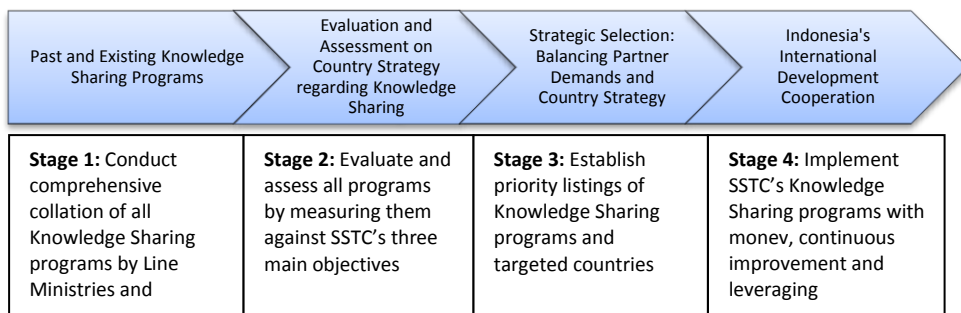[30] The Conference was held on 14-15 July 2008 in Jakarta, Indonesia.

computer-based industrial automation. One of the outcomes of these Knowledge Sharing programs include the planting of 6000 tropical fruit trees by former trainees utilizing technology learned from Indonesia. With such capacity building training, Indonesia can potentially benefit by expecting further demands, which in turn can increase access of Indonesia's technology, services and expertise.[31]

Such program also raises the issue of proximity. All this time, SSTC has been seen through the so-called "development proximity" lens. In the case of Knowledge Sharing with Palestine, Indonesia played a strategic role in development cooperation not necessarily through development proximity approach, but more importantly through "socio-religious proximity" that connects the two nations. Being the world's largest Muslim nation, Indonesia could be said to be carrying the burden and weight of assisting other Muslim majority nations.

The same could probably be held true in the case of Indonesia's development cooperation with Afghanistan with the main emphasis in the fields of public health, agriculture and community development. Indonesia is thus poised to share knowledge with Muslim countries in areas of capacity development, democracy building, macroeconomic management and a wide range of other areas. In other words, from the Government of Indonesia's perspective, the socio-religious dimension of international development cooperation also plays a factor in determining the preferred,targeted Southern countries.

Granted not all Knowledge Sharing programs, as shown in the samples in the Table, can be immediately and readily available to be offered or replicated by the Government of Indonesia to newly requesting Southern partners. A staging process thus needs to be established based not solely on the urgency and real needs of Indonesia's Southern partners, but also the comfort level at which the Government of Indonesia is at with respect to offering its expertise and capacity development programs. What is more, both the past and ongoing Knowledge Sharing programs should ideally be evaluated before a determination is made on which sectors should or could be prioritized by the Government of Indonesia. For that matter, a staging process could be foreseen as follows:

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[31] For more, see *Indonesia-Japan: Fostering Global Development through South-South and Triangular Cooperation* (JICA 2013).

34

Past and Existing Knowledge Sharing Programs	Evaluation and Assessment on Country Strategy regarding Knowledge Sharing	Strategic Selection: Balancing Partner Demands and Country Strategy	Indonesia's International Development Cooperation
Stage 1: Conduct comprehensive collation of all Knowledge Sharing programs by Line Ministries and	**Stage 2:** Evaluate and assess all programs by measuring them against SSTC's three main objectives	**Stage 3:** Establish priority listings of Knowledge Sharing programs and targeted countries	**Stage 4:** Implement SSTC's Knowledge Sharing programs with money, continuous improvement and leveraging

Looking at the staging process above, it would be difficult to determine which sectors or areas of Knowledge Sharing programs should or could be prioritized, as it would have to be blended with considerations such as outcome of evaluation, partner demands, country strategy and others. Without such considerations, Indonesia runs the risk of losing the momentum, already created by the mélange of Knowledge Sharing programs conducted by various Line Ministries and Agencies, and could potentially fail in leveraging the ongoing programs to achieve its main goals in expanding the country's international development cooperation.

As previously mentioned Knowledge Sharing can be a useful modality and a means to strive toward achieving foreign policy objectives, sustainable development goals and economic gains. The various Knowledge Sharing programs, as highlighted above, defines the orientation, direction and priorities for Indonesia's foreign policy. Through the SSTC platform, the Government of Indonesia could leverage its engagement with its Southern partner countries to achieve other development goals beyond the diplomatic and international political arena. Under the sustainable development goals, the Government of Indonesia could also potentially utilize these Knowledge Sharing programs with its Southern partner countries to develop together strategies for food security and sustainable agriculture, which could pre-empt the impending problem of hunger, and contribute to the eradication of poverty throughout the country.

The SSTC framework, Knowledge Sharing programs could be crucial to expand business and trade ties with potential Southern countries, which either possess

raw materials for Indonesia's growing industries or could provide access to Indonesian goods and services. Furthermore, Indonesian investors should have readily available mechanism to coordinate with the Government to help pave the way for foreign direct investment in Southern countries that hold great potential for industrial growth. Either way, Knowledge Sharing through the SSTC framework would necessarily generate many positive spillover effects to Indonesia's development in ways that would otherwise be difficult to attain or even imagined.

However, the review of Indonesia's experiences in the provision of expertise has shown that country level engagement in SSTC is necessary in order to tailor Indonesia's cooperation towards the demand of its cooperation partners. This will help to strengthen Indonesia's Knowledge Sharing with a focus on country demand, rather than following a supply driven approach. The strategic stock-take indicated that for this to happen, it will be necessary to involve Southern partners and their local expertise early onwards in SSTC initiatives throughout the complete project cycle. It will have the positive effect that country ownership will be fostered, which can lay the ground for interesting strategic partnerships for Indonesia in the future.

Indonesia can also strengthen its country level engagement through leveraging its global presence through its network of embassies. According to the MOFA, Indonesia's embassies abroad are already engaged in scoping the demand of cooperation partners. For example, the embassies' role could be expanded to that of a connector, knowledge broker and facilitator of strategic partnerships for collaboration.

A final aspect of Knowledge Sharing to explorein this paper within the context of the SSTC relates to the Government of Indonesia's strategic positioning within the changing global constellation. Indonesia needs to strike a balance between fulfilling its national, domestic needs while at the same time carry the responsibility as both a regional as well as global leader. The latter requires that the Government of Indonesia takes on a leadership role in Knowledge Sharing with the hope to be able calibrate and rebalance the global architecture using development cooperation as a way and means to achieving it. Eventually, such pro-active engagement will result in the increase of Indonesia's visibility and credibility as a global player and leader. The active involvement and current leadership of Indonesia in the G20, the Post-2015 discussions, the Global

Partnership for Effective Development Cooperation are but a few examples of the 'returns on investment' deriving from various pro-active initiatives that Indonesia has undertaken. Such leadership role can help Indonesia in setting the agenda for cooperation among Southern countries, and ultimately restructure the world's development architecture.

Thus, one of the main issues with respect to Knowledge Sharing is how these programs delivered by the various Line Ministries and Sector Ministries can be scaled up and be made more effective, efficient, sustainable and measurable. To achieve this, a set of action items need to be put forward and implemented.

The Way Forward towards a Strong Grand Design and Blue Print for SSC

Five Key Messages from the Strategic Stock-take

There are five key messages after conclusion of the strategic review of Indonesia's South-South and Triangular Cooperation, which have evolved strongly.

1. **Need for exploring the vision and the interpretation of "results" for Indonesia's international development cooperation.**

    Results can refer to foreign affairs goals, economic goals or sustainable development goals, or a combination of those. Once defined, progress towards the achievement of those results should be tracked accordingly, to assure that Indonesia's SSC meet the qualitative standards which are being set by the Government.

    Reaching an understanding of the kind of vision and results that are the focus for Indonesia's international development cooperation will help in to prioritizing and tailoring SSTC initiatives towards their intended purpose and strengthen Indonesia's position in the international development architecture.

2. **The clearer the benefits for Indonesia for investing in SSTC can be captured and articulated, the stronger will be its domestic support politically and country ownership.Investing in open data management systems while advocating for transparency of information related to development cooperation flows (e.g. through the International Aid Transparency Initiative which Indonesia has endorsed) is one way towards achieving this goal.**

    While attaching a monetary value to Indonesia's benefits might be hard to achieve, there are entry points which can be explored. For example, value derived from SSTC can include elements such as (i) economic gains from Indonesia's SSTC (e.g. through access to new markets, business operations expansion) abroad, (ii) reduction of public expenditure in areas such as social services, etc., due to advancement in sustainable development objectives in Indonesia and the country's own economic development due to its stronger positioning, and (iii) gains through (new) strategic partnerships in the region and at global level. However, the benefits of strategic partnerships may become visible only in the longer run, which might make it difficult for Indonesia to demonstrate their value in tangible terms. Also, for all of these elements, it might be hard to attach an accurate measurable/monetary value.

    Effective open data management systems can be an effective tool towards this end. Also, advocating towards greater transparencycan be an opportunities to build awareness of citizens in the development cooperation process, if reliability and independence of information is ensured.

3. **Strengthening Indonesia's country level engagement in SSTC is necessary in order to tailor Indonesia's cooperation towards the demand of its cooperation partners. Communicating with and involving Southern partners and their local expertise in SSTC initiatives throughout the complete project cycle is key to ensure country ownership and can lay the ground for Indonesia's strategic partnerships in the future.**

    The stock take has shown that Indonesia can strengthen its country level engagement through leveraging its global presence through its network

ofembassies. According to the MoFA, Indonesia's embassies abroad are already engaged in scoping the demand of cooperation partners. The embassies' role should be expanded to that of a connector, knowledge broker and facilitator of strategic partnerships for collaboration. The government may wish to expand on country level MoUs or agreed country strategies that encompass the full range of SSC in any particular country and incorporate agreed results against which Indonesia's partnership can be measured.

4. **Strengthening Indonesia's institutions and ministries which are engaged in SSTC should come before inter-institutional coordination efforts. Indonesia's country level engagement should go hand in hand with building capacities of Indonesia's own institutions to manage SSTC. This way, the quality of Indonesia's SSTC will be enhanced in a sustainable manner, hand in hand with increases in breadth and scale of SSTC.**

While Indonesia's SSTC is steadily increasing in breadth and scale, there is a call for greater strides in terms of quality of SSTC. This will ensure that the country's SSTC achieve greater development impact.

Developing new instruments and tools will be necessary to help Indonesia to plan, define and implement country specific initiatives, while strengthening Indonesia's national capacities as a provider and partner for international development cooperation.

Strengthening Indonesia's ministries involved in SSTC in areas such as programme management, communication and visibility strategies, channels for identifying demand and engaging with external stakeholders, innovation and human resources can be a valuable step forward. In a second step, inter-institutional coordination should follow to ensure a coherent approach to the provision of SSTC.

5. **Developing SSTC strategies which are tailored not only towards specific country contexts, but also towards sectors can help Indonesia achieve better development impact. At the same time, "sector + country strategies" will strengthening Indonesia's justification of SSTC activities towards their own domestic**

constituencies and ensure a broader basis of country ownership and political support.

The review has shown that Indonesia's SSC goes far beyond pure Knowledge Sharing and experience exchange. It also captures the dimensions of economic purposes such as trade, financial flows, grants concessional loans as well as in kind contributions of both goods and services.

Developing not only country tailored, but also sector specific strategies for SSTC is a step forward to enable Indonesia to implement their SSTC vision. It provides valuable entry points to achieve foreign policy goals, coupled with economic objectives and sustainable development goals.

A common challenge which Southern providers share is their need to justify investments in SSTC with other countries in the Global South towards their own constituencies. The study has shown that Indonesia's NCThas to manage this challenge as well by way of moving away from the idea of charity and footprinting to investments and economic dividends for Indonesia's own development. The argument they are confronted with is that the opportunity cost which incur for Indonesia to invest in the development of a country such as the Philippines, or Myanmar, are high in light of Indonesia's own remaining development challenges. As an MIC, Indonesia still has to manage development challenges at home, including poverty. If Indonesia is able to demonstrate SSTC results in a specific sector and country, which prove how Indonesian investment in SSTC lead to measurable benefits for Indonesia's economy and international position, there might be a broader basis of support and country ownership for investments in SSTC in the future.

As a step towards developing strong sector and country strategies, it is important to capture the roles, influence, strengths and shortfalls of key institutions which are managing international development cooperation at national coordination and at sectorial level. Secondly, their interaction with one another is important aspect to capture. Once, this information is available the key question to address should be how already existing, effective sector strategies can be strengthened by Line Ministries and Agencies, and how the respective Line Ministries can be enabled through institutions at national, coordinating level, such as the NCT.

Recommendations

Based on the three key findings which were identified during the stock-take, this section explores what recommendations can be derived for Indonesia for a possible way forward (i) at policy level, (ii) at institutional level and (ii) at expenditure level.

Given Indonesia's interest in exploring how to strengthen their roles as a leader in Knowledge Sharing, recommendations which refer to Knowledge Sharing specifically will be embedded into each of these levels.

Recommendations at Policy Level

Looking ahead, the interview partners of the stock-take have identified the following recommendations at the policy level which can strengthen Indonesia's position in SSTC:

- **Definition of Indonesia's vision and type of results to be achieved through SSTC**: For Bappenas, SSC includes the pillars of (1) Knowledge Sharing; (2) technical assistance; (3) economic leverage through trade, technology transfer and private sector engagements in providing goods and services. Bappenas demonstrated an interest in capturing all of the above dimensions, including through financial data. Capturing the perspectives of Indonesia's national stakeholders, such as the National Coordinating Team, sector ministries, State Secretariat, on what kind of results are to be achieved with these three pillars exactly will helps to sharpen its Grand Design for SSTC and tailor SSTC initiatives in order to achieve these results. Secondly, a critical review of the roles in which sector ministries, line ministries and coordinating bodies can contribute to their achievement, gives way for strengthening institutional arrangements accordingly.

  Guiding questions which may be useful for Indonesia in this endeavor include:

1. How are results and progress towards their achievement understood by different national stakeholders in Indonesia? Where do major gaps in the interpretation of results exist?
2. How can results lead to a "joint vision" for Indonesia in international development cooperation?
3. In how far do results refer to development results only? In how far do they also capture the perspective of results in economic terms?
4. How do results in international development cooperation link foreign affairs policy goals with economic goals and sustainable development goals?
5. Building on their mandates, what roles can Indonesia's national institutions contribute to the achievement of these results?

- **Clearly identifying and communicating the value and benefits of Indonesia's engagement in SSTC** along the rationale of the country's economic interests, foreign policy goals and sustainable development objectives. This will better prepare the Government of Indonesia to gain political support and country ownership from Indonesia's own constituencies at home for its position in SSTC. The clearer the value can be identified and articulated, the higher the chances for political and country support for Indonesia's position in SSTC.

- **Identifying key sectors which are engaged in SSTC**, **and strengthening the role ofsector ministries in implementing SSTC.** Bappenas suggested to look at the sectors of Agriculture, Education, Public Works, and Marine Affairs and Fisheries for information on delivery on Indonesia's SSC. This can be a useful entry point for Indonesia to map the key initiatives in SSTC. The NCT can then build on the findings of the mapping in order to enable and strengthen them to achieve greater scale in SSTC. Based on the mapping and staging process, the NCT will also have a better basis to coordinate SSTC at the national level.

- **Development of country specific Government-to-Government Agreements.** Bappenas suggested to conduct a joint country level analysis together with traditional development partners for development cooperation, such as UNDP, on how agreements can be reached and realized. Government-to-Government agreements on SSC with sound results framework for coordination will help Indonesia tailor its

international development cooperation towards country specific demands, while allowing Indonesia's own institutions to strengthen their capacities to manage SSTC (e.g. through workshops on country strategies and country stories for Indonesian capacity development).

- **Closing the gap between aspirations and feasibility**. A review in how far the implementation of goals and targets, policies and strategies in international development cooperation are achievable in practice will help to identify gaps to be filled in the implementation. These can refer to human capacity or financial resources required for implementing SSTC strategies, a clear vision, division of labor or mandates of national institutions to deliver on SSTC, institutional and legal structures for managing SSC, and the basis of country ownership and political support for strengthening Indonesia's role as a provider of SSTC. These findings can be used to either (i) adapt Indonesia's vision and aspirations for SSTC to what is feasible to achieve in the medium-run; (ii) address the gaps which have been identified.

- **Legal and Policy Instruments:** A comprehensive legal and policy analysis need to be conducted to see the loopholes in the overall SSTC framework. The appropriate policy instruments to implement the SSTC must be continuously analyzed to pre-empt any possible gaps at the implementation stage. Once done, a thorough check on the process of approval and ratification of all relevant legal framework and policy instruments is needed to prevent time loss, and end the waiting game, where key players and drivers are constantly waiting for someone to do something. This is especially relevant considering that 2014 is election year, and that the new top leadership may not necessarily have the same level of political will and commitment to see Indonesia's international development cooperation agenda through. In this context, it may be necessary in the future to consider having a separate Law on Indonesia's international development cooperation to secure an umbrella legal framework, which would facilitate, coordinate and synergize efforts between and among the Government of Indonesia's Line Ministries and Agencies.

Recommendations at Institutional Level

- **Strengthening Indonesia's country level engagement through leveraging the global presence of its embassies**. Indonesian embassies can be an excellent "one-stop-shop" in order to (i) identify country demand; (ii) channel it; (iii) engage in the formation of strategic partnerships; (iv) advise and take on the role of a key actor in implementing country-tailored responses to development challenges. Working through a decentralized structure will not only allow Indonesia to identify country demand, but also to respond to it in a timely manner.

- **Strengthening the integration of international development cooperation into planning and budgeting processes**.Exploring the link between policy formulation, including planning and budgeting, implementation of policies and strategies (including Knowledge Sharing initiatives), can maximize synergy effects through enhanced effectiveness, a healthy planning cycle and continuous learning. Special attention should be given on how frameworks for monitoring and evaluating for results as well as innovative partnerships (e.g. with the private sector and civil society) can be embedded.

- **Strengthening institutions (e.g. Line Ministries and Agencies) which engage in SSTC internally first, before focusing on inter-institutional coordination.** There is a need to need to explore in how far coordination for international development cooperation exists within the individual institutions already. If not, measures should be identified that strengthen these institutions, before looking at coordination and coherence among institutions, and their operation at different levels. The spirit is to capture and identify what exists already, and to seek ways to strengthen those institutions and their functions which are already key in coordinating development cooperation. Capturing the role and influence of institutions which play a role in SSTC at central coordinating, sectorial and country level is the first step. Exploring the state of internal coordination within these institutions (e.g. Line Ministries and Agencies) comes next. Once this is done, the focus should be on the question in how far institutions at central coordinating, sector and country level are working together in a coherent and coordinated manner already, where bottlenecks exist, and how these can be addressed.

- **Fostering the role of the NCTas an enabler of Line Ministries and Agencies that are engaged in SSTC.** The review led to the finding that the creation of the NCT was already a step forward in strengthening coordination and effectiveness of SSTC in which Indonesia engages. In order to ensure that the NCT can unfold its potential as "catalyzer" and "coordinator" of SSTC, it will be important for the NCT to act as an enabler of Line Ministries engaged in SSTC, rather than an entity which is being perceived as a control mechanism.

Recommendations at the Level of Expenditures and Modalities for Delivery

- **Capturing disaggregated data at country and sector level on the breadth and scale of Indonesia's international development cooperation.** A clear understanding how the national budget is being used to promote Indonesia's goals for international cooperation will be key tosteer the implementation of SSTC policies effectively. The data and analysis should be disaggregated in terms of sectors and countries. Options should be explored to capture and track expenditure specifically dedicated to SSTC. Exchanging experiences with MICs such as South Africa, which have made headway towards the introduction of a separate budget line for SSC, might be an interesting way for Indonesia to look into better data for SSTC.

- **Mapping successful and less successful delivery modalities, and how they relate to cost effectiveness and value for money.** This includes analyzing the ways in which these modalities cut across different substantive areas of development cooperation and sectors. Once a clearer picture is available, the **use of modes of delivery can be better coordinated and combined**, tailored towards the demand of specific countries and sectors. An example for combining different modes of delivery is technical cooperation tailored to a sector, coupled with expertise and knowledge transfer in the energy sector.

- **Engaging Southern partners in the design and implementation of Indonesia's SSTC initiatives.** Channeling Indonesia's International

Development Cooperation through the global network of the Indonesian government abroad can be an effective way to strengthen demand orientation. According to the MOFA, embassies are already involved in order to identify advantage of Indonesia's international development cooperation, and identifying demand in partner countries. The role of embassies should be strengthened further as "brokers" for Indonesia's international development cooperation, and make use of opportunities for partner country engagements in the design and delivery of SSTC. Engaging partners in the design and implementation is a viable way to build capacities and ensure longer term support.

Specific Recommendations with regards to Knowledge Sharing

- **Socialization of SSTC and Knowledge Sharing.** The idea of Indonesia's international development cooperation needs to be shared with key stakeholders among the Government of Indonesia's Line Ministries and Agencies, Development Partners, Chamber of Commerce or Business Associations, NGOs, political parties and the public. Efforts in socializing and mainstreaming the SSTC need to focus primarily on the rationale and justification for why Indonesia should 'invest' in international development cooperation utilizing the cost-benefit analysis as its basis. This measure is crucial to develop a common understanding of the SSTC framework among the main drivers and key stakeholders. In socializing and mainstreaming the SSTC agenda, the main drivers need to 'stay on the message' by articulating the fact that SSTC serves the country's interests in many different ways. It should also be stated that Knowledge Sharing within the framework of SSTC is not only beneficial for Indonesia's development, but also a viable means to help Indonesia attain prestige and positioning in the global arena on matters of their political interest. Hence, Knowledge Sharing serves as a function to fulfilling the country's foreign policy objectives, sustainable development goals as well as economic dividends such as for business, trade and investments. The message should place emphasis on the normative perspective that development cooperation and Knowledge Sharing are not only crucial to bringing about a more prosperous, equitable and just world, but also "good value for money". Such messaging should ideally come from the top leadership i.e. the President, Ministers and Heads of Agencies in order to raise public

awareness and discourse on Indonesia's international development cooperation. Opinion pieces in national newspapers and television talk shows should be considered as tactical channels to get the message across. This is crucial before any real negotiations take a political turn inside the halls of Parliament.

- **Knowledge Sharing is both a pillar and modality for delivery of development cooperation.** Knowledge Sharing is a very useful modality of SSC. However, beyond Knowledge Sharing, there are other important mechanisms such as grants concessional loans as well as in kind contributions of both goods and services. On the other hand, Knowledge Sharing goes beyond SSC and can involve traditional donors and institutions, which can also share their expertise and technology in areas particularly important for developing countries. According to Bappenas, Knowledge Sharing is being divided in three layers: (1) internal knowledge management, (2) Knowledge Sharing for sub-national agencies, (3) best fit options to be shared internationally. In order to embed Knowledge Sharing effectively into Indonesia's SSTC, incentives for Knowledge Sharing at individual and institutional level have to be identified. Only if the national institutions involved in Knowledge Sharing see their direct benefit from engaging in it, the sharing of Southern solutions can effectively be embedded into Indonesia's SSTC. Beyond that, the review has shown that Knowledge Sharing should not be considered a stand-alone pillar for SSC, but it is also a modality. As such, Knowledge Sharing alone might not deliver on achieving foreign policy objectives, sustainable development goals, economic dividends.

Other Cross-Cutting Considerations

Other cross-cutting considerations which can help pave the way for a more systematic and progressive implementation and scaling up of SSTCinclude:

- **Building Incentive Models throughout all levels of Indonesia's SSTC.** In the absence of a single aid agency, there is an urgency to develop incentive models for all key stakeholders to cooperate, and synergize their priorities, programs, activities and budgets within the framework of Indonesia's SSTC. The discussion on the incentive model

must include not only relevant Government of Indonesia's Line Ministries and Agencies but also the Chamber of Commerce or business associations and relevant non-governmental organizations, all of whom could potentially be providers of assistance, knowledge and expertise in their own respective fields. As potential providers of development cooperation, they should naturally receive some form of incentive, which would induce them to share information, match their programs and budgets as well as to record and report to the NCT or Secretariat. For the key stakeholders outside of the Government of the Indonesia, the question of "What's in it for me?" is much more pronounced and real. As much as the business circle may be quite intrigued by the prospect of SSTC's potential ability to become an effective platform to gain market access and investment opportunities, the ultimate incentive the business circle requires is government-to-government facilitation and guarantee in terms of safe execution of business in an otherwise unchartered territory. Through government-to-government facilitation and oversight, the business circle will no doubt feel the immediate benefit of engaging any government entity that could supply development cooperation in Southern countries.

Such 'business model' can be most appropriate and beneficial to industrial players that still require raw materials from different parts of the world such as textile and garment industries. Another form of incentive revolves around the building of an expanded database, which encompasses a preferred list of Southern countries together with detailed information pertaining to their needs or demands for cooperation and their potential raw materials and products to trade. In addition, the half open source database system should include information on prospective recipients of development cooperation as well as potential business partners on the ground together with their contact details and references. This way, the entity serves as a reliable one-stop clearing house for all things related to development cooperation and Knowledge Sharing with Southern countries.

- **Clear orientation and strengthening capacities of the SSTC Secretariat.** The SSTC Secretariat and all the bodies under it need to be refreshed, and injected with a new work ethos by having firmer guidance and clearer direction to ensure that the office does not become under-utilized, which could otherwise lose its momentum. The Standard Operating Procedures (SOP), which sets the mechanism to process country

demands, priorities for Indonesia's development cooperation and mechanism among Working Groups, already exist. It provides ways and means of channeling the country demands from the Southern countries. Though imperfect the SOP may seem, it is already at the Secretariat's disposal. Therefore, it is necessary that the NCT test and try the SOP, and see whether or not it fits its needs. Alternatively, after testing the SOP, it may well be that the SOP is found to be too cumbersome or bureaucratic, and hence require simplification. What is important is that if the system were never tested, one cannot know for sure whether or not the SOP is good enough or not. The main point is to make the Secretariat be perceived by key stakeholders and beneficiaries as 'open for business', hence recharging the energy to boost its performance.

Key stakeholders outside of the Government of Indonesia such civil society and businesses could also be re-invited to the discussion table to see the various ways and means to channel their interests to engage their Southern partners. Perhaps, one game-changing solution could be to hire a high caliber, professional officer or manager, who could operate and negotiate with the main drivers and key stakeholders located in the various Line Ministries and Agencies. The individual should expectedly be tactful, results-driven, a motivator, have strong interpersonal and communication skills, and able to focus on his or her task at hand.

- **Eminent Persons Group.** Charting the course for Indonesia's SSTC might benefit from Indonesia's engagement with a flexible "sounding board" of world-class thinkers, who can advise onglobal trends in economy, policy and development cooperation. For that matter, the SSTC could consider establishing an "Eminent Persons Group", comprising six to eight individuals who can assist the Steering Committee, and provide guidance to the NCT. The three possible main tasks of the Eminent Persons Group can be summed up as follows:
    a. To support Indonesia in charting the course for Indonesia's SSTC and strengthening the Grand Design for SSC. Identifying knowledge gaps in different regions of the world, and how best to engage a region or specific countries. This will complement the country, or region-specific expertise in the Ministry of Foreign Affairs.

b. To supply the SC and overall NCT with contemporary analysis on global and regional trends through macro-political economic and cultural perspectives.

c. To assist in prioritizing incoming requests from Southern countries for cooperation, andhelping to identify the potential and value for money (strategic dividends) for Indonesia to get engaged.

ANNEXES

Annex 1 - Methodology

The process of stocktaking and strategic review took on the following sequential activities:

- Review of legal framework and policy instruments pertaining to SSTC with some comparative outlook from other countries e.g. Brazil, Thailand, Mexico, Poland, etc.
- Review of existing documents related to SSTC in Indonesia and those as experienced by other countries e.g. National Development Plans, Grand Designs, Strategic Review of Thailand's International Development Cooperation (draft) (Miller and Prapah 2013), etc.
- Review of roles, responsibilities, terms of reference and division of labor among the main drivers and key stakeholders in SSTC in the Steering Committee, National Coordination Team, Secretariat, Line Ministries, Agencies, development partners, Chamber of Commerce, business associations and NGOs.
- In-depth and guided interviews with drivers, key stakeholders and relevant development partners. Interviews have thus far been conducted based on guiding questions to ensure coherency and comprehensibility.
- Analysis of the data, information and sentiments shared by key informants with possible employment of methods such as triangulation, scenario building and rational choice (i.e. cost-benefit analysis). Incentive models and mutual benefit schemes will certainly be considered in the analysis.
- Presentation of stocktaking and strategic review before key stakeholders, which has been tentatively scheduled on 28 January 2014. The presentation will include the outcome of the stocktaking, analyses and recommendations. The presentation is expected to generate constructive feedback, comments and criticisms on the stocktaking, analysis and recommendations.
- Final submission of report to SIP-DC NPD and UNDP.

Annex 2 - Workplan

The following Workplan was developed together with the Directorate of International Development Cooperation in Bappenas. It was submitted on 20 December 2013, and approved by the SPI-DC NPD.

Work plan	Targeted Due Dates	Dec 2013		Jan 2014					Feb 2014			
Activity		3	4	1	2	3	4	5	1	2	3	4
Commencement of contract and work	Dec 17, 2013											
Submission and presentation of the Workplan to the SIPDC-NPD	Dec 20, 2013											
Comments and feedback from the SIPDC-NPD to Workplan and approval of the Inception Report.	Dec 20, 2013											
Data Gathering and Interviews	Dec 21, 2013 - Jan 17, 2014											
Submission of the first draft report for the review by SIP-DC NPD	Jan 22, 2014											
Comments and feedback from the SIP-DC NPD	Jan 23-27, 2014											

Work plan	Targeted Due Dates	Dec 2013		Jan 2014					Feb 2014			
Presentation of the revised first draft report to the SIP-DC Project Board	Jan 28, 2014							▓				
Any further inputs from the SIP-DC Project Board to the draft report	Jan 31, 2014								▓			
Revision	Jan 28-31, 2014								▓	▓		
Submission of the draft final report	Feb 17, 2014										▓	
Presentation of the final draft report to the SIP-DC Project Board and relevant Government agencies (with CSIS – tentative)	Feb 18, 2014										▓	
Submission of the Final Report and approval by the SIP-DC NPD	Feb 24, 2014											▓

Annex 3 – Consultations with Main Drivers and Key Stakeholders of SSTC in Indonesia

The following is an interim list of main drivers and key stakeholders, whom the National Consultant met and engaged during the early period of the consultancy between late December 2013 and January 2014:[32]

No.	Institution	Name, Position	Date	Email
1.	Ministry of National Development Planning/ Bappenas	Tb. A. Choesni, Director of International Development Cooperation	Dec 20, 2013	choesni@bappenas.go.id choesni.bappenas.too@gmail.com
2.		Priyanto Rohmattullah, Deputy Director of International Development Cooperation on SSTC	Dec 20, 2013	priyanto@bappenas.go.id priyanto.r@gmail.com
3.		Dewo Broto Joko, Director of Multilateral Funding	Jan 6, 2014	dewobjp@bappenas.go.id
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5.		Raden Siliwanti, Director of Politics and Communication	Jan 7, 2014	siliwanti@bappenas.go.id

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[32] In the context of SSTC, a number of important Line Ministries and Agencies, which have yet to be consulted include: Ministries of Education, Agriculture and Public Works. Two agencies need to also be considered for such purpose, which include National Coordination on Family Planning and Disaster Mitigation Agencies.

No.	Institution	Name, Position	Date	Email
6.	Ministry of National Development Planning/ Bappenas	Otho Hernowo Hadi, Deputy Director of Politics and Communication	Jan 6, 2014	N/A
7.	Ministry of Foreign Affairs	Wicaksono, Deputy Director of Technical Cooperation	Dec 23, 2013	wboediman@gmail.com
8.	Ministry of Finance	Parjiono, Director of Fiscal Policy Agency (Center for Regional and Bilateral Policy)	Jan 8, 2014	parjiono@fiskal.depkeu.go.id
9.	Ministry of Trade	Djunari Inggit Waskito, Director of Multilateral Cooperation	Jan 6, 2014	djunari.inggit@kemendag.go.id waskitodjunari@yahoo.com
10.		Deny W. Kurnia, Director of APEC and Other International Organizations	Jan 9, 2014	deny.kurnia.11@gmail.com deny.kurnia@kemendag.go.id
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12.	Ministry of Industry	Riris Marhadi, Head Division of Program, Evaluation and Reporting	Jan 8, 2014	rismadi@yahoo.com

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15.	State Secretariat	Muhammad Fahrurozi, Division Head of Technical Cooperation among Developing Countries (TCDC)	Jan 7, 2014	mukhammadfahrurozi@setneg.go.id mukhammadfahrurozi@yahoo.com
16.		Bagus Ismujati, Head of Sub-Division on Non-UNDP Multilateral Organizations	Jan 7, 2014	bagus.ismujati@gmail.com
17.	Indonesian Chamber of Commerce (KADIN)	Mintardjo Halim, Permanent Deputy Chair on the Committee for International Trade Cooperation and Permanent Chair on Africa (and Middle East)	Jan 8, 2014	mintardjo@gmail.com sdtjkt@cbn.net.id sdtcikini@mail.com

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19.		Shafiah Muhibat, Department of Politics and International Relations	Jan 8, 2014	shafiah.muhibat@csis.or.id
20.		Lina Alexandra, Department of Politics and International Relations	Jan 8, 2014	lina.alexandra@csis.or.id
21.	Lembaga Penelitian Ekonomi dan Manajemen (LPEM), Universitas Indonesia	Fithra Faisal Hatiadi, Department of Economics	Dec 23, 2013 (workshop in Sofyan Hotel)	fithra_faisal@yahoo.com
22		Rus'an Nasrudin	Dec 23, 2013 (workshop in Sofyan Hotel)	N/A
23.	Japan International Cooperation Agency (JICA)	Dinur Krismasari, Senior Representative	Jan 7, 2014	krismasaridinur.in@jica.go.jp

No.	Institution	Name, Position	Date	Email
24.	Japan International Cooperation Agency (JICA)	Umezaki Michiko, Chief Advisor, Policy of SSTC	Jan 7, 2014	umezakir@yahoo.co.jp
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26.		Lingga Kartika, Program Officer	Jan 7, 2014	kartikalingga.in@jica.go.jp
27.	Deutsche Gessellschaft fur Internationale Zusammenarbeit (GIZ)	Doris Christina Becker, Priority Area Coordinator for Good Governance/Decentralization and SSTC Senior Advisor	Jan 8, 2014	doris.becker@giz.de
28.		HenrikeKlavert, Advisor for Good Governance/Decentralization	Jan 8, 2014	henrike.klavert@giz.de
29.	United States Agency for International Development (USAID)	David Hatch, Senior Advisor for SSTC	Jan 9, 2014	dhatch@usaid.gov
30.		Miranda G. Jolicoeur, Democracy and Governance Officer	Jan 9, 2014	mjolicoeur@usaid.gov
31.		Paula Van Dyk, SSTC Expert from South Africa	Jan 9, 2014	N/A

No.	Institution	Name, Position	Date	Email
32.	United States Agency for International Development (USAID)	Nico Y. Luping, Financial Management Coordinator	Jan 9, 2014	yluping@usaid.gov
33.	United Nations Development Programme (UNDP)	Carola Kenngott, UNDP New York	Dec 19, 2013 (incl. Skype)	carola.kenngott@undp.org
34.		Thomas Beloe, UNDP Regional Center, Bangkok	Dec 19, 2013 (incl. Skype)	thomas.beloe@undp.org
35.		Ari Pratama, UNDP Program Officer, Jakarta	Throughout	ari.pratama@undp.org
36.		Miranda Tahalele, Project Officer in Bappenas	Dec 20 and Jan 9 (with USAID)	mirandatahalele@gmail.com

Annex 4 – List of Participants in the 28 January 2014 Workshop on SSTC Stock Take of Indonesia's Development Cooperationheld in Jakarta

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1.	Tb. A. Choesni	Bappenas
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4.	Astri Kusuma	Bappenas
5.	Wisnu Hendrianto	Bappenas
6.	Husin J	Bappenas
7.	Rudi Hartanto	Bappenas
8.	Imam Gunadi	Bappenas
9.	Teni Widuriyanti	Bappenas
10.	Mada Dahana	Bappenas
11.	Dionne S	Bappenas
12.	Adhy Prasetya D.	Bappenas
13.	Muhammad Razib	Bappenas
14.	Menadion N.T.	Bappenas
15.	Fina Sugriani	Bappenas
16.	Slamet Irianto	Bappenas
17.	Supriyanto	Bappenas
18.	Bayo Wahyudi	Bappenas
19.	Andika G.W.	Bappenas
20.	Otho Hernowo Hadi	Bappenas
21.	Yane Agie Widayanti	State Secretariat
22.	Ivan Novianti	State Secretariat
23.	Bagus Ismiyati	State Secretariat
24.	Rina Setiawati	Ministry of Foreign Affairs
25.	Pudjiyanto	Ministry of Trade

No.	Name	Institution
26.	Tuti Winarti	Ministry of Trade
27.	Tegar R.	Ministry of Public Works
28.	Togisari	Ministry of Public Works
29.	Nofrijal	Family Planning Agency
30.	Uci Hasmana	Family Planning Agency
31.	Rahimah	Norway Embassy
32.	Jana Uno	World Bank
33.	Victoria	British Embassy
34.	Dinur Krismasari	JICA
35.	Nakazawa Shigeki	JICA
36.	Henrike Klavert	GIZ
37.	David Hatch	USAID
38.	Shafiah Muhibat	CSIS
39.	Tom Beloe	UNDP
40.	Kristanto Sinandang	UNDP
41.	Teuku Rahmatsyah	UNDP
42.	Aninditha Bimantara	UNDP
43.	Ari Pratama	UNDP
44.	Miranda Tahalele	SIPDC-Bappenas
45.	Deviyani	SIPDC-Bappenas
46.	Andi B.M.	SIPDC-Bappenas
47.	Dicky Sofjan	National Consultant for Bappenas/UNDP

Annex 5 – Cost-Benefit Modeling for Indonesia's SSTC

As a way to enrich the discussion on the SSTC, it is noteworthy to explore the option of conducting a thorough cost-benefit analysis with the aim to simplify the collective thinking among the main drivers and stakeholders about the rationale and justification for SSTC, which may have to be presented before the targeted domestic constituents.

In this context, much focus among domestic constituents has been on the inputs and resources on SSTC, and little emphasis has been put into outputs, results or 'returns'. Taking into account the above paradigm shift or the lack thereof, it is imperative that the goals, objectives or returns of the SSTC be made clear and transparent, with the varying costs and benefits considered in the equation. The model proposed model being offered here can be summed up in the equation below:

$C - P + IR = RoI \rightarrow$ SSTC as investment leverage

$C - P + IR < RoI \rightarrow$ SSTC with definite returns and incentives

$C - P + IR > RoI \rightarrow$ SSTC, if and only $C + IR < P$

wherein:

C : Costs (covering time, energy, budget, human resources, transaction and political costs, etc.)

P : Prestige (deriving from world image and strategic positioning)

IR : International Responsibility (highlighting commitments and promises made to prospective recipient countries)

RoI : Returns on Investment (cumulative results of development cooperation)

The equation can be both applied multilaterally or unilaterally toward one prospective recipient country. The attached costs (C) comprise time, energy and resources dedicated for SSTC. Prestige (P) is defined as the immaterial benefits deriving from SSTC-related activities. The prestige can be attained as a result of engaging the recipient country, hence producing confidence and trust from partners, which can pave the way for greater material benefits for Indonesia in terms of business, trade and investment.

International Responsibility (IR) denotes the various commitments from the Government of Indonesia toward prospective recipient countries, which should ideally be based on Indonesia's strategic foreign policy objectives, sustainable development goals and economic gains. Much of these commitments are largely based on requests made by governments from partner countries. To manage these numerous requests, a kind of preferential list of SSTC-targeted countries should be developed by the Government of Indonesia together with key stakeholders. Such listing could potentially be utilized to orientate the SSTC investments. IR can be derived out of country demands made known to the Government of Indonesia through the various channels i.e. Presidential Office, Ministry of Foreign Affairs, its worldwide network of Embassies or directly through specific Line Ministries and/or Agencies.[33]

The Returns on Investment *(RoI)* in the equation can be conceived as the overall harvest of SSTC, which can be measured against all other factors. The *RoI* of SSTC can take many forms with the following proposed priority objectives:[34]

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[33] The cost-benefit analysis can be directly applied once Costs are quantifiable and Prestige is defined in clearer terms by the Government of Indonesia.

[34] Elements listed in the priority objectives were derived from consultations with various government stakeholders and the Indonesian chamber of commerce. The ordering, however, was derived from the authors' analysis.

Politically strategic positions in regional/international organizations and policy fora

↓

Market access of Indonesian goods, services and human resources

↓

Business and trade with special export/import and credit/banking facilities

↓

Direct investment with tax breaks and easing of restrictions

↓

Footprinting

↓

Humanitarian grounds and achievement of sustainable development goals

With the proposed priority objectives of SSTC, the Government of Indonesia can rest its strategic decisions on the targeted countries and specific objectives for each country within the framework of international development cooperation.

As in all collective action strategies though, there are limits to development cooperation in which two immediate problems come to mind: the law diminishing returns and the free-rider problem. The law of diminishing returns dictates that, at some point, giving more or investing in additional resources may decrease the returns. In other words, rising Costs (C) would not necessarily yield the best results nor will it guarantee increase in the Returns (RoI), after it goes beyond the so-called Nash equilibrium, which depicts the optimal point for development cooperation. Thus, the law of diminishing returns, when applied to development cooperation, can be a good basis for how much investment is necessary and enough to be inputted in one country. The following illustration can help depict the logic:
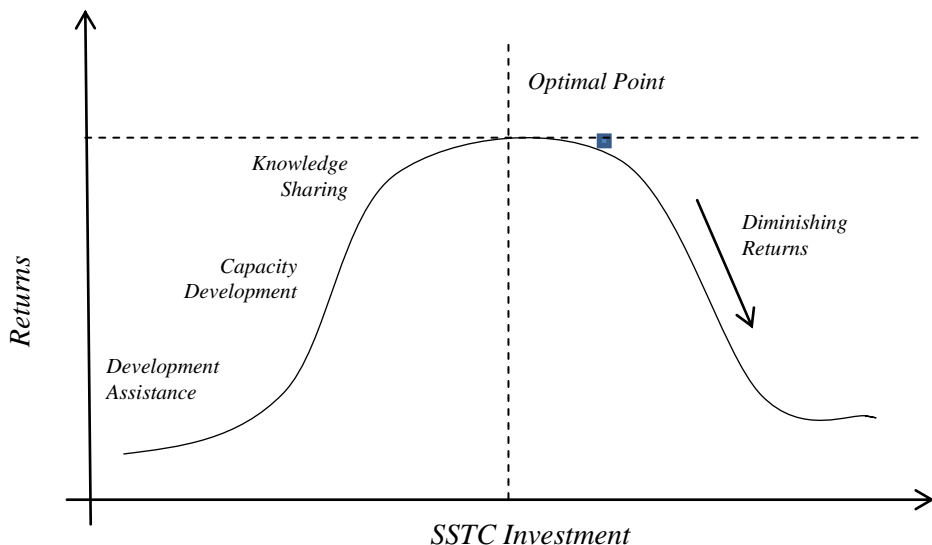
Furthermore, if Indonesia were to provide development assistance to a Southern country, it may well be that one day the recipient country will become a competitor. This applies to all kinds of development cooperation and Knowledge Sharing programs, as the effects of capacity building is non-exclusionary in nature. Meaning that once a partner country develops its capacity, other countries can take benefit from its increased knowledge—without discrimination—, and thus become a free-rider in the whole process.

Such consequences, however, are hardly new or impossible to resolve. The main point being essentially is that development is a public good, and that the prosperity of a nation is good for all nations, as it can boost business, trade and investment, while simultaneously creating conducive environment for regional and/or world peace. Being a public good, the development of a country will have an inclusive benefit for all, giving opportunity not only to the provider of development cooperation, but also other countries. The main key to resolving this dilemma is to map out clearly the competitive advantage of prospective partners among the Southern countries included in its priority listing. Mozambique is a good case in point, where the country is a major producer of cotton, which is much needed by the Indonesian textile industry. With some

development cooperation and assistance, Indonesia can tap into its raw materials and other resources for the benefit of Indonesia's own industry and trade. However, if such strategy is to be followed, a good database and priority country listing should be furnished systematically, comprehensively and updated regularly, and that key stakeholders, including business partners, can have access to such pertinent information.

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