

UNDP INDONESIA - Brief

South-south and triangular cooperation in Indonesia



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Background

South-South Cooperation (SSC) is not new to Indonesia. In fact, it has roots in the early days of the Republic of Indonesia. In 1946, as part of efforts to gain international recognition for the newly born republic, Indonesia sent 500,000 tons of rice to India, which was experiencing a severe famine. This early humanitarian aid brought Indonesia much-needed recognition from countries in Asia and the Middle East. It also planted the seeds for Indonesia's cooperation with the decolonised territories that were to become part of the Global South.

Indonesia's cooperation with other developing countries gained ground with the Asia-Africa Conference in Bandung in 1955 and the establishment of the Non-Aligned Movement (NAM). Indonesia was one of the main initiators of the movement, and the concept became part of the country's foreign policy. Indonesia's current discourse on South-South Cooperation still reflects this legacy with terminology employed such as solidarity and, in the case of Palestine, self-determination.

The decolonisation rhetoric of the Sukarno regime was supplanted by an emphasis on the development objective of SSC in the Suharto era, during which Indonesia embarked on the large-scale provision of technical knowledge to many countries in Asia and Africa. Under the umbrella of the Non-Aligned Movement following the 1992 NAM Summit hosted by Indonesia in Jakarta, Indonesia stepped up its technical cooperation among developing countries (TCDC) by establishing a number of training programmes in Asia and Africa, mostly in agriculture, fisheries, and family planning. This was mainly implemented by Indonesian South-South Technical Cooperation (ISSTC) under the State Secretariat. In 1995, Indonesia established a NAM Centre for South-South Technical Cooperation (NAM CSSTC), with poverty alleviation, development of small and medium enterprises, health, agriculture, environment, and information and communication technology as its main thematic areas.

Current south-south cooperation

Who is providing South-South Cooperation?

Indonesia's long-standing involvement in South-South Cooperation is reflected in the plethora of programmes that currently exist in various government ministries and agencies. Almost all the ministries have some components of SSC. Below are the ministries and agencies that are known to have recently conducted SSC activities:

| MINISTRIES / AGENCIES | AREAS OF ACTIVITY |
|--|---|
| Finance | Capital Market Development Taxation Policy |
| Industry | Export and Industry |
| Trade | International Trade Standard |
| Agriculture | Rural Agriculture Husbandry |
| National Agency for Disaster Mitigation (BNPB) | Disaster Risk Management |
| Foreign Affairs | Democratisation and Good Governance |
| National Development Planning Agency (Bappenas) | Evidence-Based Planning |
| Public Works | Road Building Human Settlement Water Management |
| Education and Culture | Scholarship |
| Forestry and Environment | Forest Management Climate Change Biodiversity |
| Marine Affairs and Fisheries | Coral Reef Rehabilitation |
| Energy and Mineral Resources | Management of Energy Sector |
| National Coordination Agency for Family Planning (BKKBN) | Family Planning |
| Health | Various Health Issues |
| Women's Empowerment and Children Protection | Women's Empowerment |
| Police of the Republic Indonesia (Polri) | Police Training |
| Corruption Eradication Commission (KPK) | Corruption Eradication |
| State Secretariat | Indonesia South-South Technical Cooperation |

Who is benefitting from South-South Cooperation?

Indonesia's SSC covers a large spectrum of countries. The National Coordination Team (NCT) of South-South and Triangular Cooperation of the Government of Indonesia recently reported that the majority of recipients are countries in Africa, in particular Tanzania, Namibia, the Democratic Republic of the Congo, Algeria, and Sudan. Indonesia is also quite active with Asian countries such as Laos, Nepal, and Cambodia, and has cooperation with the former Soviet Central Asian Republics, in particular Kazakhstan, Uzbekistan, and Kyrgyzstan, with which an agricultural development initiative is being launched in partnership with the Islamic Development Bank.

In the last few years, Indonesia has been engaged with transition countries such as Afghanistan and Myanmar. According to the NCT, the current administration has stated that Indonesian SSC priority countries will also include Palestine, which has been the traditional focus for a number of decades, Timor Leste and South Pacific countries (including countries of the Melanesian Spearhead Group – MSG).

How much is going to South-South Cooperation?

Over the years, the government of Indonesia has allocated substantial amounts to South-South Cooperation. However, there had been no attempt to trace the budget allocations of different ministries and agencies, which is important given the decentralized structure of Indonesia's SSC and the large number of ministries involved. The first effort to do so took place in 2013 when Bappenas, the Ministry of Finance, and line ministries collected information from the ministries' budget lines that could be classified as technical cooperation among developing countries. The breakdown per ministry that resulted from this aggregation is below:

| Ministries / Agencies | Budget Amount in 2013 (in Million Rupiah) |
|---|---|
| Ministry of Education and Culture | 34,267,600 |
| Ministry of Foreign Affairs | 15,090,470 |
| Ministry of Transportation | 13,270,600 |
| Ministry of Agriculture | 6,275,900 |
| State Secretariat | 2,569,700 |
| Ministry of Health | 2,025,630 |
| Bappenas | 1,000,000 |
| Ministry of Public Works | 500,000 |
| Ministry of Maritime Affairs and Fisheries | 420,000 |
| National Agency for Family Planning (BKKBN) | 399,300 |
| Ministry of Finance | 341,279 |
| TOTAL | 76,160,479 Eq. USD 5,641,517 (USD 1 = IDR 13,500) |

The amount the Indonesian government allocated for South-South Cooperation in 2013 as noted above comprises 0.05 percent of the entire state budget for that year. However, it is important to treat the figure above as an estimate. There is no regulation that compels government ministries, agencies, and sub-national governments (in cases such as sister cities) to provide information about their SSC programmes and activities. Additionally, SSC activities of a number of ministries and agencies, such as Polri and the KPK, were done in a triangular mode with the engagement of donor countries and institutions.

| Ministries / Agencies | Budget Amount (in Million Rupiah) |
|---|---|
| Ministry of Agriculture | 534,578,900 |
| Ministry of Foreign Affairs | 136,876,700 |
| Ministry of Maritime Affairs and Fisheries | 110,180,000 |
| Ministry of Village, Development of Disadvantaged Regions, and Transmigration | 81,847,000 |
| Ministry of Environment and Forestry | 65,813,800 |
| State Secretariat | 35,197,600 |
| Bappenas | 23,967,600 |
| Ministry of Finance | 17,497,400 |
| Ministry of Communication and Information | 7,010,000 |
| Ministry of Women's Empowerment and Child Protection | 2,250,000 |
| State Apparatus Agency (BKN) | 36,100 |
| TOTAL | 1,018,937 Eq. USD 75,476,815 (USD 1 = IDR 13,500) |

An updated review by the SSTC National Coordination Team (NCT) of the budget allocations for 2016 shows a huge increase in the SSC budget of Indonesian ministries and agencies, as seen in the table below:

The huge discrepancy between the two data sets above should be seen as the fruit of an NCT effort to apply better ways of measuring the levels of funding for Indonesia's SSC. However, it is important to note that the budget allocations listed for 2016 are not specifically related to SSC. They are taken from the budget line of international cooperation and might be related to expenses such as attending seminars in any developed country.

Information that is thus far lacking should also be generated on the actual expenditures versus allocated funds, and on the implementation given an established timeframe. Here again, the decentralised nature of Indonesian SSC makes it difficult to keep track of this data.

Indonesia has increased its budget quite substantially. The 2016 state budget of approximately IDR 2,100 trillion (USD 160 billion) clearly provides ample fiscal space for Indonesia to increase its SSC spending. With next year's budget, Indonesia's SSC allocation is still less than 0.1% of the total budget.

What are the modalities of South-South Cooperation?

A large proportion of Indonesia's SSC is spent on knowledge-sharing and related activities. The delivery is largely done through trainings and exchanges, including the travel costs of trainers and training participants to Indonesia and honoraria. This assistance is provided on a grant basis, and unlike other South-South Cooperation providers, Indonesia is not a provider of concessional loans to its partners in the Global South.

Indonesia is one SSC provider that has engaged in triangular cooperation, with the country cooperating with a multilateral organisation or a bilateral developed country for the benefit of another developing country. Triangular cooperation as a specific modality of SSC has been in operation in Indonesia for a number of years, especially supported by UNDP, USAID and the Japanese International Cooperation Agency (JICA). It has evolved from ad hoc one-off activities to longer term cooperation, in particular with Myanmar and a number of African countries. Indonesia perceives this modality to be quite effective to the point that it adopted triangular cooperation as one of the main modalities for its development cooperation and even amended the terminology used by the government to South-South and Triangular Cooperation (SSTC).

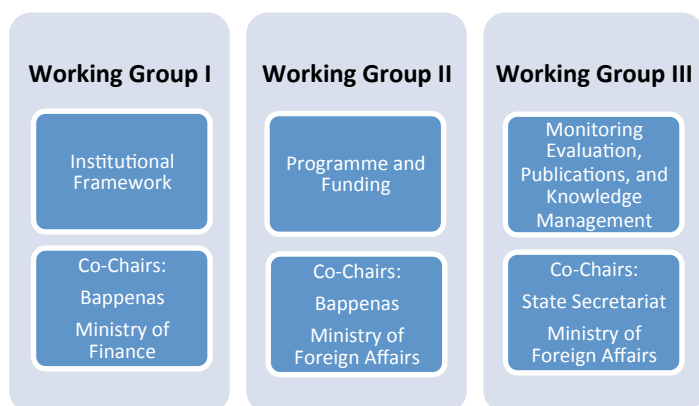
Institutional approaches to south-south and triangular cooperation

At this point in time and unlike other South-South Cooperation providers, Indonesia does not have a single aid agency. Instead, several ministries, primarily BAPPENAS, the Ministry of Foreign Affairs, the Ministry of Finance, and the State Secretariat, play a key role in identifying the policies and main orientations of Indonesia's South-South Cooperation. Those same institutions are the ones in charge of the Official Development Assistance that Indonesia receives.

To address the issue of information management and coordination, in 2010 the government set up a National Coordination Team (NCT) for SSC. The NCT is a multi-ministerial/agency team tasked with coordinating Indonesia's SSC. While officially various line ministries are members of the NCT, it is steered and driven by a team consisting of officials mainly from four ministries, i.e., Ministry of Foreign Affairs, Bappenas, the State Secretariat, and Ministry of Finance, with the following functions:

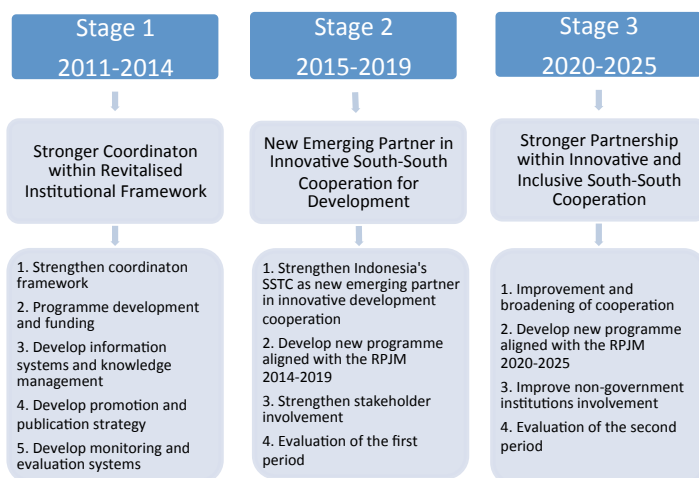
| | |
|-----------------------------|---|
| Ministry of Foreign Affairs | <ul style="list-style-type: none"> • Foreign policy • Diplomacy |
| Bappenas | <ul style="list-style-type: none"> • National priority (RPJM) alignment • Budget and programmatic allocation • Development cooperation |
| State Secretariat | <ul style="list-style-type: none"> • Traditional institution to conduct SSC • Support and Facilitation |
| Finance | <ul style="list-style-type: none"> • Fiscal policy • State budgeting |

The NCT is divided into three working groups, each with a specific function in designing the establishment of a single agency to coordinate Indonesia's SSC. The working groups are co-chaired by two echelon II officials from different ministries. Working Group I is responsible for designing the institutional framework; Working Group II for defining the programme and funding strategy; and Working Group III for developing the strategies on monitoring and evaluation, publications, and knowledge management. The working groups are as follows:



At the same time and reflecting the experiences of other developing countries, Indonesia has been contemplating the creation of a specific agency for SSC.

As the first step toward this establishment, the government formulated a Grand Design and Blueprint for South-South Cooperation, which divided Indonesia's SSC into three stages from 2011 to 2025, with intended results as follows:



Key issues for the further development of ssc in indonesia

Despite the progress the country has made and the potential for future development, Indonesia still faces a number of challenges regarding South-South Cooperation. Among the challenges are:

1. Objectives and Directions of SSTC

The most fundamental challenge relates to the need for consensus and a clear articulation of the objectives and directions of SSTC.

Four objectives may be discerned from current practice, namely:

a. Maintaining Traditional Solidarity

This stems from the long tradition of Indonesia's solidarity with the developing countries of Asia and Africa as well as Palestine, and has for a long time been the sole basis of Indonesia's South-South Cooperation.

b. Contributing to National Diplomacy

This objective relates to countries that are important to Indonesia's diplomacy, and particularly those where Indonesia encounters political challenges such as South Pacific (Melanesian Spearhead Group – MSG) countries, which have been declared a priority for SSC.

c. Creating Business Opportunities

Historically this objective never occupied a central position in Indonesia's SSTC and it seems much less important than for other South-South Cooperation providers. However, the attention paid to Indonesian business expansion has grown much more pronounced recently. This is driven by the view that development cooperation should not only be seen as the responsibility of the government, but should involve other actors such as the private sector and civil society. The expansion of private sector engagement will not only benefit Indonesian businesses but also people and businesses in partner countries.

d. Supporting Transitions to Democracy

This is the newest objective, with experience sharing on elections, the establishment of democratic institutions and processes, decentralisation, human rights with Myanmar, Afghanistan, and countries in the Middle East. Some home-grown initiatives such as the Bali Democracy Forum also contribute to this objective.

While there have been a number of studies commissioned by the NCT and supported by development partners, it is important to note, however, that these objectives are not formalised but emerged *post facto* from practice.

2. Legal and Institutional Framework

A second challenge to the effort to raise Indonesia's SSTC to a higher level is the lack of a robust and clear legal framework. There is a need for a dedicated regulation that defines all aspects of SSTC. The only SSTC-specific regulation is Bappenas Ministerial Decree No. KEP.S1/HK/03/2013 on the establishment of the NCT, and two earlier texts issued in 1967 (Cabinet Presidium Decision and 1981 (Presidential Decree). There are a number of regulations that control, at least indirectly, different aspects of SSTC, *i.e.*, Law no. 37/1999 on Foreign Relations, which basically superseded the previous regulations, and Law no. 17/2003 on State Finances, the inclusion of SSTC in the Medium-Term National Development Plan of 2010-2015 and more recently in 2015-2020, as well as the drafting of a revised Government Regulation no. 10/2011 on Loan and Grants, which will give the legal cover for Indonesia to issue grants to foreign governments and institutions. Up to now, Indonesia still has no legal ground for direct provision of grants, which results in Indonesian SSTC taking the forms of technical assistance, either by sending Indonesia's technical experts abroad or by inviting the participants from beneficiary countries to Indonesia to attend trainings.

On the institutional side, the initiative to set up a specific institution for SSTC started with the establishment of the NCT in 2010. The progress on this front in the first five years of the NCT has been very limited and there seems to be insufficient effort to introduce to the general public Indonesia's plan to set up a development cooperation institution, let alone to the members of parliament who will be responsible for deliberating the law if the bill on this institution is brought before them.

The creation of a new institutional framework should be combined with the formulation of a higher level and comprehensive regulation.

3. Funding

As already noted, Indonesia's SSTC has always been done in a decentralised manner, with ministries and agencies and sometimes even sub-national governments planning and allocating budgets and executing SSTC activities in their own respective areas. There is no mechanism for structured resource allocation and for collection information on the amount of funds spent by these different institutions on SSTC.

In the absence of a single agency to coordinate and execute SSTC, the line ministries and agencies are still given the authority to perform their development cooperation initiatives. The NCT then plans to develop a financial accounting system to track the budget allocation for SSTC from different ministries and agencies and their realisation. Until now, however this plan has not materialised.

4. Impact

The decentralised nature of the government has made it difficult to come up with clearly defined programmes intended to achieve certain objectives. There is also a need to develop reporting, monitoring, and evaluation systems that would enable tracking of results. This could be achieved looking at the experience of countries members of the OECD Development Assistance Committee (DAC) and non-DAC cooperation providers.

Since its establishment, the NCT has been tasked to develop systems and standard operating procedures (SOPs) for programme formulation, management of demands from southern partners, and identification of priority countries and key sectors to engage with southern partners. Several drafts have been produced on some of these issues, which can lead to formal adoption.

5. Partnership with Civil Society and Private Sector

Indonesia's SSTC has thus far been conducted through government channels. The involvement of other actors, such as civil society and the private sector, has been sporadic and largely confined to being invitees of SSTC activities. Indonesian civil society has been involved in many knowledge-sharing activities with southern partners, either through the support of development partners or through the global network of CSOs. A number of studies have highlighted the role that non-governmental organizations can play in development cooperation, including SSC, which could be relevant for Indonesia.

While the private sector has expanded its operations to countries in Asia and Africa, this has happened without any apparent connection to Indonesia's official SSTC. Still, the private sector may offer potential for financing of SSTC initiatives that might be provided by the private sector. There are several ways for Indonesian companies to directly or indirectly contribute to development in southern countries, including investment, infrastructure development, consumer goods exports, and public-private partnerships (PPP) in development projects.

According to the RPJMN 2015-2019, Indonesia's SSTC seriously considers the participation of the private sector in SSTC in at least two areas, i.e., financing of SSTC initiatives and as partners in diplomacy to expand markets for Indonesia's products and investments. While the government has yet to engage CSOs closely in SSTC, there have been a number of studies that suggest the inclusion of CSOs in SSTC planning and activities, such as the JICA-funded CSIS study and the UNDP-commissioned Stock-Taking and Strategic

Review. The further development and structuring of Indonesia's SSTC could consider roles for NGOs, including foundations, and the private sector.

6. The Future of Triangulation in SSTC

Triangular cooperation has been emerging as an effective modality of SSC for Indonesia as it has for other southern development cooperation providers. TC has included multilateral organisations such as UNDP as well as a number of bilateral donors from the north, in particular Japan and USAID. It has at times been integrated into existing projects in the third country. TC has tangibly benefited partner countries, and has contributed to Indonesia being recognised as a provider of knowledge, particularly in transition countries such as Myanmar and in the Middle East.

There are now opportunities to better integrate TC in South-South Cooperation in Indonesia, in particular through longer term structured cooperation that would capitalize on the expertise and experience of both Indonesia and its multilateral and bilateral partners.

7. International support to SSTC

A wide range of development partners have been supporting Indonesia's South-South Cooperation for years. While there are regular meetings at the working level, there is no donor coordination mechanism at the senior level to harmonize the directions of development partners' assistance to Indonesia's SSC and ensure there is a full complementarity of efforts. In the current situation, the assistance provided by different partners is not designed to be mutually reinforcing.

