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Policy Direction on Indonesia's South-South Cooperation

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ACRONYMS

ASEAN	Association of Southeast Asian Nations
ADB	Asian Development Bank
ANRPC	Association of Natural Rubber Producing Countries
APCC	Asia and Pasific Coconut Community
APBN	<i>Anggaran Pendapatan Belanja Negara/</i> the State Budget
AKI	<i>Angka Kematian Ibu/</i> Maternal Rate
ARECOP	The Asian Regional Cookstove Program
AFTZ	The African Free Trade Zone
AABF	Africa-Asia Business Forum
BAPA	Buenos Aires Plan of Action
Bappenas	<i>Badan Perencanaan Pembangunan Nasional/</i> National Development Planning Board
BKKBN	<i>Badan Koordinasi Keluarga Berencana Nasional/</i> National Family Planning Coordinating Board
BBIB	<i>Balai Besar Inseminasi Buatan/</i> Center for Artificial Insemination
BDK	<i>Balai Diklat Kehutanan/</i> Forestry Training Center
BCC	Behavior Change Communication
BDS	Business Development Services
BKPM	<i>Badan Koordinasi Penanaman Modal/</i> Indonesia Investment Coordinating Board
BPPK	<i>Badan Pengkajian dan Pengembangan Kebijakan/</i> Research and Policy Development Board
BRIC	Brazil, Rusia, India, and China
CAD	Course on Computer Aided Design
CFTC	The Commonwealth Fund for Technical Cooperation
CICETE	The China Centre for Economic and Technical Cooperation
CABC	China-Africa Business Council
CIS	Commonwealth of Independent States
CMEC	China National Machinery and Equipment Import and Export Corporation
CPPCC	Chinese People's Political Consultative Conference
CTL	Coal-to-Liquid
CREATA	Center for Research on Engineering Application in Tropical Agriculture
DTEC	Department of Technical and Economic Cooperation
DIO	Department of International Organization
DGIS	Dutch Ministry of Foreign Affairs
ECLA	Economic Commission of Latin America
ECOSOC	Economic and Social Council
EPU	Economic Planning Unit
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FEALAC	Forum for East Asia-Latin America Cooperation
GANEFO	Games of the New Emerging Forces
GNB	<i>Gerakan Non-blok/</i> Non-Aligned Movement
GSTP	Global System of Trade Preferences
GSTP	Global System of Trade Preferences among Developing Countries
GSDF	Global South Development Forum
GSC	Cooperation South Journal, Global Science Corps
HYLITE	Hybrid Learning for Indonesian Teachers
HLC	High-Level Committee on South-South Cooperation

IMF	International Monetary Fund
ITCP	Indonesian Technical Cooperation Program
IBEKA	<i>Institut Bisnis dan Ekonomi Kerakyatan/</i> People Centered Economic and Business Institute
IPC	International Pepper Community
ITC	International Training Course
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
JARCOM	JICA-ASEAN Regional Cooperation Meeting
KAA	<i>Konferensi Asia-Afrika/</i> Asia-Africa Conference
KTNB	<i>Kerjasama Teknik antar Negara Berkembang/</i> Technical Cooperation among Developing Countries
KOICA	The Korea International Cooperation Agency
KADIN	<i>Kamar Dagang dan Industri Indonesia/</i> Indonesian Chambers of Commerce and Industry
LDCs	Least Developed Countries
MOA	Ministry of Agriculture
MOST	Ministry of Science and Technology
MOH	Ministry of Health
MOFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
MDGs	Millenium Development Goals
MTCP	Malaysian Technical Cooperation Program
MASSCORP	Malaysian South-South Cooperation
MHP	Micro Hydro Power Plants
NEFO	New Emerging Forces
NEDA	Neighboring Countries Economic Development Cooperation Agency
NAM-CSSTC	Non-Aligned Movement Centre for South-South Technical Cooperation
NKRI	<i>Negara Kesatuan Republik Indonesia/</i> The Unitary Republic of Indonesia
NAASP	New Asia-Africa Strategic Partnership
ODA	Official Development Assistance
OKI	<i>Organisasi Konferensi Islam/</i> Organization of the Islamic Conference
OPM	<i>Organisasi Papua Merdeka/</i> Free Papua Movement
PBB	<i>Perserikatan Bangsa-Bangsa/</i> United Nations
PNI	<i>Partai Nasional Indonesia/</i> Indonesian National Party
PKKTLN	<i>Panitia Koordinasi Kerjasama Teknik Luar Negeri/</i> Coordinating Committee for Overseas Technical Cooperation
PTA	Preferential Trade Agreement
PENS	<i>Politeknik Elektronika Negeri Surabaya/</i> Electronic Engineering Polytechnic Institute of Surabaya
PIF	Post Pasific Island Forum
PGTF	The Perez-Guerrero Trust Fund
PPD	Partners in Population and Development
RPJM	<i>Rencana Pembangunan Jangka Menengah Nasional/</i> Medium-term National Development Planning
RPJP	<i>Rencana Pembangunan Jangka Panjang/</i> Long-term Development Planning
SMEs	Small and Medium Enterprises
SSTC	South-South Technical Cooperation
SIC	SMEsCo Indonesia Company
SU/SSC	The Special Unit for South-South Cooperation
SS-GATE	South-South Global Assets & Technology Exchange System
TT-SSC	Task Team on South-South Cooperation

TCDC	Technical Cooperation among Developing Countries
TCTP	Third Country Training Programme
TCE	Third Country Experts
TCP	Technical Cooperation Project
TICA	Thailand International Development Cooperation Agency
TCT	Tumba College of Technology
UNDP	United Nations Development Program
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFSC	The United Nations Trust Fund for South-South Cooperation
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WHA	World Health Assembly
WEF	World Economic Forum

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Policy Paper

**POLICY DIRECTION ON INDONESIA’S SOUTH-SOUTH
COOPERATION**

I. INTRODUCTION

A. Background

Asia-Africa Conference, which was held in Bandung, April 18th-24th 1955, is the first starting point of willingness and awareness from developing countries to act more in international level. This conference stimulated some activities aimed to strengthen developing countries’ collective action, for example the Non-Aligned Movement in 1961 and G-77 in 1964.

This self-reliance actions were expressed in some international forums. The first action plan of developing countries was established in 1978 by Buenos Aires Plan of Action (BAPA), in which this action underlined the importance of technical cooperation among developing countries. Another forum referred to self-reliance principle was a coordination forum, namely the Group for South-South Coordination and Consultation (Group of 15 or G-15), which was founded in 1989. South-South Cooperation gained another momentum from the First South Summit in Havana, Cuba 2000, Marrakesh Declaration 2003, and the UN Conference on South-South Cooperation in Nairobi, Kenya in 2009. South-South Cooperation is also supported by the United Nations, as seen in the UN Resolution No. 58/220 on the establishment of High Level Committee on South-South Cooperation and declaration of 19 December as the “UN Day for South-South Cooperation”.

Indonesia’s role in South-South Cooperation could be seen from her contribution in various technical cooperation since 1981. This cooperation

included training program for participants from developing countries; sending Indonesian experts to Cambodia, Gambia, and many others; agricultural equipment aid to some African countries; scholarship grants and cultural exchange. Based on the Ministry of Foreign Affairs, total participants of agricultural training from 1980 to 2008 reached 1,630 people from about 70 countries in Asia (including East Asia), Africa, Pacific, and Latin America.¹ Agricultural equipment aid included hand tractor, hoe, sickle, water pump, power thresher, and rice milling to countries in Africa, Pacific, and Asia.² Furthermore, Indonesia actively participates in some forums, e.g. Global Platform for Disaster Risk Reduction.

The fast and dynamic development of global politics needed some anticipation to mitigate implications that might be faced by Indonesia. Law No. 17 / 2007 on Long Term Development Plan 2005-2025 states the mission of Indonesia's foreign relations.

“Actualizing Indonesia's increasing role in international level is defined as strengthening Indonesia's diplomacy to fight for her national interest; keeping on the sustainability of Indonesia's commitment on identity development, regional and international integration; and supporting the cooperation in international, regional, and bilateral level, between societies, between groups, and also between institutions, in any fields.”

South-South Cooperation is also stated in Medium-term National Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/ RPJMN*) 2010-2014. The RPJMN explains that Indonesia, which has natural resources, human resources, international economics and political excellence, has become important proponent in South-South Cooperation. Furthermore, South-South Cooperation also becomes alternative of development cooperation, especially for developing countries. Thus, it is not surprising if Indonesia has included the South-South Cooperation in

¹ Data from Directorate for Technical Cooperation, the Ministry of Foreign Affairs

² Data from Bureau of Foreign Cooperation, the Ministry of Agriculture

the Jakarta Commitment Aid for Development Effectiveness, which was signed by the Government of Indonesia and various development partners in early 2009.³

B. Objectives

Policy paper entitled “Policy Direction on Indonesia’s South-South Cooperation is aimed to be a reference for stakeholders, including private sectors and non-governmental organizations, participated in South-South Cooperation program and implementation. This Policy Paper is also aimed to give direction for Indonesia’s participation in South-South Cooperation, to support government policy in national development, and to increase Indonesia’s competitiveness and capability.

C. Scope

This Policy Paper will explain about strategic environment conditions, opportunities, and challenges, which are faced by Indonesia. This paper will also explain about the direction of Indonesia’s South-South Cooperation which includes legal basis, institutional building, funding, implementation, monitoring and evaluation.

II. STRATEGIC ENVIRONMENT CONDITIONS, OPPORTUNITIES, AND CHALLENGES

A. Current Conditions

Indonesia’s foreign policy, as in most countries, is affected by fast-changing and dynamic external factors. In the early 1990s, world changed in at least two aspects. First, the fall of Soviet Union, which also meant

³ RPJMN 2010-2014

the fall of Communist Bloc and secondly, the economic globalization, which was supported by technology improvement and economic development.

These two aspects brought new challenges for Indonesia. The emergence of US as the sole superpower and the main supporter of economic globalization urged developing countries to review their main problem, which are gap between Northern and Southern Countries and domestic poverty.

In this context, there has been a shift in South-South Cooperation focus. Beforehand, the cooperation was more of politically aimed ones as the effect of Cold War, but then since early 1990s, this cooperation mostly focuses on economic and social development. Nowadays the South-South Cooperation pays more attention to poverty alleviation and economic growth in developing countries.

Indonesia has some interests in politics, economic, and sosio-cultural sector which can be fulfilled by participating in South-South Cooperation. The political interests are: 1) to boost Indonesia's international image; 2) to build togetherness in multilateral forum; and 3) to reduce support for Indonesia's separatist movement. Meanwhile, economic interests include: 1) trade promotion; 2) investment cooperation; and 3) Small and Medium Enterprises (SMEs) cooperation among Southern Countries. Lastly, the sosio-cultural interests include: 1) to promote Indonesia's education; and 2) to promote Indonesia's tourism and culture.

B. Opportunities

Indonesia's new status as a lower middle income country brings opportunities to play more roles in world development. Indonesia's role these days is not only as the aid recipient but also as the aid donor to other

developing countries. Besides, Indonesia membership in G-20 brings more chances to determine the global economic direction. This membership also gives more spaces for Indonesia to represent developing countries' aspiration.

In the other hand, the inclusion of South-South Cooperation in RPJMN 2010-2014 shows that it has become Indonesia's major priority in foreign policy. Besides, the Jakarta Commitment 2009 becomes another stepping stone for triangular mechanism of South-South Cooperation, which involves developed countries, such as Japan, to actively support the South-South Cooperation.

Indonesia's excellences in the field of agriculture, artificial insemination, and disaster management bring more opportunities to have a bigger role in South-South Cooperation and also to promote her international image. By South-South Cooperation, Indonesia also has opportunities to trade with Southern Countries, some of which have potential market for paper, palm oil, soap, agricultural equipments, and light machines. Africa and Pacific regions are categorized as prospective markets for Indonesian products whereas domestic economy is struggling hard to face cheap products from China as the consequence of free trade agreement between ASEAN and China (ACFTA) in January 2010.

C. Challenges

One of important issues related to Indonesia's South-South Cooperation is the absence of comprehensive national design to guarantee synergy among participated stakeholders. Indonesia also does not have a strong institutional building to conduct her South-South Cooperation project. As comparison, Thailand, Malaysia, Turkey, and Japan already have a strong and solid institutional building to handle their South-South Cooperation.

Besides, challenges also remained to promote Indonesia's excellence throughout the world as well as to identify more potential in more sectors. Indonesia also needs to optimize the existence of South-South Centers of Excellence, for example the Non Aligned Movement Centre for South-South Technical Cooperation (NAM-CSSTC).

Reviewing the dynamics and development in Indonesia's active participation in South-South Cooperation so far, there are some other problems:

1. There is a perception that South-South Cooperation is considered less important than the cooperation with developed countries (the North-South Cooperation);
2. There is no general legal basis that is well-understood and accepted as collective reference to implement the South-South Cooperation in Indonesia;
3. There is different perception about organization mechanism, which is needed to integrate many programs and activities in South-South Cooperation;
4. So far, there is no clear formulation and parameter on national interest's targets in Indonesia's South-South Cooperation;
5. There is a tendency that Indonesia's South-South Cooperation is more focused on technical aspects, so that it loses its strategic and substantive values in the context of Indonesia's national interest attainment;
6. There is no clear funding mechanism for Indonesia's South-South Cooperation, so that activities so far are much dependent to funding from state/ donor agencies;
7. Some non-governmental organizations, especially the Civil Society Organizations (CSO), have actively participated in Indonesia's South-South Cooperation. However, those participations need to be broadened and deepened in the future.

D. Assets

The free and active principle of foreign policy is indeed a very good asset in Indonesia's foreign relations and has given enormous opportunities to develop good relations with other countries. By this asset, Indonesia has actively participated in many forums, such as the Non-Aligned Movement in which Indonesia became the chairman as well as hosting the 10th NAM Summit, UN specialized agencies, ASEAN regional forum, and so on.

Another asset is Indonesia's long experiences in conducting the Technical Cooperation among Developing Countries (*Kerjasama Teknik antar Negara Berkembang/ KTNB*) since 1981. This cooperation involves various ministries/ government agencies as well as civil society organization, private sectors, and universities. This asset will boost Indonesia's positive image as a country having very much potential to assist fellow developing countries.

III. POLICY DIRECTION ON INDONESIA'S SOUTH-SOUTH COOPERATION

As one of the founding father of Asia-Africa Conference 1955, the Non-Aligned Movement, and some other South-South Cooperation activities, Indonesia's direction in this cooperation has to be strengthened and developed in order to increase national capability and competitiveness, to promote collective self-reliance, to accelerate development, and to strengthen solidarity among developing countries.

Indonesia's foreign policy should not be limited only to one dimension of diplomacy. The principle of multi direction foreign policy needs to be practically promoted in order to advance her relations with developed and

developing countries; thus enables a more effective implementation of free and active foreign policy. In this context, the South-South Cooperation becomes very much relevant. Indonesia's South-South Cooperation has to be developed as a means to attain national interests. Besides, South-South Cooperation is one of effective way to get more friends or partners in international relations as well as a multidirectional and non-conventional means of foreign policy.

Based on Indonesia's experience in implementing South-South Cooperation, the KTNB is expected to be a strategic part of Indonesia's foreign policy to intensify her roles and relations with developing countries in Asia, Pacific, Africa, and Latin America. By this technical cooperation, Indonesia may share her experiences and excellences, which has been widely recognized by other developing countries. The KTNB program has been started since 1981 and included traning program in various field, such as agriculture, health, public works, social, disaster mitigation, equipment grants, and scholarship.

South-South Cooperation has not only been implemented by government institutions, but also by private sectors, non-governmental organization, and universities. Some programs, such as on micro hydro and micro finance, show that Indonesia has very much potential to be her excellences in South-South Cooperation.

By cultivating technical cooperation into a means to boost a nation's competitiveness can advance Indonesia's South-South Cooperation as a way to develop self-reliance and solidarity among developing countries. The existence of internal and external challenges as well as huge opportunities underlines the need to put more concerns on policy making, institutional building, implementation, and funding. Indonesia's participation in South-South Cooperation has to be more coordinated and integrated to support the national development, including on Indonesia's foreign policy.

A. Legal Basis

Law No. 37/1999 on Foreign Relations explicitly states the importance of foreign policy as a means to achieve national goals, as stated in the Preamble of Constitution 1945. A national development mission is also stated on Law No. 17/ 2007 on Long-term Development Plan, which is to actualize Indonesia's increasing role in international level as a way to strengthen Indonesia's diplomacy to fight for her national interest. Thus, the South-South Cooperation could not be separated from national development mission. Even more, the South-South Cooperation has been included in the RPJMN 2010-2014, so Indonesia has a stronger foundation to play more roles in the cooperation.

About the implementation of technical cooperation, Indonesia already has the Presidential Decree No.60/M in 1981 on Coordinating Committee for Overseas Technical Cooperation (*Panitia Koordinasi Kerjasama Teknik Luar Negeri* or PKKTLN). Nevertheless, there have been a lot of changes in the structure of ministries and government agencies, which previously handled the South-South Cooperation. Problem also arised from the absence of a generally accepted, widely-referred law. Such law is needed that it can be the foundation of each South-South activities, such as priority scaling, implementation, coordination mechanism, funding, monitoring and evaluation.

B. Institutional Framework

Indonesia has enormous contribution in South-South Cooperation from various activities implemented by ministries / govenment agencies and non-governmental organization. Some training programs, workshop, and experts sending were responded positively by other developing countries, which send their representatives as participants. Nevertheless, it could be

seen that coordination mechanism among those ministries tends to be less optimal as each of them conducts the cooperation separately. Thus, there are less synergy and less coordination between existed institutions.

Related to these conditions, an institutional framework that could arrange effective coordination mechanism is urgently needed. It has to integrate various programs and activities in the Indonesia's South-South Cooperation. Researcher Team gives three alternatives of Indonesian institutional framework in South-South Cooperation, which comprises of:

- 1) **The empowerment and reinforcement of the existing South-South Cooperation institution.** The first alternative is based on status quo condition where every ministry/ government agency has been implementing various South-South Cooperation activities without optimal coordination between them. Hence, even though the first alternative do not include the establishment of a new specialized agency which focuses on handling the South-South Cooperation, it still needs empowerment and reinforcement towards existing institution dealing with such Cooperation.
- 2) **The establishment of South-South Cooperation committee.** This second alternative focuses more on the establishment of committee which comprises of some ministries/ goverment agencies, such as the State Secretariat, the Ministry of Foreign Affairs, the Ministry of Finance, the Bappenas, the Ministry of Trade, the Ministry of Industry, the Kadin, and representatives of NGOs. This committee itself is some kind of association among stakeholders involved in South-South Cooperation. Thus, it is expected that representative aspect could be fulfilled through this committee.
- 3) **The establishment of an agency with two options.** *First*, agency that is positioned in one of these institutions (the State Secretariat, the Minsitry of Foreign Affairs, or the Bappenas). *Second*, agency that is

positioned beyond State Secretariat, the Ministry of Foreign Affairs, or the Bappenas (independent).

The following table describes three institutional alternatives as well as their challenges and opportunities:

Table I
Institutional Plan Alternatives

A. Scenario 1

Institutional Plan	Opportunities	Challenges
<p>Empowerment and enforcement of the existing South-South Cooperation institutions.</p> <p>Coordination mechanism revitalization which includes the State Secretariat, the Bappenas, the Ministry of Finance, and the Ministry of Foreign Affairs (Presidential Decree No.60/M year 1981) to be carried out through a new Presidential Decree.</p>	<ul style="list-style-type: none"> • It doesn't require a new mechanism, but only a stronger existing mechanism with periodic meeting which will discuss these following agendas: 1) determining the policy direction; 2) the program selection and decision; 3) the selection and decision of targeted countries or region; 4) the decision of funding allocation. • The administration of South-South Cooperation will use existing mechanism. • South-South Cooperation activity can be integrated so that to avoid policy dualism in South-South Cooperation implementation. 	<ul style="list-style-type: none"> • The changing of Presidential Decree No.60/M Year 1981 needs further research because it is related to various aspects and adjustment with the current condition. • Ministries/ government agencies which in current time are executing South-South Cooperation need to undergo some adjustments which will affect their organization and job description.

B. Scenario 2

Institutional Plan	Opportunities	Challenges
<p>The establishment of South-South Cooperation committee.</p> <p>The committee will be established through Presidential Decree to strengthen South-South Cooperation which includes both technical and economic cooperation.</p> <p>The committee could be consisted of:</p> <ol style="list-style-type: none"> 1. State Secretariat 2. Ministry of Foreign Affairs 3. Ministry of Finance 4. The Bappenas 5. Ministry of Trade 6. Ministry of Industry 7. The Kadin 8. Representatives of NGOs. 	<ul style="list-style-type: none"> • It can gather and synchronize various South-South Cooperation activities (technical and economic cooperation) in accordance with RPJMN and Strategic Plan of each ministry/ government agencies. • A more integrated funding resource in national level. 	<ul style="list-style-type: none"> • Coordination between the committee members. • The limited funding allocation and its management in each ministry/ government agencies

C. Scenario 3

Institutional Plan	Opportunities	Challenges
<p>The establishment of agency/institution (with two options):</p> <p>a. Positioned in one of these institutions: the State Secretariat, the Ministry of Foreign Affairs, or the Bappenas</p>	<ul style="list-style-type: none"> • It can utilize existing resources and facilities in those respective institutions. • The mechanism can be implemented based on existing South-South Cooperation activity. • A more integrated funding resource in national level. • The drafting and 	<ul style="list-style-type: none"> • It has to be strengthened by resources and coordination mechanism. • Authority sensitivity in the implementation of South-South Cooperation.

<p>b. Positioned beyond State Secretariat, the Ministry of Foreign Affairs, or the Bappenas (independent).</p>	<p>synchronizing South-South cooperation program can be maximized.</p> <ul style="list-style-type: none"> • It can facilitate the drafting and synchronizing of South-South Cooperation activity from various ministries/ government agencies, NGOs, and private sector in much easier way. • The utilization and the in-depth search of funding source, both domestically and internationally, can be more optimized. • Easy coordination with various institutions/ministries • It can facilitate the implementation of South-South Cooperation which involves ministries/ government agencies in regional and international level in an easier way. 	<ul style="list-style-type: none"> • The institutional establishment needs a long process and expensive funding (facility and human resources).
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C. Funding

In addition to the issues of legal basis and institutional framework, the implementation of South-South Cooperation has not been reached by an adequate funding mechanism, thus it can be said that those current activities rely heavily on funding from donor countries or agencies. This happens because the state budget hasn't yet allocated fund for South-South Cooperation, although there are several ministries or agencies that have been allocating budget or providing matching funds for the implementation of technical cooperation. Therefore, to further optimize the

role of Indonesia in South-South Cooperation, it requires an effective funding mechanism in the form of integration of national program funding sources.

Integration of funding sources in Indonesia's South-South Cooperation is expected to create more transparency and accountability in its implementation. Integration of the national program funding sources (non-separated funding or integrated funding) will also provide some other benefits, such as: 1) optimizing the utilization of funds according to priorities based on Indonesia's National Development Plan, 2) easing the monitoring process of the use of the funds, and 3) easing the budget allocation for each program that has been planned.

Besides funding integration on national scale, Indonesia also has the opportunity to streamline the triangular funding scheme. The Jakarta Commitment 2009 saw the importance of South-South Cooperation strategies and management for the empowerment of fellow developing countries. With this program, Indonesia has chances to become a country playing a greater role in South-South Cooperation, with the support of triangular funding scheme.

D. Implementation

South-South Cooperation that has been largely implemented by Indonesia is of technical cooperation. However, compared to other countries, Indonesia has not optimally exploited the economic opportunities from the conducted technical cooperation. On the other hand, in the implementation of South-South Cooperation, several ministries and agencies also have involved non-governmental organizations and the private sector. Nevertheless, in the future, the involvement of non-governmental sector needs to be more optimized. It takes socialization and promotion of South-

South Cooperation to non-governmental organizations and private sector that have reliable potentials. In this way, wider stakeholders in the homeland can perceive the benefits of South-South Cooperation.

E. Monitoring and Evaluation

A comprehensive monitoring and evaluation mechanism is needed to organize and optimize the programs of South-South Cooperation. Monitoring and evaluation mechanism is required to determine the extent to which the programs that have been implemented provide benefits to participating countries and gather constructive input for the implementation of such programs in the future.

Monitoring is needed to establish networks with alumni who have attended training programs in Indonesia. Alumni network is expected to contribute positively to improving Indonesia's role in South-South Cooperation. Follow-up and sustainability of the South-South Cooperation programs that have been implemented require a monitoring and evaluation mechanism that can provide a complete and comprehensive picture about the level of income and benefits for participants and for the interests of Indonesia in the related field.

IV. CLOSING

Facing the increasingly complex opportunities and challenges in South-South Cooperation, the government needs to implement numerous measures for Indonesia's interests to be optimally achieved in the framework of South-South Cooperation. In this case, Research Team recommends several things as follows:

1. To review the legal basis of Indonesia's South-South Cooperation in order to harmonize the cooperation with Indonesia's needs and external dynamics;
2. Related to the first point, to draft rules and regulations as the foundation of Indonesia's South-South Cooperation so that it can accommodate current developments;
3. To draft a blue print on the future of Indonesia's South-South Cooperation which comprises of vision, mission, and targeted national interests;
4. To create coherency between the implementation of South-South Cooperation exercised by ministries/ government institutions with national interests targets which are expected to be achieved;
5. To have an intensive coordination mechanism between ministries/ government agency, local governments, development partners, as well as private parties to implement Indonesia's South-South Cooperation;
6. To have an adequate funding from APBN by allocating a specific South-South Cooperation component;
7. To encourage the funding of South-South Cooperation through triangular mechanism which goes in line with related international agreement;
8. To strengthen a transparent and accountable financial management related to South-South cooperation;
9. To have a better archive of all data about South-South Cooperation in every ministries/ government agencies which should also be integrated on inter-ministries/ agency basis.
10. To have a better evaluation and monitoring mechanism to support the improvement of Indonesia's South-South Cooperation;
11. To have synergy between technical and economic cooperation within the framework of South-South Cooperation to maximize the national interests attainment;
12. To encourage the involvement of private parties and non-governmental organization in South-South Cooperation's partnership program through *Public-Private Partnership* schemes;

13. To intertwine South-South Cooperation with the effort to market Indonesia's export products to developing countries;
14. Related to the previous point, the improvement of Indonesian Export's Funding Institution's (*Lembaga Pembiayaan Ekspor*) role towards developing countries is needed;
15. To arrange promotion program and socialization to increase the understanding and knowledge on South-South Cooperation, both in government circle and general public;
16. To have mapping on Indonesia's regions which are potential to become a conducive environment to implement South-South Cooperation;
17. To form an ad-hoc committee to coordinate the required efforts in composing regulations and blue print of Indonesia's South-South Cooperation.

CHAPTER 1

INTRODUCTION

I.1 Background

South-South Cooperation again became an international headline after the United Nations Conference on South-South Cooperation at 1 – 3 December 2009 in Nairobi, Kenya resulting in Nairobi Outcome Document. The document pushes developed countries to be more active in their participation at triangular arrangements, especially in capacity development, training and their commitment on Official Development Assistance (ODA). Besides that, United Nations bodies are also pushed to support South-South Cooperation by taking catalyst role in strengthening capacity building and regional organizations cooperation. In this conference, United Nations Development Program (UNDP) administrator Helen Clark said that South-South Cooperation must be based on equal position and solidarity so that it can carry on more cooperation.¹

The Paris Declaration 2005 had actually mentioned the issue of developed countries aid commitment to developing countries. This Declaration states donor countries' supports to their developing partners in undergoing development processes, fighting poverty, institutional capacity building, and fighting corruption. Paris Declaration 2005 was also aimed to increase aid effectiveness from developed to developing countries, including debt management. Besides Paris Declaration 2005, there are also several global agreements discussing the same concerns, i.e. Accra Agenda for Action 2008² and Doha Conference: Review on Financing for Development 2008.

¹ “Adopting Nairobi Outcome Document, South-South Conference Encourages Developing Countries to Make Cooperative Efforts Work Better in Tackling Challenges”, accessed from <http://www.un.org/News/Press/docs/2009/dev2781.doc.htm> at December 15th 2009, 10:05 a.m.

² The *Accra Agenda for Action* 2008 reflects international commitments to boost up effectiveness in using development aid in order to achieve MDGs 2015

International forums and declarations mentioned above leads us to the effort of improving welfare in developing countries. The problem of unemployment and poverty became more severe there after World War II; especially in regards to so many newly developing countries were born in the era. In this context, the North-South Cooperation was established as a development aid mechanism from developed countries to developing ones. Furthermore, another mechanism was also established between developing countries, mostly known as the South-South Cooperation.

Indonesia has been long participating in the South-South Cooperation. As a developing country, Indonesia has got many benefits by being recipient, besides Indonesia also plays much role as a donor country too.

Indonesia's involvement was legitimized with strong historical background. The Asia-Africa Conference 1955 in Bandung can be said as the founder of South-South Cooperation. From that conference, participants agreed on the need to improve economic and cultural cooperation between Asian and African countries through technical aid procurement, expert exchange to support development projects, and technological know-how exchange by establishing regional training and research center. The idea of South-South Cooperation was later on adopted by the United Nations in 1978 through Buenos Aires Plan of Action (BAPA)³ on Technical Cooperation among Developing Countries.⁴

Indonesia's strategic roles in South-South Cooperation can be seen in its active role on some international forums, i.e. Bogota High Level Event on South-South Cooperation and Capacity Development (Bogota HLE) on March 2010. Not only that, Indonesia also took a role in Task Team on South-South

³ *Buenos Aires Plan of Action* (BAPA) becomes the main foundation for Technical Cooperation among Developing Countries (TCDC). TCDC is a South-South Technical Cooperation aimed to enhance self-help mechanism and to accelerate the development pace in developing countries. Technical cooperation is also one of many efforts to boost inter-state partnership

⁴ "Kerjasama Selatan-Selatan", accessed from <http://www.deplu.go.id/Pages/IFPDisplay.aspx?Name=MultilateralCooperation&IDP=9&P=Multilateral&l=id> at December 15th 2009, 10:00 pm

Cooperation (TT-SSC) as one of 15 countries becoming Steering Committee. This active role reflects Indonesia's effort to boost up the South-South Cooperation.⁵

Most updated development on Indonesia's involvement is when the Government of Indonesia signed the "Jakarta Commitment" with 22 states and 4 multilateral donor agencies⁶ in January 2009. This commitment is aimed to create individual or collective step to increase the effectiveness of foreign aid or grant for financing development. In line with Paris declaration 2005 about aid effectiveness, the Jakarta Commitment is also aimed to make an equal partnership.⁷

One important point in *Jakarta Commitment: Aid for Development Effectiveness Indonesia's Road Map to 2014* is to improve international aid mechanism and to strengthen the South-South Cooperation. In this commitment also, the Government of Indonesia and their development partners commit to strengthen institutions and regional processes in facilitating South-South Cooperation.⁸

Furthermore, in 2010 the South-South Cooperation has been included in the Medium-term National Development Plan or *Rencana Pembangunan Jangka Menengah Nasional (RPJMN)* 2010-2014. RPJMN 2010-2014 explains that Indonesia, as a developing country having great natural resources, human

⁵ Armida S. Alisjahbana, Minister of National Development Planning, keynote speech delivered in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

⁶ State and multilateral donor agencies signing this agreement were : 1. Government of Australia, 2. Government of Japan, 3. Government of the Republic of Poland, 4. Netherlands Government, 5. Asian Development Bank, 6. World Bank, 7. Austrian Embassy, 8. Embassy of Finland, 9. French Embassy, 10. Agence Francaise de Developpement, 11. Embassy of the Federal Republic of Germany, 12. Embassy of Italy, 13. Embassy of Sweden, 14. Canadian International Development Agency, 15. Department for International Development of the United Kingdom, 16. Japan International Cooperation Agency, 17. Korea International Cooperation Agency, 18. New Zealand Agency for International Development, 19. Royal Norwegian Embassy, 20. United States Agency for International Development/ Indonesia, 21. Delegation of the European Commission, 22. United Nations System in Indonesia, 23. Islamic Development Bank, 24. Royal Danish Embassy, 25. Government of the Republic Korea, dan 26. Embassy of Switzerland

⁷ See the formal document of Jakarta Commitment at *Jakarta Commitment: Aid For Development Effectiveness Indonesia's Road Map to 2014*, January 12th 2009

⁸ *Ibid.*, p. 3

resources along with its economic and political competency, has already been an important proponent of South-South Cooperation.

Thereafter, Indonesia is expected to play more roles in the cooperation. Now, Indonesia's status has risen into middle income country with more than US\$ 2.000 of income per capita. Indonesia is not just a recipient country, but has always actively boosted its strategic position as development partners to fellow developing countries. With its good development track record, Indonesia is also expected to share its experiences to low-income countries.⁹

By that, a review on Indonesia's involvement in South-South Cooperation is needed. Various capacities and policies so far are important references for future Indonesia's South-South Cooperation. The review is also needed to increase the effectiveness of formulation and implementation of Indonesia's South-South Cooperation policy, especially to strengthen the country's institutional building relevant to such cooperation.

I.2 Research Question

The overview above underlines that Indonesia has close relations to South-South Cooperation. Accordingly, we can make several research questions:

1. How to perceive the South-South Cooperation in the context of Indonesia's foreign policy history?
2. How Indonesia implements South-South Cooperation and how that cooperation reflects Indonesia's national interest?
3. What role played by Indonesia in the South-South Cooperation and what opportunities and challenges will be faced by Indonesia in the future?

⁹ Aid for Development Effectiveness Secretariat (A4DES), *Capacity Building & Knowledge Management (CBKM) Working Group*, November 21th 2009

4. How to build a better institutional framework for Indonesia's South-South Cooperation?

I. 3 Research Purpose

1. To analyze Indonesia's role in South-South Cooperation in relation to Indonesia's foreign policy dynamic;
2. To map the South-South Cooperation and to analyze its relevancy on Indonesia's national interest;
3. To identify and analyze Indonesia's challenges and opportunities in the South-South Cooperation
4. To give recommendation for Indonesia's future role in South-South Cooperation.

I. 4. Framework of Thinking

I.4.1. Foreign Policy and National Interest

Foreign policy is a very central concept in this research. K. J. Holsti defines foreign policy as a state behavior in responding her external and domestic environment through a policymaking process.¹⁰ According to Prakash Chandra, foreign policy is set of activities conducted by a community or a state to change the behavior of another state and to adapt their activities within international environment.¹¹ Moreover, James N. Rosenau explains us that foreign policy is a state effort through all of her activities and behavior in dealing with external environment problem and how to get benefit from it.

¹⁰ K. J. Holsti, *International Politics: A Framework for Analysis*, 6th edition (New Jersey: Prentice Hall, 1992), p. 17

¹¹ Prakash Chandra, *International Politics*, 3rd edition (New Delhi: Vikash Publishing House PVT Ltd., 1995), p. 81

There are two main elements in foreign policy: the national interest and state power or capability.¹²

Holsti also explains that international politics are pattern of state behavior and the reaction or response from another state to that specific behavior.¹³ Interaction or interstate relations can be defined as international relations of separate members of society, i.e. state or non state actor. From that definition, Holsti divides interstate relation into conflicts, competition, and cooperation. Conflict and competition will emerge when there are clashes of interest between states, and if there are mutual interests between them, the cooperation pattern will be most likely happened.¹⁴

Foreign policy also includes policy making and implementation process from value and principals that shape state behavior when they negotiate each other to protect their interest.¹⁵ The policy making process will be always started by defining state interest, including defining the purpose of foreign policy making itself. Both Holsti and Chandra divide the purpose of foreign policy making into five: (1) to defend state integrity, (2) to promote economic interest, (3) to guarantee national security, (4) to defend state prestige and develop state power; and last (5) to defend international order and peace.

Foreign policy processes cannot be carried out without a national interest. According to Paul Seabury, national interest can be seen as sum of specific purposes that by a state are being promoted in their foreign policy.¹⁶ National interest concept according to Theodore A. Coulumbis and James H. Wolfe, is a central variable in every effort to explain international behavior.

National interest influences state behavior much. The concept can be defined as aim or reason directing the decision makers in formulating foreign policy. National interest analysis can be seen trough the condition of the

¹² Theodore A. Columbis and James H. Wolfe, *Introduction to International Relations: Power and Justice*, 4th edition (New Jersey: Prentice-Hall International Inc., 1990), p. 116

¹³ Holsti., *Loc. Cit.* p. 3

¹⁴ *Ibid.*, p. 432

¹⁵ Chandra, *Op. Cit.*, hlm. 73

¹⁶ Quoted from H.M. Sabir, *Politik Bebas Aktif Tantangan dan Kesempatan* (Jakarta: CV. Haji Masagung, 1987), p.8

society and the state itself. So does Indonesia, where the basis in formulating foreign policy is her ideology and society condition.

I.4.2 International Cooperation between Developing Countries

According to Michael P. Todaro, generally Third World Countries or developing countries have same aims and purposes: ¹⁷ (1) to fight poverty; (2) inequality; (3) unemployment; (4) to provide minimum standard of education; (5) healthcare; (6) housing and food for all of society; (7) to widen economy and social opportunities; also (8) to increase national integrity.

Beside economical and political aim, Todaro also notes the same problem faced by developing countries in different degree. They are: ¹⁸ (1) chronic and widening poverty; (2) high and increasing trend of unemployment; (3) widening gap of income distribution; (4) low agriculture productivity; (5) increasing economic inequalities between cities and rural area; (6) low service in health and education; (7) worsening balance of payment and foreign debt; (8) increasing technological dependency from foreign country; and (9) weak institution and assessment system.

From the above-mentioned problem, developing countries have the same common feeling enabling them to unite into a “common interest”. This common interest becomes the basis for cooperation between developing countries. James E. Dougherty and Robert L. Pfaltzgraff Jr. said that international cooperation is a relation that never based on forces and those relations have been legitimized, like what happened in United Nations and European Union. ¹⁹ Cooperation are also caused by behavior adjustment from an actor in the sense to anticipate the other actor behavior. ²⁰ Cooperation

¹⁷ Michael P. Todaro and Burhanudin Abdullah, *Pembangunan Ekonomi di Dunia Ketiga, Edisi Ketiga* (Jakarta: Erlangga, 1980), p. 23

¹⁸ *Ibid.*

¹⁹ James E. Dougherty dan Robert L. Pfaltzgraff, Jr, *Contending Theories of International Relations* (New York : Longman, 1997), p. 418

²⁰ *Ibid.*

happens in an interaction and negotiation between actors from the weakest to the strongest.

Also by Dougherty and Pfaltzgraff Jr., cooperation is a representation of collective or individual needs to achieve prosperity. Cooperation is a way made by every related party to achieve interest and prosperity in the absence of central authority.

Cooperation between developing countries (South-South Cooperation) had already pointed out by several countries, including Indonesia, in 1950s when the Asia-Africa Conference underlined the importance of cooperation between developing countries. This agreement was implemented in various conference and exchanging experts, student exchange and another technical projects. The South-South Cooperation in itself is the answer for North-South Cooperation which has asymmetrical tendency.²¹

The South-South Cooperation can be divided into two categories: the Technical Cooperation among Developing Countries (TCDC or *Kerjasama Teknik antar Negara Berkembang/ KTNB*) and Economic Cooperation among Developing Countries (ECDC or *Kerjasama Ekonomi antar Negara Berkembang/ KENB*). TCDC is cooperation between two or more states generally in transferring technology, knowledge and capacity. TCDC was formed in regards to differing development level between developing countries, where it is hoped that the ones having better development level would be able to transfer part of their capacity and knowledge to others. This mechanism seems to suit more since it is harder to transfer technology from developed to developing countries due to huge development gap. On the other hand, the ECDC includes wider scope of cooperation and whole economic relations between developing countries. KENB is usually followed with trade and investment cooperation, including preferences and non-preferences cooperation, free trade and economic partnership agreement.

²¹ S. Nadjundan, "From North-South to South-South," on journal of *Economic and Political Weekly*, Vol. 21, No. 38/39 (Sep. 20-27, 1986), p. 1695

In Nairobi meeting in 2009, the state leader agreed on the Nairobi Outcome Document. In that document, leaders from Southern Countries believe that South-South Cooperation is a form of solidarity between Southern Countries and their society in the context of creating self-reliance and fulfilling MDGs.²² South-South Cooperation then becomes a complement of North-South Cooperation, since the later has not moved in the way it should.

I.4.3. Institutions and Competency Improvement in South-South Cooperation

For South-South Cooperation to become more effective and beneficial, it is understandable for economic interest of states to be the main consideration. One of the most important economic interests is the trading interest. To analyze trading interest, the research will use comparative advantage theory.

According to this theory, a state must specialize herself in a product which has the smallest absolute disadvantage and import products which have the biggest absolute disadvantage. This is very different from the absolute advantage theory which emphasize on the absolute advantage of a country in a product of economical goods. Yet in the empirical level, not all of states have their top or paramount products.²³

Indonesia has several top products becoming her main product in international trade, for example palm oil, farming products, farming technology products, etc. In this view, South-South Cooperation must be directed into Indonesian trading interest maximization.

²² Quoted from *High-Level United Nations Conference on South-South Cooperation Outcome Document*, as the result of Nairobi Convention in Kenya at 1-3 December 2009. The document is about commitment between developing countries leaders in realizing cooperation between them.

²³ Dominick Salvatore, *International Economics*, 8th Edition (New Jersey: John Wiley & Sons, 2004), p. 29-40

To increase the effectiveness of that interest, the government role is very important. By that, institutional reform is needed so that there will be a better coordination, communication, and cooperation between ministry and government agency. Besides that, institutional development is also needed to increase the performance of ministry and government agency, especially to maximize Indonesia's role in South-South Cooperation.

Then, having institutional development as a framework of thinking is very relevant. In this context, institution could be defined as a set of social activities of collective role moved based on rules and law that govern relations between its members.²⁴ According to Yuichi Sasaoka, institution does not guarantee every progress made, yet it has to be supported with a sustainable effort to make progress. By taking Africa as her case study, Sasaoka recommends to make long-term institutional development to achieve maximum progress and change.²⁵

Institutional development becomes very central to revitalize development goals. Institutional development consists of institutional revitalization or empowerment, transparency and reorientation of the man within that institution.²⁶ Moreover, institution's vision is one of institutional development tools, meaning that institutional development has not only material aspects but also non-material ones. Another important aspect in institutional development is political will.²⁷ This aspect must be owned by every leader in the institution. The vision mentioned before can be measured through political will. With political will as foundation, institutional development has the power needed, politically.

²⁴ Yuichi Sasaoka, "Institution Building for Poverty Reduction and Local Governance: the Cases of Tanzania, Ethiopia and Kenya", accessed from http://www.grips.ac.jp/forum-e/pdf_e02/DP13.pdf at 20th May 2010, at May 20th 2010, 10:12 pm

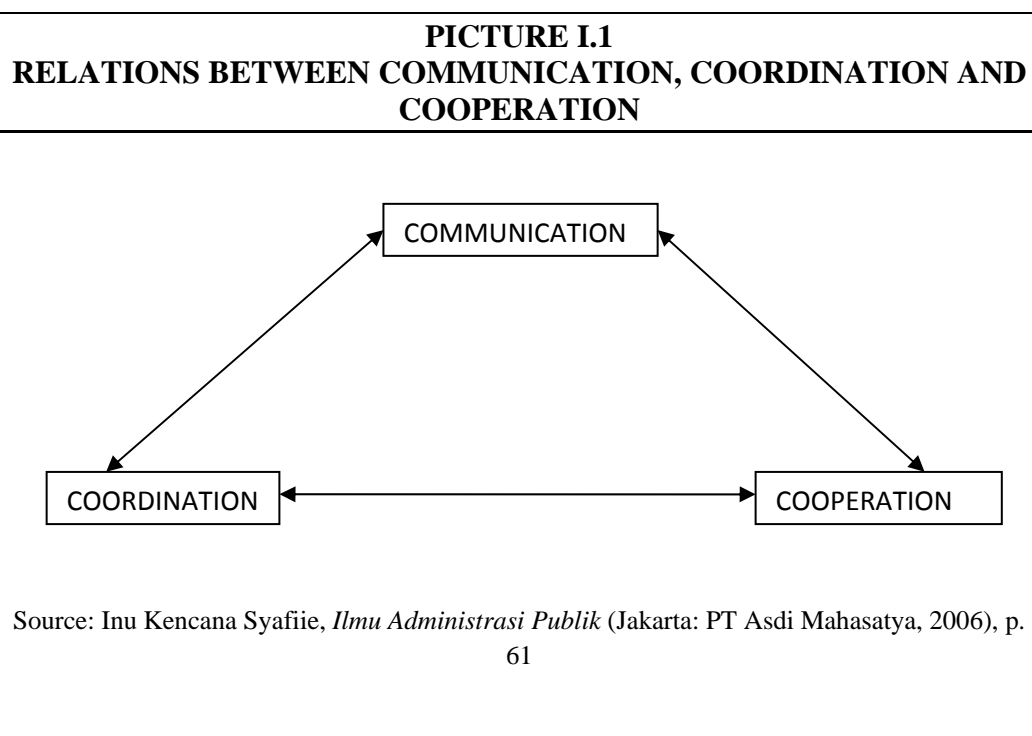
²⁵ *Ibid.*

²⁶ "Institutional Building" diakses dari http://www.unodc.org/pdf/crime/corruption/toolkit/AC_Toolkit_chap3.pdf at May 30th 2010, 9:21 pm

²⁷ *Ibid.*

Reformation process also can be separated into three aspects of government communication. According to Inu Kencana Syafe'i, governmental communication has a very central place in the study of Public Administration. Theoretically, political communication is needed so that governmental mechanism can move smoothly, including communication between government and society or communication within government agency. Those three aspects are communication, coordination, and cooperation.

Communication between ministry and government agency must be reorganized so there won't be a long bureaucratic process or authority overlap. By that, there will be a good coordination between ministry and government agency which in the end leads to stronger cooperation between them. Goals to be achieved in this process are to strengthen Indonesia's position and competency by taking maximum benefit from South-South Cooperation.



I.5 Research Assumption

Several assumptions used in this research are:

1. South-South Cooperation can be used to boost economy and accelerate development process in developing countries;
2. By capacity enhancement, Indonesia will be able to increase her own strategic role in South-South Cooperation;
3. It is needed to have coherency between Indonesia's activities in South-South Cooperation with her national interest in various spectrum;
4. Better institutional framework is needed to support Indonesia's role, position, and participation in South-South Cooperation.

I.6 Research Method

This research is using qualitative method, with literature studies and in-depth interview as data gathering method. In literature studies, Researcher will use: (a) primary data sources like formal government publication, data from government and non-government research unit; (b) secondary sources like the analysis of expert or practitioner in books, journals, working papers, articles in media, etc.

In in-dept interview method, Researcher will conduct interviews with officials, experts and Indonesian practitioner relevant with the research.

I.7 Research Structure

This research will be divided into seven main chapters, which are:

- **Chapter I** consists of background, research question, research purpose, framework of thinking, research assumption, and research method.
- **Chapter II** will explain about international and comparative perspective of South-South Cooperation. The chapter will also explain about the

moment of which South-South Cooperation was born, the dynamics of the cooperation since World War II, and experiences of several countries practicing the cooperation.

- **Chapter III** will explain South-South Cooperation in Indonesian foreign policy perspective. The chapter will explain the form of South-South Cooperation conducted by Indonesian government in each period from Soekarno to Susilo Bambang Yudhoyono era.
- **Chapter IV** will explain about Indonesia's activity and involvement in South-South Cooperation. Included in this chapter is the role of ministries/ government agencies and several non government organizations in implementing South-South Cooperation.
- **Chapter V** will explain about Indonesia's national interest in South-South Cooperation. Several interests that will be discussed in this chapter are politics, economy, and socio-culture.
- **Chapter VI** will explain about Indonesia and the future of South-South Cooperation. The chapter will identify Indonesia's opportunities and challenges along with adjustments that must be done, so that Indonesia can maximize her role in South-South Cooperation.
- **Chapter VII**, as the last chapter will be about conclusion and recommendation on roadmap. The chapter will also include institutional alternatives in conducting South-South Cooperation in the future.

CHAPTER II

THE DYNAMICS OF SOUTH-SOUTH COOPERATION: INTERNATIONAL AND COMPARATIVE PERSPECTIVES

II. 1 The Development of South-South Cooperation

Discussion on South-South Cooperation can not be separated from the growing discourse of development studies, especially as a result of *Economic Commission of Latin America* (ECLA) studies that elucidated the existence of specific condition (i.e. center-periphery relations that creates dependency of poor countries to the richer ones) that became impediment to the post-colonial Latin American economic development.²⁸ Another driving factor pushing more discussion on this issue was the Third World Countries desire to play more role in international arena. This can be seen from the Asian-African Conference²⁹, the Non-Aligned Movement, and the emergence of Third World Countries charismatic leaders, like Soekarno (Indonesia), Kwame Nkrumah (Ghana), Jawaharlal Nehru (India), and Gamal Abdel Nasser (Egypt).

In 1950s period, Third World Countries economic transformation faced internal and external problems. Internal problems were weak and immature economy after independence. For African countries, the absence of economy, industry, communication and transportation infrastructure also became their internal problems. Moreover, infrastructure to develop human resources through education and training was also not enough to boost

²⁸ Torbjorn L. Knutsen, *A History of International Relations Theory* (Manchester: Manchester University Press, 1992), p. 231-234

²⁹ The Asia-Africa Conference 1955 held in Bandung, Indonesia was the first time the South-South Cooperation to be issued. The Conference agreed on the need of economic and cultural cooperation between Asian and African countries by conducting technical assistance, exchanging experts and technological know-how to support development process, and establishing regional training and research center

economy. And lastly, uncontrolled population and urbanization worsened socio-economic condition within the state.³⁰

External problems laid on international treaty and agreement after World War II that only represented developed countries national interest. One of the agreements was the Bretton Woods Conference in 1944 that set the global monetary system. The global institutions born at that time were the World Bank and International Monetary Fund (IMF). In the meantime, almost all international agreement did not consider developing countries interest. It can be said that from 1950s to 1960s was the “golden period” of industrial state.³¹

Asia-Africa Conference in Bandung at 18-24 April 1955 was the hallmark of developing countries consciousness to involve in international cooperation. The conference was sponsored by Indonesia, Burma, Ceylon, India, and Pakistan. Member states were all agreed to bring technical assistance toward one another. Results of the conference involved:³²

- Cooperation with mutual interest and respect for national sovereignty basis. In this context, members agreed to bring technical assistance toward one another, i.e. transfer of expert, technological know-how, training, and research center that must focus on:
 1. Creating and widening the scope of Special UN Fund for Economic Development Allocation for International Bank for Reconstruction and Development to Asian and African countries and also creating International Finance Cooperation for investment needs;
 2. The need of collective action to stabilize primary product prices, aimed to UN Permanent Advisory Commission on International Commodity Trade;

³⁰ South Commission, *The Challenge to the South* (New York: Oxford University Press, 2009), p. 25

³¹ *Ibid.*, p. 27

³² *1955-1992 Documents of the Conferences of the Non-Aligned Countries, Volume 1* (Jakarta: Department of Foreign Affairs of the Republic of Indonesia, 1992)

3. Asian-African countries must diversify their export products by processing raw materials. The conference also emphasized the need of Asian and African countries to consult heavily with one another for the sake of common interest, yet not always within their regional blocs.
- The importance of cultural cooperation such as knowledge, culture, and information exchange with mutualism basis and to be conducted bilaterally. In the field of education, Asian-African countries were hoped to receive students from another developing countries.
 - Fully supported the Universal Declaration of Human Rights and rejected discriminative and racial policy in Africa and another part of the world.
 - Supported the rights of Palestinian people and hailed peace reconciliation and implementation of UN Resolution on Palestine. The conference also supported the Government of Indonesia in West Irian case and the government of Yemen in Aden and South Yemen case.
 - Supported Cambodia, Ceylon, Japan, Jordan, Laos, Libya, Nepal and Vietnam to become United Nations members.
 - The creation of world peace must be coherent with disarmament and self-determination measures.

Another collective action of developing countries accrued on the Non-Aligned Movement (NAM) in 1961³³ and Group of 77 (G-77) in 1964. G-77 was established by 77 developing countries from Asia, Africa, Latin America, and the Caribbean at 15 June 1964 through the Joint Declaration of Seventy-Seven Countries. The G-77 aims to increase the capacity of developing countries, which can be seen in Arusha Program for Self-Reliance and Framework for Negotiations in 1979, the Global System of Trade Preferences

³³ The role of NAM in South-South Cooperation will be explained more in Chapter 3 of this research

in 1982 (still in the negotiation process till 1990s), programs on food and agriculture enhancement (1996), Plan of Action to boost trade, finance, and investment between developing countries (1997), discussion on globalization effect to developing countries (2001), and cooperation in science and technology (2002). G-77 also becomes promotor for some well-regard declarations on South-South Cooperation, such as the Buenos Aires Plan of Action (1978) and the Marrakesh Declaration in 2003.³⁴

Activities in 1960s were more focused on regional and sub-regional agreement like economic integration and trade through Central American Common Market, the Central African Customs and Economic Union, and Association of Southeast Asian Nations (ASEAN). Those cooperation were aimed to widen the market, accelerate industrialization strategy, and create groundwork to integrate cross-border production structure.³⁵

Strong Marxism influence in developmental studies which made dependency theory becoming a mainstream theory in the end of 1960s to the end of 1970s also added the weight cooperation between developing countries. Moreover, cooling down relations (the *detente*) between United States and Soviet Union in 1970s also gave spaces to discuss more about welfare in developing countries.

In 1970s developing countries optimism to rebuild their structural power in international world was on the peak. In this period, the United Nations built United Nations Conference on Trade and Development (UNCTAD) to help and boost developing countries trade. Also in 1972, United Nations General Assembly established a working group aimed to intensify technical cooperation between developing countries, known as Technical Cooperation among Developing Countries (TCDC). This was then responded with the establishment of specific body under the UNDP to push TCDC,

³⁴ “The Group of 77”, accessed from www.g-77.org at February 5th 2010, 05:25 am

³⁵ John F.E.Ohiorhenuan and Amitav Rath, “History and Urgency of South-South Cooperation in Science and Technology”, accessed from http://tcdc.undp.org/CoopSouth/2000_june/01_Ohiorhenuan_Rath.cc.pdf January 15th 2010, 02:00 am, p.7

named the Special Unit on TCDC (SU/TCDC). In advance, South-South Cooperation was adopted by United Nations in 1978 through Buenos Aires Plan of Action (BAPA) on Technical Cooperation among Developing Countries. In the end, BAPA became the main pillar for the technical cooperation among developing countries (*Kerjasama Teknik Antar Negara Berkembang/ KTNB*).

In BAPA, there are procedures and plan of actions that must be followed to strengthen technical cooperation among developing countries. Along with BAPA's critical importance, the United Nations Economic and Social Council (ECOSOC) made Resolution 1992/ 41 stating TCDC as the first consideration in cooperation between states. The resolution also calls all state to review their policy so that TCDC gets easier path to develop and widely used. BAPA was also aimed to increase interdependency in the basis of mutual cooperation, self-reliance and respect for sovereignty. In this context, it can be said that TCDC got its central position due to its status as a role model of cooperation among developing countries.

BAPA consists of several recommendations. First, BAPA recommends members to integrate TCDC in their development program whereas members are also demanded to recognize their potential and experiences. Second, members are asked to adopt rules and procedures to ease TCDC implementation, such as on law and administrative system. Third, members are asked to develop their information system along with TCDC practice. Fourth, members are asked to develop research, training, and technology capacity. In the other hand, BAPA also gives regional recommendation, such as to increase regional organization capacity so that it will be easier for members to cooperate with one another. This can be done by developing informational system and providing technical cooperation, i.e. exchanging skills, equipments, and trainings, also to develop industrial and farming projects.³⁶

³⁶ "The Buenos Aires Plan of Action", accessed from http://tcdc.undp.org/knowledge_base/bapa_english1.html at February 15th 2010, 06:03 a.m.

South-South Cooperation is not only realized in technical cooperation, but also in economic cooperation (namely Economic Cooperation among Developing Countries/ ECDC or *Kerjasama Ekonomi Negara Berkembang/ KENB*). ECDC was specifically mentioned in High Level Conference on Economic Cooperation among Developing Countries in Caracas, 13-19 May 1981. The conference itself was a response to the world uncertainty at that period of time, where developing countries tried to manage it by improving, fastening and strengthening cooperating between them. In this context G-77 emphasized the self-sufficiency principal to restructurize international economic relations and to form a new international economic order.

ECDC was also emphasized in the UNCTAD VI Meeting in Beograd, Yugoslavia in June 1983 and UNCTAD VII Meeting in Geneva, Switzerland in July 1987. Both meeting become new spirit to boost up economic cooperation between developing countries.

In further development, South-South Cooperation got more attention by South-South Coordination and Consultation group (known as Group of 15 or G-15)³⁷ built in 1989. G-15 boosts South-South Cooperation by giving coherent input from developing countries, so that it can contribute to stronger influence in other international organization, like the WTO and G-7. In the other hand, Northern Countries decreasing aid to Southern countries in 1980s and 1990s (especially for United Kingdom) has made developing countries to realize that mutually beneficial cooperation between them were becoming all the more important.³⁸ By that, G-15 is hoped to bridge dialogue between Northern and Southern Countries. G-15 also becomes an arena to form credibility, cohesion, and consultation between Southern Countries before they

³⁷ G-15 was established on NAM Summit at Beograd, Yugoslavia, September 1989. The organization consists of countries in North America, South America, Africa and Asia, with the purpose of creating welfare and growth. G-15 focuses its activities on cooperation between developing countries in investment, trade, and technology. G-15 has now developed into 18 countries: Jamaika, Mexico, Argentina, Brazil, Chile, Peru, Venezuela, Algeria, Egypt, Kenya, Nigeria, Senegal, Zimbabwe, India, Indonesia, Iran, Malaysia, and Srilanka.

³⁸ "South-South Cooperation Defies the North", accessed from <http://www.globalenvision.org/library/3/1371> at January 16th 2010, 02:00 am.

face the North. Furthermore, since the G-15 is considered as the most economically advanced developing countries, the forum is also expected to promote more cooperation and development between developing countries.³⁹

To develop South-South Cooperation more, developing countries built The South Centre. The South Centre is an inter-governmental body between developing countries that was established based on agreement 31 July 1995 and has a headquarters in Geneva, Switzerland. The South Centre serves as an autonomous research body with its main activity to conduct research and discussion on international issues related to developing countries interest. The South Centre is also established with the purpose of increasing solidarity and understanding between members, to develop more form of South-South Cooperation, to coordinate integrated views and approach between developing countries about political, economic and global strategic issues, to boost understanding between developed countries and developing countries, and lastly to promote a fair and equal North-South Cooperation. To realize this aim, The South Centre conducts so many researches and gives policy recommendation on various international issues that will be faced by developing countries.⁴⁰

Those cooperations had boosted trade and investment activities among developing countries. It can be seen from UNCTAD Report 1993, where intra-regional trade in Latin America had increased by 75%, in Africa by 60%, and in Asia for almost 100%. The trend continued until 1990s decade. This increasing trade value finally impacted sub-regional and intra-regional trade to rise twice to three times higher than trade value in the end of 1970s. For example, in Latin America trade value rose from US\$ 17 billion to US\$ 28

³⁹ "Aims and Objectives", accessed from www.g15.org/gfaims.html at February 5th 2010, 07:17 am

⁴⁰ "Kerjasama Teknik Menjadi Instrumen Diplomasi", in *Tabloid Diplomasi* (August, 2009)

billion, in Africa from US\$ 2.2 billion to US\$ 4.3 billion, and in Asia from US\$18.2 billion to US\$ 41 billion.⁴¹

United Nations support for South-South Cooperation continued on December 2003, where UN General Assembly adopted Resolution 58/220 to declare 19 December as a the UN Day for South-South Cooperation. UN General Assembly also pushed all UN bodies and multilateral organization to make South-South Cooperation as their mainstream program and to increase more funding to support South-South Cooperation. This was shown by the United Nations and several states commitment to create a funding mechanism for South-South Cooperation. The fund is unilateral ones from several countries, like China, India, Brazil, Egypt and Japan, aimed to help other developing countries.⁴² This was in line with a meeting in Monterey, Mexico at 18-22 March 2002 attended by more than 50 Head of State, Head of Government and more than 200 Minister of Foreign Affairs, Trade, Finance, and Development.

The meeting produced the Monterey Consensus, which pushed developed countries o deliver more ODA to developing ones. ODA plays pivotal role to fund development process in developing countries. ODA also becomes important instrument to support education, health, public infrastructure, agriculture and rural area development, and food security. Moreover, for many African counries, Least Developed Countries (LDCs), Small Islands Developing States and Land Locked Countries, ODA hold significant portion of external fund to achieve development targets and MDGs.

The significance of roles played by developed countries was put in more concern on the UN Conference on South-South Cooperation at 1-3 December 2009 in Nairobi, Kenya. In this conference, developed countries were expected to play more active role in triangular arrangements, especially in

⁴¹ "Naskah Pidato: Nana S. Sutresna, Ambassador-At-Large The Republic of Indonesia", speech delivered at *South-South Conference on Trade, Investment and Finance* in San Jose, Costa Rica, 13-15 January 1997

⁴² *Ibid.*

capacity building, training and their ODA commitment. The conference was then followed by the High Level Event on South-South Cooperation and Capacity Development on March 2010, resulting in Bogota Statement. Again, the statement emphasized the importance of South-South Cooperation both in the framework of inclusive development in developing countries and to achieve MDGs. The Bogota Statement becomes inputs for the 4th High Level Forum on Aid Effectiveness in Seoul, South Korea, 2011.⁴³

II.2. Triangular Cooperation in Implementing South-South Cooperation

Triangular cooperation involving developed countries/ donor agencies is one of the driving forces of South-South Cooperation. Triangular cooperation is a mutual cooperation where developing countries deliver technical assistance to one another, but funded by developed countries/ donor agencies. By that, triangular cooperation will be able to become corridor to bridge South-South Cooperation and North-South Cooperation.

Aid to developing countries got much international attention in UN Conference on South-South Cooperation in Nairobi, Kenya, 1-3 December 2009. The conference was aimed both to celebrate 30 years of Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries that was adopted in 1978 and to follow-up the UN General Assembly resolution number 64/1 at October 6th. The conference resulted in Nairobi Outcome Document. The document asks for more active participation of developed countries in triangular arrangements, especially in capacity building and training sector. Besides that, the document also asks for

⁴³ “Bogota Statement: Toward Effective and Inclusive Development Partnership”, accessed from <http://www.oecd.org/dataoecd/47/4/44894381.pdf> at Juli 27th 2010, 01:00 pm

more concrete actions of UN bodies to push South-South Cooperation by taking a catalyst role for regional organization capacity building process.⁴⁴

There are several important matters regarding the development of triangular cooperation in South-South Cooperation:⁴⁵

1. State/donor agency and international organization increase their commitment to South-South Cooperation with following concerns: by pushing country ownership, using competitive advantage principal and measuring the impact of aid effectiveness;
2. On the other side, organizations that support the triangular cooperation has already had a policy and institutional framework to support the activities beforehand;
3. Pivotal countries cooperating with state/ donor agency and international organizations in conducting triangular cooperation are concentrated in Latin America and Asia. Pivotal countries are group of countries that have very active role in delivering technical assistance to another developing countries;
4. State/donor agency and international organization involved in triangular cooperation gives not only technical and financial support to a program but also gives support for capacity building in South-South Cooperation framework. They also play very significant role to push knowledge sharing and networking;
5. Pivotal countries derive many benefits from triangular cooperation, such as chances to increase quality of their capacity building program, strengthen policy and institutional framework, competence acquisition from international cooperation, and to boost their credibility in the front

⁴⁴ “Adopting Nairobi Outcome Document, South-South Conference Encourages Developing Countries to Make Cooperative Efforts Work Better in Tackling Challenges”, accessed from <http://www.un.org/News/Press/docs/2009/dev2781.doc.htm> at February 17th 2010, 10:00 am

⁴⁵ Special Unit for South-South Cooperation, *Enhancing South-South and Triangular Cooperation: Study of Current Situation and Existing Good Practices in Policy, Institutions, and Operation of South-South and Triangular Cooperation* (New York: UNDP, 2009), p.17

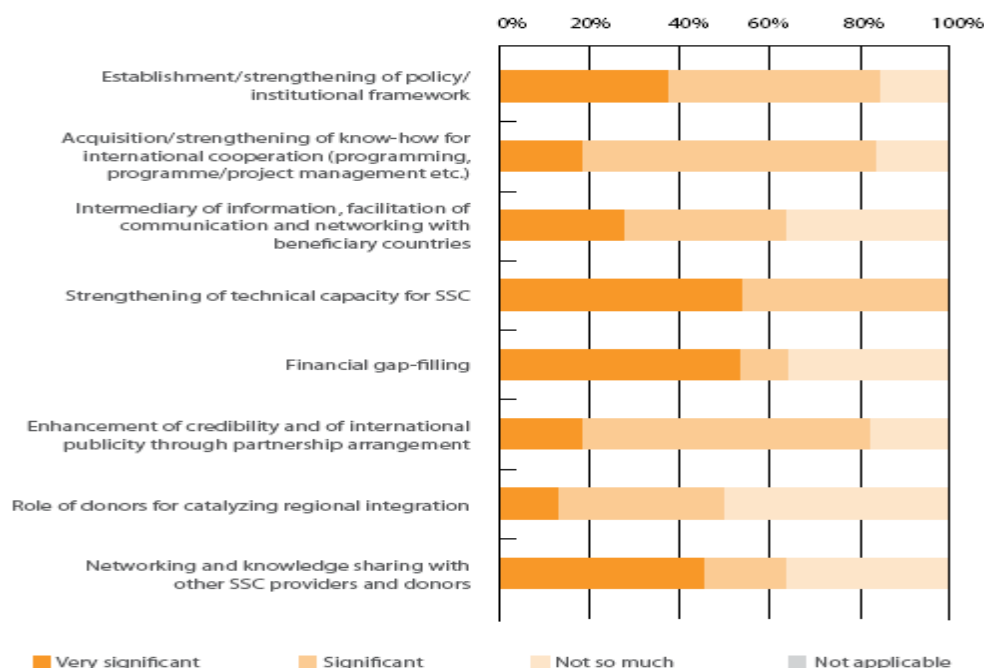
of other countries. In the other hand, beneficiary countries also get benefits by being mediator and partners with pivotal countries, and to increase the credibility of pivotal countries cooperation in triangular framework. Meanwhile, state/ donor agency and international organization can focus more on cost-effectiveness of triangular cooperation;

6. Challenges for triangular cooperation are high transactional cost, such as long planning process and the need for greater manpower. Besides transaction cost, another challenge is to create policy coordination between developing countries which is very substantial.

Last five year development shows that there were increasing trend of triangular cooperation. Increasing proportion and donor quantity in triangular cooperation came mainly from international organization such as the UNDP, other UN regional bodies, various regional development banks, donor countries like Japan, Germany, Spain, France, Canada, Italy, Denmark, Norway, and Australia. Meanwhile developing countries such as Argentina, Colombia, Malaysia, Tunisia, and Turkey also play active role as pivotal countries. Currently, Japan is in the 1st rank as the most active donor in triangular cooperation.⁴⁶ Below is a diagram showing the benefit of having triangular cooperation from pivotal countries, beneficiary countries, donor and international organization point of view.

⁴⁶ *Ibid.*, p.149

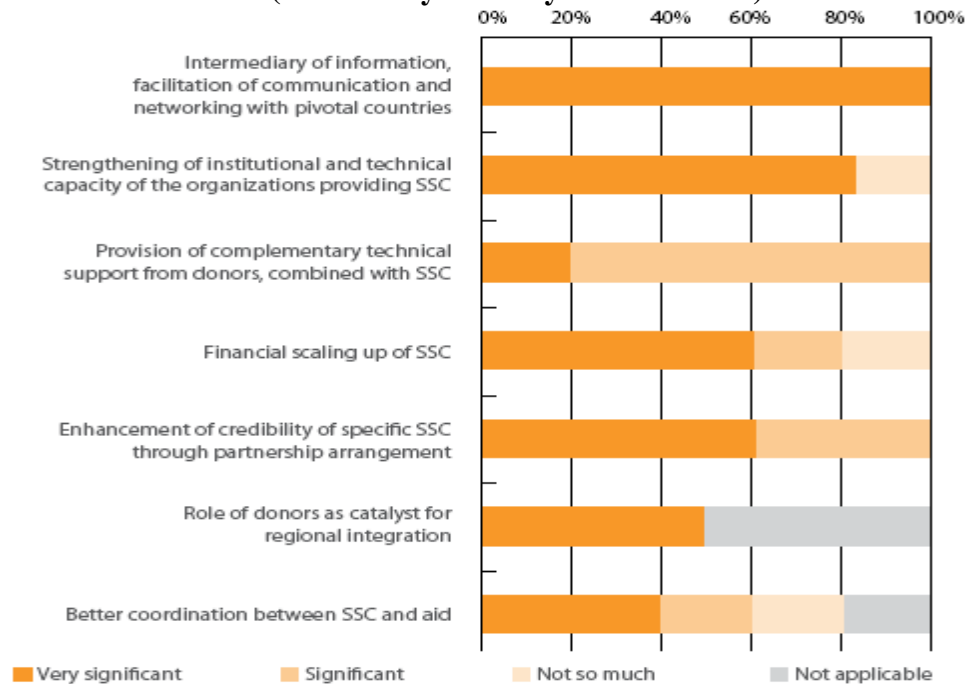
Diagram II.1.
Triangular Cooperation Benefit
(Pivotal Country Point of View)



Source: UNDP, 2009

From the diagram above it can be seen that for pivotal countries, triangular cooperation gives huge benefit. Almost all indicators show that triangular cooperation plays significantly in benefiting pivotal countries development process with 50%-100% range. The biggest benefit is on strengthening of technical capacity for South-South Cooperation that reach 100%, followed with strengthening institutional framework, strengthening of know-how for international cooperation and enhancement of credibility in international image, with 80% significance.

Diagram II.2.
Triangular Cooperation Benefit
(Beneficiary Country Point of View)

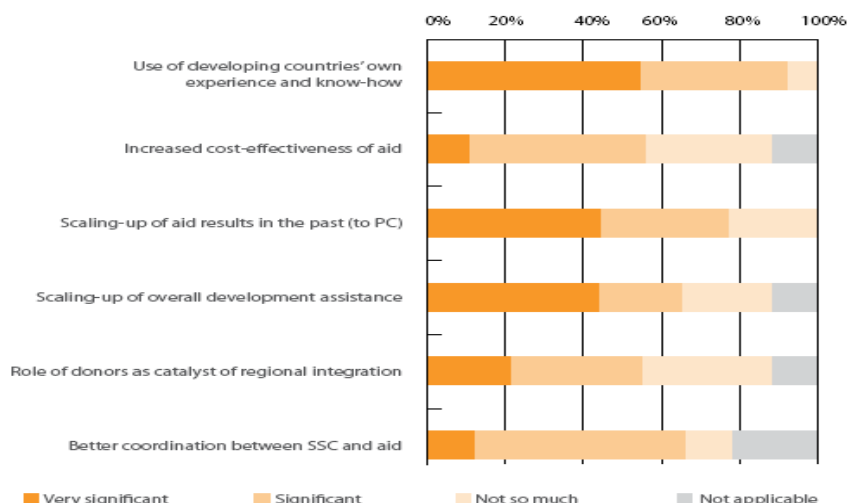


Source: UNDP, 2009

Equal benefit will also be received by beneficiary country which conducts triangular cooperation. Like pivotal country, almost all indicator show significant level from 50% to 100%. Intermediacy and information facilitation becomes the main indicator that shows very huge benefit with 100% range, followed with institutional empowerment, technical capacity, and credibility of beneficiary state.

In the other hand, from diagram II.3 we can see that state/ donor agency and international organization also get benefits from triangular cooperation. Benefits mainly comes in the use of developing countries experience and ability to help state/ donor agency and international organization program, scaling up of previous aid, and better coordination in aid giving mechanism in South-South Cooperation context

Diagram II.3.
Triangular Cooperation Benefits
(Donor and International Organization Point of View)



Source: UNDP, 2009

Example of triangular mechanism in South-South Cooperation can be seen from cooperation model between Japan International Cooperation Agency (JICA) with ASEAN, named the JICA-ASEAN Regional Cooperation Meeting (JARCOM). JARCOM is a cooperation mechanism to push South-South Cooperation with support from JICA. Members of JARCOM are Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor Leste, and Vietnam. JARCOM uses three main model of cooperation:⁴⁷

1. Third Country Training Programme (TCTP). This is a program that sends national officer from ASEAN countries to other ASEAN countries or outside ASEAN to have trainings;
2. Third Country Experts (TCE). This program sends experts from member countries except Japan, to beneficiary country in ASEAN territory;

⁴⁷ *Ibid.*, p. 81

3. Technical Cooperation Project (TCP). This program is a combination of training and technical experts programs. In 2006, TCTP program implemented 57 training program to Cambodia, Lao PDR, Myanmar, Vietnam (CLMV state), and Timor Leste. States delivering the training are Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. The fund come from JICA with cost-sharing basis.

JICA's support to South-South Cooperation is part of Japanese foreign aid policy to foreign countries. This policy underlines Japanese ODA to be directed into self-help effort and follows development priority in the recipient countries. Furthermore, JICA's support to South-South Cooperation is based on two things: *first*, South-South Cooperation is a complement of North-South Cooperation to help development process in developing countries. JICA sees that aid given between developing countries is effective enough to bolster development process, recognizing that they share relatively equal social, economic, and cultural conditions. *Second*, South-South Cooperation gives chances for developing countries to develop their capacity, so that they able to become donor for others. This is exactly the same condition that happened in Japan when Japan was becoming member of Colombo Plan in 1954. Japan committed to give technical aid assistance another country, while at the same time Japan was still receiving aid.⁴⁸

Generally, Japan's aid in South-South Cooperation prefaced with bilateral relation with certain pivotal countries. When the relation has ripened, Japan will ask the pivotal countries to share their experience with other country. Nevertheless, along with the mushrooming organization and developing countries that also have good ability in their development, JICA's aid nowadays doesn't always prefaced with bilateral cooperation. In this case,

⁴⁸ "JICA's Support for South-South Cooperation: Challenge to Inclusive and Dynamic Development with New Partners", *handout* published by *Japan International Cooperation Agency*

JICA will help to fund their activities, participate in planning and monitoring process, and if needed, send Japanese expert. Until November 2009, JICA has been cooperating with 12 pivotal countries, which are Singapore (1994), Thailand (1994), Egypt (1998), Tunisia (1999), Chile (1999), Brazil (2000), Argentina (2001), the Philippines (2002), Indonesia (2003), Mexico (2003), Morocco (2003), and Jordan (2004).⁴⁹

Triangular mechanism can also be seen from cooperation between Lao PDR, Cambodia, and Vietnam proposed by Cambodian prime minister at CLV Summit Meeting. The priority of this cooperation is in transportation, trade, tourism, human resource development, and public health sectors, while the master plan has been adopted in 2004. Japan becomes the donor for this cooperation with her first aid of two billion yen in 2005 in public health and education sector and start to be implemented in 2007.⁵⁰

II.3. South-South Cooperation Practices in Several Countries

This subchapter will explain about best practices of South-South Cooperation conducted by several countries, especially on Malaysia, Thailand, and China. It is very important to see those three experiences because of some reasons. First those three countries are countries in the same region as and have equal development level with Indonesia. By that, to compare Indonesia with those three countries will describe how far Indonesia's role in South-South Cooperation; whether it is going better or worsen. Second, it is important to glance in those three countries because Malaysia, Thailand, and China are still belonged to Southern Countries, just the same with Indonesia. This is important because it will be in line with pattern and direction wanted to be developed by

⁴⁹ *Ibid.* Detailed explanation on partnership between Japan and this pivotal countries can be seen at "Partnership Program: Challenge to Inclusive and Dynamic Development through Triangular Cooperation with New Partners", *handout* published by *Japan International Cooperation Agency*

⁵⁰ Tran T.T Hang, "South-South Cooperation in Aid for Trade", accessed from http://www.moc.gov.kh/pdf/pdf_conferences/2009%2005%2029th,%20Hang_session4.pdf at March 25th 2010, 05:00 pm

Indonesia. Moreover, it is becoming irrelevant to compare Indonesia with more developed state like Japan or South Korea.

The explanation below will describe South-South Cooperation experience in these three countries, with more focus on institutional building, type of cooperations, and funding mechanism.

II.3.1. Malaysia

Malaysia puts much effort to become leader in South-South Cooperation. In May 2007, the Government of Malaysia and United Nations Educational, Scientific, and Cultural Organization (UNESCO) announced that they would establish Center for South-South Cooperation in Science, Technology, and Innovation (ISTIC) in Kuala Lumpur. Malaysia donated about US\$ 10 million and additional US\$ 1, 2 million annual aids.⁵¹

Since 1990, Malaysia has had specific organ in dealing with South-South Cooperation named The Malaysian Technical Cooperation Program (MTCP). The organ was under the Prime Minister Office, specifically under the division of Economic Planning Unit (EPU). Currently, MTCP is positioned under Ministry of Foreign Affairs since January 2010. The Government of Malaysia is very serious in handling South-South Cooperation as can be seen from MTCP budget that has risen up to four times bigger. In 1980-1985, MTCP got no more than 10 million Ringgit, but in 2006 it had raised up to 35 million Malaysian Ringgit. The budget had raised again into 200 million Ringgit (US\$ 82 million) in 2006-2010, as part of the Ninth Malaysian Plan.⁵² On the other hand, Malaysian policy on South-South Cooperation focuses to make *smart partnership* with other developing countries, where Malaysia can

⁵¹ Denis Nkala, "Malaysia: Win-Win Solutions to Development Challenges through South-South Cooperation", in *Networking and Learning Together: Experiences in South-South and Triangular Cooperation in Asia* (Bangkok: UNDP Regional Center in Bangkok & JICA Thailand Office, 2009), p. 29-35

⁵² Hana Roslan, "Malaysia Boosts Spending on MTCP Courses to \$82m", accessed from <http://news.brunel.ac.uk/2009/11/14/malaysia-boosts-spending-on-mtcp-courses-to-82m/> at July 20th 2010, 11:27 am

also learn from other developing countries experiences. By that, the cooperation will be able to make win-win solution which contributes to development and living quality for both Malaysia and beneficiary countries.⁵³

The Malaysian Government conducts South-South Cooperation in area where Malaysia has competitive advantages, such as palm oil agriculture, farming, veterinary management, human resources management, crisis management, city planning and management, and the use of technology in public sector. More than 100 short-term trainings programmes in this sector are delivered by 30 Malaysian institutions consisted of academic, private, and governmental institutions. Most of the participant comes from ASEAN countries, and its number rose from 200 persons in 2001 to more than 900 people in 2005. Second biggest participants come from North Africa and Middle East with almost 400 people in 2006. Participants from Africa, South Asia, South Pacific, Commonwealth of Independent States (CIS), Latin America, and Caribbean are in the next serial. From here, it can be seen that Malaysian commitment in South-South Cooperation is directed mostly to ASEAN and Moslem countries. Meanwhile, Malaysia also gives long-term training in the form of postgraduate scholarship in Malaysian universities for economy, computer science, social science, accountancy, business administration, chemistry, biology, biophysics, pharmacy, teacher education, and engineering.⁵⁴

Beside trainings, Malaysia also delivers assistance in the form of learning exchange and attachment. This cooperation is aimed to increase knowledge of government staffs and officials by studying working environment in Malaysia, by doing visits, working method observation, procedure and working implementation technique, case studies, etc. Between 1981-2002, Malaysia had already received 1.398 participants in many sectors, like poverty eradication, development planning, privatization, public

⁵³ Nkala, *Op. Cit.*

⁵⁴ *Ibid.*

administration, and investment promotion. Malaysia is also active in triangular cooperation, where Malaysia collaborates with the UN, JICA, and CFTC (the Commonwealth Fund for Technical Cooperation). On the other side of the coin, Malaysia also wants their private sector to be more active in South-South Cooperation. Malaysia built Malaysian South-South Cooperation (MASSCORP) in 1992 to connect private sectors in Malaysia and in other developing countries, especially in trade promotion and investment field.⁵⁵ The aims of MASSCORP are:⁵⁶

1. To shove joint venture between Malaysian company and investors from other developing countries to establish investment project in Malaysia and/or other developing countries;
2. To join privatization process in developing countries;
3. To open Malaysian market for developing countries;
4. To give proper information related to business chances in Malaysia;
5. To give benefits and chances in order to strengthen South-South Cooperation.

To prove her commitment on South-South Cooperation, Malaysia always delivers its updated technology so that it can bridge digital gap between developing and developed countries. Malaysia also claims itself as a model of alternative development in developing countries and directed its South-South Cooperation to support this effort. Also, Malaysia differs distinctively between South-South Cooperation and ODA, which the latter is understood as developed countries dominance.

Until November 2009, MTCP has 21.784 alumni finishing 119 different programs in 48 training centers throughout Malaysia.⁵⁷

⁵⁵ *Ibid.*

⁵⁶ Accessed from <http://www.masscorp.net.my/v2/mission.htm> at April 15th 2010, 10:05 am

⁵⁷ Roslan, *Op. Cit.*

II.3.2 Thailand

Thailand seriousness in South-South Cooperation is reflected from its specific institution dealing with development aid, the Department of Technical and Economic Cooperation (DTEC). DTEC was established in 1950 under the authority of Prime Minister Office. In the beginning, this department became a coordinator to receive foreign aid from developed countries. Nevertheless in the last decade, Thailand receives her new status as a new emerging donor due to her large number of aid to other developing countries. In 1955, World Health Organization (WHO) used Thai public health expert to deliver training to other countries. In 1990s, Thailand increased her aid in financial and human resources sector, directed to neighboring countries, like Cambodia, Lao PDR, Myanmar, and Vietnam, yet Thailand also gave them to South Asia, Middle East, Africa, Latin America, Caribbean, East Europe and Central Asia. Since 2004, DETC changed its name into Thailand International Development Cooperation Agency (TICA) and was positioned the Ministry of Foreign Affairs.⁵⁸

There are two kinds of aid delivered by Thailand. *First*, the project cooperation, which includes sending Thai experts abroad, providing technical equipments and short-term course training, and even sending Thai youngsters abroad under the program of “Friends from Thailand”. 90% of Thai ODA are directed to infrastructure project in Cambodia, Lao PDR, Myanmar, and Maladewa, i.e. roads, bridges, dams, and power plants, which are also directed in the form of concessional lending. Department handling these matters is the Neighboring Countries Economic Development Cooperation Fund (1999), which then changed into Neighboring Countries Economic Development Cooperation Agency (NEDA). Asian Development Bank (ADB) coordinates with NEDA in providing the loans. *Second*, about 10% of Thai aid are in the

⁵⁸ Denis Nkala, “Thailand: South-South Cooperation for the Millennium Development Goals”, in *Networking and Learning Together: Experiences in South-South and Triangular Cooperation in Asia*, Op. Cit., p. 52-59

form of training on agriculture, banking, economy, education, financial, public health, transportation, and science and technology. Thailand also helps her neighboring countries that categorized as Least Developed Countries (LDCs) through tariff reduction mechanism. In 2003, 3,1% of Thai import came from LDCs, and this made Thailand became country with the highest percentage share of import from LDCs. The second highest was China who took 1,5% from her total import.⁵⁹

Thailand external aid comes from three ministerial collaborations: the Ministry of Finance, Ministry of Foreign Affairs, and Ministry of Trade. The Ministry of Finance deals with policy related to tariff and foreign investment. Ministry of Foreign Affairs gets pivotal position since TICA is under his administration, and due to Thailand's new status as emerging donor so that they need rule, procedure and strategy regarding this matters. The Ministry of Trade then taking role in boosting foreign trade relations between Thailand and recipient countries. Other institutions which also play roles are the regional government (especially for those locating on the borders), private companies, and academics. Academics usually participate in arranging regional and international workshop in health, children health, HIV, farming, education, environment, animal husbandry, engineering, and food security sectors. Furthermore, international organization like UNDP also plays role by facilitating knowledge transfer to small and medium enterprises in Africa.⁶⁰

In 2007, TICA developed a strategy in ODA transfer mechanism. The mission of this strategy involves: 1) to boost technical cooperation; 2) institutional and individual capacity building 3) a more efficient knowledge management; 4) to push regional and sub-regional cooperation in economy, social and environment sector; and 5) to build partnership with donor agencies to help developing countries.⁶¹

⁵⁹ *Ibid.*

⁶⁰ *Ibid.*

⁶¹ Thailand International Development Cooperation Agency, Ministry of Foreign Affairs, *Thailand Official Development Assistance Report 2007-2008* (TICA: 2009), p. 4

All in all, Thai's ODA has some characteristics: ⁶² 1) ODA is given in the form of North-South-South Cooperation and South-South Cooperation; 2) the cooperation is aimed to push regional and sub-regional integration; 3) the cooperation includes activities that can upgrade Thai's leverage, such as scholarship and trainings, public-private partnership, international trade, investment, and tourism developments. Table II.1 below shows Thailand ODA distribution in several regions:

Table II.1.
Thailand ODA Distribution, 2007

Countries	Total Value (Baht)	%
The Four Neighbouring Countries <i>Cambodia, Lao PDR, Myanmar, Vietnam</i>	711,169,328.40	81.57
South East Asia	31,816,112.14	3.65
East Asia <i>China, Mongolia</i>	17,942,368.94	2.06
South Asia & Middle East	63,385,312.34	7.27
Africa	22,471,505.00	2.58
Latin America	5,011,000.00	0.57
Others	20,014,570.41	2.30
Total	871,810,197.23	100.00

Source: TICA, 2009

From table II.1 it can be seen that four Thailand neighboring countries (Myanmar, Lao PDR, Cambodia, and Vietnam) receives more that 80% of total ODA delivered by Thailand. Meanwhile, tabel II.2 below shows Thai's ODA in 2007 based on sectors. It can be seen that 42 % of total ODA was given to infrastructure sector.

⁶² *Ibid.*

Table II.2.
Thai ODA per Sector, 2007

Sector	Total Value (Baht)
Agriculture	94,715,375.70
Banking & Finance	9,238,270.50
Communication & ICT	7,280,723.55
Education	78,057,254.11
Energy	113,415,317.00
Health	79,987,670.18
Industry	1,566,000.00
Infrastructure & Public Utilities	368,973,034.78
Natural Resource & Environment	29,322,310.00
Public Administration and Legislation	20,995,431.88
Science and Technology	7,384,000.00
Social Development & Welfare	27,958,305.50
Tourism	14,148,767.51
Trade, Services & Investment	13,642,236.52
Multi-sector: Rural Development	5,125,500.00
Total	871,810,197.23

Source: TICA, 2009

Meanwhile, belows are various technical cooperation delivered by TICA, which are the strategic component of Thai's ODA:⁶³

1. Technical cooperation between Thailand and Ceylon in rehabilitation sector (2003-2004);
2. Thailand – Bhutan human resources development program (2005-2007);
3. Support for *Mae Fah Luang Foundation* (under the supervision of Thai Royalty) in Sustainable Development Project in Afghanistan;
4. Technical cooperation between Thailand and Jordan in agriculture, tourism, trade, and investment under “*the Framework Agreement on Economic and Technical Cooperation*”;
5. Community development training for mediocre to high government officials in Iraq, Jordan, and Afghanistan;

⁶³ Accessed from <http://www.tica.thaigov.net/tica/index.jsp?sid=1&id=73&pid=72> at May 29th 2010, 1:30 pm

6. Development of small scale fishery project (marine capture and fish processing) and training course on gem-cutting in Madagascar;
7. Projects: (a) rice production (fixing production technique); (b) Effective Control Measure for handling malaria, HIV/AIDS and supervising effectiveness and monitoring system improvement program; (c) small scale fishing (aquaculture) in Mozambique;
8. Sustainable farming project between Thailand and Lesotho;
9. Training in Egypt: a) export promotion; and b) aquaculture fishing;
10. Sending mission to three countries (Uzbekistan, Kazakhstan, and Tajikistan) to improve technical cooperation in farming, tourism and narcotics control sectors;
11. Training program in medic, fishery and farming (rice production) between Thailand and Cuba under the “Thailand – Cuba Joint Commission on Economic and Technical Cooperation Meetings”;
12. Thailand – Peru technical cooperation in farming, fishery, and tourism sectors.

Thailand received her emerging donor status through her participation in emerging donor meeting in Tunisia, 2004, where Thailand joined Turkey, South Africa, and South Korea. Thai’s ODA has been raised from about 4.5 billion Baht in 2000 to 7.75 billion Baht in 2006, yet it decreased to 6.014 billion Baht (US\$ 174 million) in 2007-2008.⁶⁴ Thai’s loans are mainly distributed through Export-Import Bank of Thailand (EXIM Thailand) and Neighboring Countries Economic Development Cooperation Agency (NEDA).

Grant ODA comes from various ministries, as can be seen in table II.3.⁶⁵ Especially for Ministry of Foreign Affairs, most of ODAs are distributed by TICA and Department of International Organization (DIO) and usually it cross-sectoral, such as in handling HIV/AIDS, education, agriculture, and etc.,

⁶⁴ *Thailand Official Development Assistance Report 2007-2008* (Bangkok: TICA, Ministry of Foreign Affairs, 2009), p. 3

⁶⁵ *Ibid.*, p. 11

including aid to international organizations that actively help developing countries development process like the UN, UNESCO, FAO, UNDP, ADB, etc. Meanwhile, Ministry of Finance grants are distributed through NEDA for infrastructure development.⁶⁶

Table II.3.
Grant ODA from Various Thai Ministries

Ministry or Agency	Priorities	ODA Support Provided
Ministry of Agriculture and Cooperatives	Irrigation, flood management systems, avian flu, hybrid seed production, animal husbandry, and fisheries. Grant support to FAO.	Technical assistance, field tests in recipient countries, provision of equipment, study visits, international meetings and fellowships, support for international organisations.
Ministry of Commerce	Foreign trade, trade negotiations, and export promotion	Fellowships, training and study visits
Ministry of Education	Vocational education, teacher training, Thai language education, educational quality and equity, grant support to UNESCO.	Workshops, international meetings, study visits, scholarships, and training. Support for international organisations.
Ministry of Energy	Hydro power, solar power, bio fuels, biomass generation of electricity and wind energy.	Field projects, training, international meetings and seminars
Ministry of Finance	Tax management and research	Training
Ministry of Public Health	HIV/AIDS, MCH, Dengue Hemorrhagic Fever, Pharmaceutical Quality Assurance and Quality Control.	Technical assistance, training, fellowships, study visits, and international meetings
Commission on Higher Education	Higher education in public health, science and technology, agriculture and animal husbandry, Thai language and culture, energy, hospitality and tourism, and faculty training and development.	Scholarships, faculty exchanges, joint research programmes, provision of software, training and study visits
Ministry of Interior	Community development, Sufficiency Economy, rural and provincial electrification.	Technical assistance, and training
Ministry of Justice	Legal and judicial development and narcotics control. Grant support to UNODC.	Contributions to international organisations, study visits, training, and international meetings. Support for international organisations.
Ministry of Labour and Social Welfare	Social security, industrial rehabilitation and training	Field projects and study visits
Ministry of Natural Resources and Environment	International water resources cooperation, ground water resource development and conservation, mineral resources, and ASEAN wildlife enforcement and conservation.	Study visits, provision of equipment, building of schools and water systems, field projects and training
Office of the Prime Minister	Public relations (radio), civil service, management and leadership development.	Fellowships and study visits, international meetings
Ministry of Science and Technology	ICT, genetic engineering and biotechnology	Technical assistance, fellowships, international meetings, training and study visits
Ministry of Social Development and Human Security	Disabilities, social welfare, prevention of human trafficking in the GMS.	Training and international meetings
Bank of Thailand	Banking practices, auditing, stock exchange development, calculation and forecasting of core inflation, foreign exchange management, and foreign investment flows.	Technical assistance, fellowships, study visits,
Ministry of Tourism and Sports	Physical education and tourism development.	Fellowships and international meetings
Ministry of Transport	Airlines, and railroads	Seminars and training

Source: TICA, 2009

II.3.3. China

China's contribution in South-South Cooperation can be seen from China's experience, with UNDP assistance, in capacity building and institutional framework. China's institutional framework in South-South

⁶⁶ *Ibid.*, p. 9

Cooperation is not coordinated by a single ministry, but is conducted together by various ministries from various sectors. For example, South-South Cooperation in agriculture is conducted under the coordination of Ministry of Agriculture (MOA), in technology is conducted under Ministry of Science and Technology (MOST), and cooperation in health sector is on the hand of Ministry of Health (MOH).⁶⁷

China has three ministries chosen to play important role in South-South Cooperation: Ministry of Foreign Affairs (MOFA) for handling policies, MOST for science and technology cooperation, and Ministry of Commerce (MOFCOM) for cooperation in economy. Under MOFCOM, there are Foreign Aid Department which dealing with various training programs and the China Centre for Economic and Technical Cooperation (CICETE) which deal with multilateral programs. In December 2008 at UN South-South Cooperation Day celebration, CICETE got reward for their contribution in South-South Cooperation.⁶⁸

In capacity building technical aid, China has five main steps that usually used:⁶⁹

- 1) Regional Centres: China, in collaboration with UNDP, determines 20 regional centres for conducting technical assistance, like small hydropower, sun power plant, aquaculture, sericulture, biogas, acupuncture, primary health care, integrated rural development, etc. Technical assistance are given through trainings, seminar and consultation service based on win-win cooperation;
- 2) Local network: to build local network and linkage between stakeholders become very important in South-South Cooperation. In 1995, China has made national network for South-South Cooperation with UNDP support. The network consists of 13

⁶⁷ Special Unit for South-South Cooperation, UNDP, *Op. Cit.*, p. 38

⁶⁸ *Ibid.*

⁶⁹ *Ibid.*, p.40

institutions directed to push South-South Cooperation. The example can be seen from China-Africa Business Council (CABC);

- 3) Public-Private Partnership: collaboration with private sector is important to support South-South Cooperation. The example can be seen from CABC activity on developing Small Medium Enterprises (SMEs) cooperating with African state;
- 4) Regional program: China, with UNDP support, also makes active participation in regional and sub-regional program;
- 5) Triangular cooperation: China has not conducted any of this kind of cooperation yet. Up to now, China only does combination program between multilateral and bilateral programs, i.e. “Lighten up Africa” program.

In 2005, China formalized her New Strategic Alliance commitment with Food and Agricultural Organization (FAO) to aid African farmers under the framework of South-South Cooperation. In this commitment, China sent 3000 experts and agriculture engineers to developing countries, including experts in farming, fishing, post-harvest handling, and irrigation. About 500 of all those experts were sent to Nigeria (2003-2007) to help implementing the National Programme for Food Security. In line with this, in March 2009, China signed US\$ 30 million aid commitment to improve productivity in developing countries to achieve MDGs target. African countries got bigger share from this commitment, but it does not mean that the other region does not get the share. This new commitment also provides experts, training, and farming tool.⁷⁰

MOST is another institution that actively involved in South-South Cooperation. In 2004 only, 31 international seminars with participant from various developing countries had been conducted. The seminars discuss various topics, such as agriculture, energy, environment, medicine, etc.

⁷⁰ “China and FAO Sign Historic \$30 Million Finance Deal: Trust Fund Established for Programmes and Technical Cooperation in Agriculture-focus on Africa”, accessed from http://english.agri.gov.cn/ga/ic/200906/t20090624_1129.htm at Juli 23rd 2010, 11:42 am

Followed are several trainings conducted by MOST related to South-South Cooperation:⁷¹

1. *The 2nd International Training Course on Digital Medical Imaging Equipment*. Conducted in October 2004 at Shenyang, China;
2. *The Fourth International Training Workshop on Technological Innovation for Small and Medium Sized Enterprises based on Science and Technology*. This training was conducted in September 2004 at Beijing, China. It aimed to set science and technology application in developing SMEs in developing countries;
3. *The International Training Course on the Application of Information & Energy Optoelectronics*. This training was conducted at 18-29 October 2004 in Wuhan, China. It aimed to apply optoelectronic technology in developing countries, especially Russia, Eastern Europe, and other transitional economics states;
4. *International Training Course on Computer Aided Design (CAD) of City Planning, Architecture Design and Interior Decorating*, September 2004, in Guangzhou, China. It gave training on research and software development, especially CAD for city planning, architecture design, and interior decoration;
5. *International Workshop Method & Technology in Physics Measurement for Developing Countries*, 21 October – 3 November 2004 in Beijing, China;
6. *International Training Workshop on Advanced Technology of Controlled Environment Cultivation*, 13-24 September 2004, in Beijing, China;
7. *The Third International Training Workshop of Antiviral Technology of Chinese Medicine*. in Jinan, China and aimed to give training on Chinese traditional medicine;

⁷¹ “International Cooperation”, accessed from http://www.most.gov.cn/eng/cooperation/200610/t20061008_36197.htm at Juli 23rd 2010, 00:24 pm

8. *Rapid Prototyping Manufacturing Technology and Its Application* at 11 - 20 May 2004, in Shanghai, China. It gave training on technology application of rapid prototyping manufacturing in manufacture industries;
9. *International Course on New Technologies of Agricultural Engineering*, 10 - 24 April 2004, in Beijing, China;
10. *International Training Workshop on Standard Diagnostic Techniques of Livestock Health Disease*. It was conducted at 9-20 August 2004 in Lanzhou, China.

CHAPTER III
ANALYSIS ON COOPERATION BETWEEN DEVELOPING
COUNTRIES:
INDONESIA'S FOREIGN POLICY PERSPECTIVE

III. 1 Cooperation between Developing Countries in the *Orde Lama* Era

There has been a shifting orientation and pattern of Indonesian leader perception on South-South Cooperation (SSC) from time to time. This shifting reflects the orientation of government policy at the time being. Indonesian characteristic indeed makes it possible for the difference of foreign policy pattern to be occurred because the policy makers of both domestic and foreign policies mostly comprise of the same actors. Thus interest within Indonesian foreign policy is the extension of domestic national interest.⁷²

From the beginning of independence, Indonesian foreign policy has been following the doctrine of 'free and active' foreign policy. This doctrine obliges Indonesia to sustain its active role both in international environment and in promoting the world peace. Aside from that, Indonesia also has to remain neutral in international politics, considering the existence of two conflicting blocks at that time, which were the West Block (United States of America/USA) and the East Block (Soviet Union/USSR). This doctrine was formulated by Muhammad Hatta, as he explained in one of his speech in front of diplomats in Borobudur Hotel in 1975:

⁷² See Leo Suryadinata, *Politik Luar Negeri Indonesia di Bawah Soeharto* (Jakarta: LP3S, 1998)

“...the government is having a notion that the stance we should take is to avoid the condition of being the object of international politics rivalry. On the contrary, we have to maintain our position as a subject that has rights to determine our own policy, as well as rights to fight for our own goal, which are the ultimate independence of Indonesia. This stance is what we later call “free and active” policy. From the beginning of our independence, this notion has been the basic foundation of Republic of Indonesia foreign policy. But, as what I’ve said before in the beginning of my speech, there was a time, one time only in a short period, when Indonesia did not follow this course...”⁷³

Actually, good relations between Indonesia and Southern Countries had emerged since the beginning of Indonesian independence. The first country which acknowledged Indonesian independence and sovereignty was Egypt in 1945. Since then, Indonesian roles in international world are directed mostly to strengthen cooperation between developing countries. One can say that throughout the Indonesian history, the roles of Indonesia amongst the developing countries are relatively significant.

In the early period of independence, relations between Indonesia and other developing countries was signified by the signing of Treaty of Friendship between Indonesia and India in 1951. Friendship between these two countries is primarily based on common destiny as country that was formerly colonized by European, as well as common culture (where Hindus culture had a huge influence on Indonesian culture).⁷⁴

Orde Lama period was marked by the dominant Soekarno leadership, both in domestic sphere as well as international environment. Soekarno’s background as anti-colonial fighter played a significant influence on Indonesian foreign policy during the post-independence era. During 21 years of Soekarno presidency, Indonesia had experienced numerous confrontations with other countries, for example confrontation against Western countries and Malaysia.

Soekarno’s confrontational pattern on politics resulted in his political path that gathered the power of developing countries to oppose colonialism.

⁷³ To see the complete transcript of this speech as well as some other speech, see: Muhammad Hatta, *Kumpulan Pidato III* (Jakarta: PT Gunung Agung, 2002), p. 234

⁷⁴ Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy* (Vienna: Moutton Co., 1973), p. 508-509

Indonesia had an active role in developing countries movement which was aimed to fight for their independence. Besides that, in his autobiography, Soekarno explained that he had to raise the spirit and faith of Indonesian as a nation. Thus Soekarno's foreign policy was indeed aimed to defend the nation's unity and to maintain the pattern of authority in Indonesia, which was in Soekarno's favor.⁷⁵

Coherent with Soekarno's anti-colonialist struggle, those particular goals were formulated in populist and revolutionary foreign policies. Anti-imperialist jargons, such as 'confrontation' or 'revolution' were popular amongst the society. It made Soekarno's label as "The Father of the Nation (*Bapak Bangsa*)" and "Extension of the People's Aspiration" (*Penyambung Lidah Rakyat Indonesia*)" became more and more adhered on the society's mind set. Such inclination was also reflected on Indonesian foreign policy which went forward to anti-west imperialism direction. And as a mean to an end, Indonesia gathered the power of Third World Countries. Third World Countries was a group of newborn countries after the end of the World War II whose foreign policy moved beyond West and East bloc. This common political direction was formulated with the execution of various important conferences, such as Colombo Conference in 1954 and the Preamble of Bogor Conference (Asia-Africa Conference, 1953) that reached its summit on Asia-Africa Conference 1955.

Asia-Africa Conference⁷⁶ created a significant psychological effect towards Asian and African countries. As the outcome of this conference, later called as 'Dasasila Bandung', this Asia-Africa Conference gave enormous inspiration towards the struggle of Asian and African countries to fight for their independence. After this conference, there were many new countries emerge

⁷⁵ See Michael Leiffer, *Politik Luar Negeri Indonesia* (Jakarta: PT Gramedia, 1983)

⁷⁶ The Asia-Africa Conference is the first conference that gathers post-colonial countries in Asia-Africa regions. Not only hosting this conference, Indonesia also acted as founding father through the involvement of Prime Minister Ali Sastroamijoyo. Moreover, other initiator countries were Burma (Prime Minister U Nu), Pakistan (M. Ali Jinnah), Srilanka (Prime Minister Sir John Kotelawala), and India (PJ Nehru)

from these regions; countries that were formerly ruled under colonial power. Besides that, the outcome of Asia-Africa Conference also brought a new direction in strengthening cooperation between Asian and African countries. To be precise, the content of Dasasila Bandung was listed as follow:⁷⁷

1. To respect the basic rights of human beings as listed in UN Charter;
2. To respect the sovereignty and integrity of all nations;
3. To respect and appreciate race differences, as well as to acknowledge the equality of all races and nations in the world;
4. Not to interfere other countries issue and policy;
5. To respect the right of every nation to defend themselves, both independently as well as collectively in accordance to UN Charter;
6. Not to follow the path of collective security to act in the favor of Great Power;
7. Not to threaten and commit violence towards territorial integrity or political independence of a country;
8. To solve and to accommodate all international disputes in a peace manner with the approval of UN;
9. To put forward common interest and cooperation; and
10. To respect law as well as international responsibility.

Soekarno considered Indonesia not only as an important country in Southeast Asia region, but also as a leader amongst Asian and African countries. After the Asia Africa Conference, Indonesia's role in international world, especially on the matter of cooperation with developing countries, continued in the Non-Aligned Movement (NAM) Conference in Beograd, Yugoslavia, 1961. NAM was considered as signal of the emergence of new forces other than two superior countries, which are US and USSR. In his speech delivered in Beograd, Soekarno articulated that the power of the

⁷⁷ Quoted from Dasasila Bandung archive, documented in *Museum Konferensi Asia Afrika*, Bandung

emerging developing countries has to be a new power in the middle of ideological conflict at that time.⁷⁸

Asia-Africa Conference was a platform for developing countries to proclaim their equal position in comparison with Great Power. Through Asia-Africa Conference, Indonesia succeeded in elevating developing countries' position as an actor, not merely a subordinated in international system. Moreover, the Asia-Africa Conference became a starting point for further anti-colonial conferences, including NAM.⁷⁹

Soekarno's charisma and high ambition to become the leader of Asian and African countries in their fight against West colonialism were formulated in diverse counter ideology-based activities, for example the establishment of Jakarta-Pyongyang-Peking-Hanoi Political Axis. Besides that, Soekarno also declared NEFO (New Emerging Forces, the group of newborn countries) which comprised of Asian and African countries. These countries united to oppose UN which, according to Soekarno, was ruled by Old Established Forces, or countries that had gained their independence for a long period of time and took over the control of world economy through imperialism) with US and Western countries as the most prominent actors. The realization of that struggle was formulated in various projects and activities, such as the establishment of NEFO secretariat in Jakarta and the execution of Ganefo (Games of the New Emerging Forces, or a special Olympic games for Third World Countries) which was held in Jakarta, 1962.

Soekarno's anti-colonialism struggle was explicitly articulated to the global world through his speech at UN General Assembly in 1960 in New York, US. On his speech, "To Build a World a New", Soekarno criticized the world structure which further reinforced West's exploitative behavior towards developing countries. Soekarno also criticized UN which he considered as 'Western creation' that had failed in running its function. Thus, Soekarno

⁷⁸ Leiffer, *Op. Cit.*, hlm. 85

⁷⁹ Syamsul Hadi, "Indonesia dalam 'Quo Vadis' Nonblok", in *Media Indonesia* daily, August 5th 1992

further elaborated the needs to build a fairer New World Order based on justice principle.⁸⁰ For Soekarno, ideological conflict between superpowers was still important to be taken care of, but it had a lower level of urgency in comparison with partial relations between capitalist countries and post-colony countries (North-South relations).⁸¹

“ .. We from Asian and African countries know it. Herewith I say this to you, Sir: don't act like you don't know anything about imperialism. Don't act as a right-hand of imperialism blindly. If you do so, Sir, then you will destroy the United Nations. And by doing so, you will destroy the expectation of millions of people, and then you might cause the end of the future days even before they are born...”⁸²

.. We are not trying to defend the world we know, we're trying to build a much better new world”⁸³

In further development, it can be seen that the idea of New World Order which was initiated by Soekarno, had been formulated by the establishment of group comprised of 77 developing countries (the G-77). G-77 was established on June 15th 1964, with the signing of *Joint Declaration of Seventy-Seven Countries* issued by *United Nations Conference on Trade and Development* (UNCTAD) in Geneva, Switzerland. The establishment of G-77 under UN mandate brought this group as the biggest developing countries bloc within UN.⁸⁴

In *Orde Lama* era, it can be said that ideological content in cooperation between developing countries was far more prominent than economy and social ones. Cooperation between developing countries was mostly directed to increase Asian and African countries solidarity towards global injustice. It had

⁸⁰ In general, this speech contained Soekarno's criticism towards injustice world order which mostly favored the developed countries. Soekarno also criticized UN role that was seemed to be merely the extension of developed countries' interest. Because of that, Soekarno proposed a fairer New World Order than the status quo as well as UN reformation. For further studies, see: Soekarno, *To Build a World a New* (Jakarta: Gunung Agung, 1995)

⁸¹ Syamsul Hadi, “Soekarno, GNB dan Realitas Dunia Ketiga” in *Media Indonesia* Daily, August 27th 1992, no. 4457/year XXIII

⁸² Soekarno in his speech “*To Build A World A New*”, September 30th 1960

⁸³ *Ibid.*

⁸⁴ Quoted from <http://www.g77.org/doc/> at July 13th 2010, 01.13 p.m

brought particular achievement for Asian and African society's struggle against colonialism.

However, cooperation in economic and technical field was overshadowed by political dominance. Political jargons on anti-colonialism were conspicuous in Indonesian foreign policy. At least there were two factors which caused the confrontational Indonesian foreign policy.

First, Soekarno's background as a man who lived and grew up in revolutionary era. This background motivated his negative perception on colonialism. Even since his young age, he had written articles with anti-colonialism spirit, such as "Nationalist, Islam, and Marxist", which was published in *Suluh Indonesia Muda* in 1930. Besides that, Soekarno actively involved in anti-colonialism movement in Indonesian National Party (*Partai Nasional Indonesia/ PNI*) and other political movements which aimed to attain independence for Indonesia. Thus, it can be understood that when Soekarno finally had achieved that, he disseminated the idea of anti-colonialism to other colonized countries.

Second, Soekarno's interpretation of Indonesian interest obliged Indonesia to have a firm stance and to acquire supports from other developing countries. In that era, one of the most crucial issues for Indonesia was the West Irian dispute because the Dutch hadn't reinstated that region to Indonesia. Soekarno was frustrated yet tired of this condition. In some circumstances, Soekarno expressed his disappointment on imperialism and colonialism. Soekarno also took a firm stance towards Western countries which he considered as the source of colonialism. Thus Soekarno gathered the power of Third World Countries to attain support in West Irian case.

Unfortunately, Soekarno failed in translating his anti-colonialism politics into a real level. Soekarno forgot to take into account social welfare in his political direction. Because of that, his people did not feel any attachment with his policies. Thus, anti-colonialism vision should have been followed by real economic cooperation.

III.2 South-South Cooperation during New Order Era

The power transition from Soekarno to Soeharto had left numerous issues behind. After the September 30th Movement incident (mostly known as *Gerakan 30 September* or G30S), *Orde Lama* had left behind a serious economic problem, such as more than 500 % inflation rate in 1965. This problem certainly affected the pattern of domestic and foreign policy with Soeharto as a new leader.⁸⁵

Complicated economic problem faced by Indonesia forced Soeharto to put his first priority on domestic economy development. In this context, Soeharto needed foreign investment to stimulate economic growth. This strategy caused the shifting Indonesian foreign policy drastically.

The most prominent change in Indonesian foreign policy during New Order era (or *Orde Baru*) was a softer stance that Indonesia took towards Western countries. Confrontational politics under Soekarno leadership was diverted by Soeharto into a more benign and moderate approach. Some 'renewal' policies at that moment was the restoration of Indonesia-Malaysia diplomatic relations in 1967, the restoration of Indonesia-US diplomatic relations, the dissolution of Indonesia-China diplomatic relations caused by accusation towards China involvement in G 30 S insurrection in 1965, and last but not least, one of the most important regional historical milestone, the establishment of Association of Southeast Asian Nations (ASEAN).

This shifting political orientation was also reflected on the formulation process of Indonesian foreign policy in the early stage of Soeharto presidency.⁸⁶ It was marked by the switching of alliance preference from socialist countries during Soekarno era towards capitalist and developed countries during Soeharto presidency. This changing preference can be understood through the logic of interest developed by Soeharto who focused

⁸⁵ To explore the transition period from Soekarno to Soeharto, see M.C. Ricklefs, *A History of Modern Indonesia Since 1300* (California: Stanford University Press, 1993), p. 284-303

⁸⁶ Suryadinata, *Op. Cit.*, p. 83

more on domestic economy development. Thus, what Indonesia needed was not political solidarity that was always repeated by Soekarno, but economic aid from countries rich with resources and capital. However, in the last decade of Soeharto presidency, Indonesia's ambition to play a bigger role on developing countries cooperation was once again formulated through Indonesia's role as the chairman of NAM, period 1992-1995.

In regional context, Indonesia played a bigger role in ASEAN. Since Soeharto's presidency, ASEAN had been the prominent sphere on Indonesian foreign policy. As the closest backyard of Indonesia's territory, ASEAN countries played an influential role towards Indonesia's national interest, especially to incarnate security and stability.⁸⁷ Aside from that, the establishment of ASEAN was supported by anti-communist ideology that had been developed within the circle of ASEAN countries' leaders at that time, including Soeharto. Through ASEAN, Indonesia hoped to play a prominent role as a leader within ASEAN region.⁸⁸ Despite the fact that different opinion often occurred in some circumstances, opinion of Indonesia government was mostly more influential than others. Through ASEAN, Indonesia expected itself to have the capacity to play a more active role in outside world and to be considered as a leading country after succeeded in leading Southeast Asia region.

Basically, Indonesia had played an active role in activities under the scheme of cooperation between developing countries for a long period of time. However, Indonesia was still not capable in practicing its influence in the system. Cold War nuance was so powerful that Indonesia didn't acquire the medium to actively influence the politics of developing countries. In international level, South-South Cooperation had just successfully dragged a broad attention after the end of Cold War, even though previously this issue didn't evaporate entirely.

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*, p. 87

After Asia-Africa Conference in 1955, South-South Cooperation momentum was formulated in Buenos Aires Plan of Action (BAPA) on Technical Cooperation among Developing Countries in 1978. To follow up BAPA, in 1981 Indonesia established Indonesian Technical Cooperation Program (ITCP) by issuing Presidential Decree (Keppres) Number 60/1981. Based on that decree, there were 4 institutions (mostly known as ‘four legs’ or *Empat Kaki* which responsible for international technical cooperation. Those institutions were the National Development Planning Board/ *Bappenas* (planning), Department of Foreign Affairs/ *Deplu* (information), Department of Finance/ *Depkeu* (budgeting), and the Cabinet Secretary or Overseas Technical Cooperation Bureau or *Setkab/ Biro KTLN* (facility, treaty and activity permission).⁸⁹

In the early 1980s, Indonesia also directed its foreign policy to acquire support from Pacific countries on the issue of East Timor. Mochtar Kusumaatmaja, acting as Foreign Minister at that time, explained that South Pacific played a crucial role for Indonesia’s foreign relations. That thought later on was elaborated by Ali Alatas as the successor of Mochtar Kusumaatmaja. He further articulated that the South Pacific was an important region for Indonesia and it was also one of the priorities of Indonesian foreign policy.⁹⁰ In Mochtar Kusumaatmaja era, it had been highlighted that Indonesian foreign policy was not only limited to Southeast Asia region, but it also expanded widely to the east and southeast region.

Cooperation with Pacific region was aimed as a mechanism to share Indonesia’s experience in developing science, skills, and development vision in order to answer the urgent problems and common needs as well as to strengthen solidarity amongst countries through training program and expert

⁸⁹ Further elaboration about international context of South-South Cooperation can be seen on Chapter 2 of this research, whereas Indonesia’s role in South-South Cooperation will be discussed further on Chapter 4.

⁹⁰ Ali Alatas, “Implikasi Pengaruh Persaingan Negara-negara Adidaya di Pasifik Selatan,” presented paper on *Seminar Pasifik II*, Pusat Antar Universitas Ilmu-Ilmu Sosial Universitas Indonesia, Jakarta, 12-17 December 1988. See Bantarto Bandoro, *Hubungan Luar Negeri Indonesia Selama Orde Baru*, (Jakarta: CSIS, 1994), p. 189

exchange which were funded both bilaterally and multilaterally, for example through the involvement of JICA and UNDP, as well as other donor institutions.⁹¹

Indonesia also initiated Developing Countries Technical Cooperation (*Kerjasama Teknik Negara Berkembang/ KTNB*) with South Pacific countries to assist fellow developing countries. Furthermore, South Pacific countries gave positive respond towards this offer. Some countries developed their skill with technical assistance from Indonesia, for example Solomon Islands in the field of agriculture, fishery, and animal husbandry. Meanwhile, West Samoa developed itself in the field of education, agriculture, aviation, and sailing. In other word, Indonesia played a role in resolving regional issues in Pacific region. Some other technical cooperation that emerged in 1970s was *angklung* training for the Papua New Guinea youths in *Saung Angklung Mang Udjo*, Bandung.⁹²

In 1989, Indonesia initiated the establishment of a group consisted of 15 developing countries (mostly known as the G-15). G-15 was established at the Summit of Non-Aligned Movement (NAM) in Beograd, Yugoslavia, in September 1989. Members of G-15 were Algeria, Chile, Iran, Malaysia, Nigeria, Srilanka, Argentina, India, Jamaica, Mexico, Peru, Venezuela, Brazil, Indonesia, Kenya, Egypt, Senegal, and Zimbabwe.

In general, G-15 was founded based on two purposes. First, to facilitate trade, technology transfer, and investment in developing countries or member countries in order to increase their bargaining power in international organizations, such as WTO and G-8, or with developed countries in general. The Second purpose is to encourage political coalition, be it bilateral or

⁹¹ “Kerjasama Selatan-Selatan”, *Op. Cit.*

⁹² Deeper elaboration on Indonesia’s role, including the contribution of each ministry in government, can be seen on Chapter 4 in this research.

multilateral, in order to strengthen developing countries' bargaining position towards the Western countries domination in various fields.⁹³

In the early 1990s, Soeharto was certain that the success of Indonesia's economic development towards take-off phase was just an inch away.⁹⁴ Because of that, it was important for Soeharto to start performing an active role in international forum. That was a right moment where Soeharto to elevate Indonesia's international profile. The prominent instrument that Indonesia employed in South-South Cooperation was the NAM.

NAM itself had experienced decreasing role after the end of 1960s. Since 1970s until 1980s, NAM had undergone dark times. It was indicated by its failure in handling global issues, especially the one related to economic development of its member. It became the ultimate argument for Indonesia when Indonesia offered itself to become the Chairman of NAM. Before that, even though Indonesia resided an important role in NAM as one of its founding father, Indonesia's role was still not outstanding enough.⁹⁵

Besides that, NAM was judged to be not optimal based on its much declining role in international world. NAM was considered failed in resolving Third World Countries' conflicts, for example Vietnam conflict, Iraq-Iran war, India-Pakistan conflict, and many others. NAM position became worse because when it had failed in resolving conflicts, superpower countries stood up and took control over that conflict.⁹⁶

Thus, in the beginning of 1990s, NAM was in dire need of revitalization in form of cooperation between developing countries. For the

⁹³ It can be seen in contemporary case where Brazil forced US in Iran's nuclear resolution, 2010.

⁹⁴ According W.W Rostow, there are 5 phases on a country's economic development process. These phases relate to transformation from traditional to modern economy. Those 5 phases are traditional hunting economy, farming economy, agriculture economy, take-off phase, and modern phase of trading, manufacture, and agriculture.

⁹⁵ Suryadinata, *Op. Cit.*, p 223. *Founding Fathers* of NAM were Soekarno (Indonesia), P.J. Nehru (India), Gamal Abdul Nasser (Pakistan), Joseph Broz Tito (Yugoslavia) and Kwame Nkrumah (Ghana).

⁹⁶ Soesiswo Soenarko, "Gerakan Nonblok: Relevansi dan Peran Indonesia di Masa Mendatang". In *Global Jurnal Politik Internasional*, Vol. 4 (Depok: Departemen HI UI, 1992), p. 20

majority of NAM members, eradicating poverty and encouraging development was a critical issue that determined the future of NAM member countries.⁹⁷ Indonesia tried to maximize that during its leadership as the Chairman of NAM in 1992. During three years of her leadership, NAM was considered success in playing its role in global world. Through *Jakarta Message*, Indonesia gave a new direction in this movement, for example by giving more focus on economic development in cooperation scheme through reactivating North-South dialogue.

At that moment, Indonesia was trying to equalize its relations with both developing and developed countries. Good relations between Indonesia and developed countries brought in benefits to the developing countries. One of the examples was one year after hosting NAM, Soeharto asked the developed countries to wipe out the debts of developing countries. It was a concrete evident that maintaining good relations between Indonesia and developed countries was also beneficial to developing countries.⁹⁸

In the 10th NAM meeting in Jakarta, the leader of NAM member countries reached an agreement to intensify South-South Cooperation by means of exchanging resources, expert, and experiences between developing countries. Rajesh Kumar explained that it was a means for developing countries to strengthen their position in unifying Southern countries' vision, especially related to their position in North-South dialogue and in international economic system in general.⁹⁹

An important note for Indonesia's leadership in NAM was related to orientation and policy direction of NAM. In the beginning of 1990s, political condition of the world changed after the collapse of communist bloc and the emergence of US as hegemonic power. This condition certainly had transformed the spirit and purpose of NAM so that NAM experienced a

⁹⁷ *Ibid.*,

⁹⁸ Interview with Bantarto Bandoro, April 14th 2010, in FISIP UI, Depok

⁹⁹ Rajesh Kumar, *Non-Alignment Policy of Indonesia* (Jakarta: CSIS, 1997), p. 67

reorientation. Thus, NAM put more focus on economy field, which was the North-South partiality issue and poverty in developing countries.¹⁰⁰

This reorientation of South-South Cooperation was needed based on South Commission's report¹⁰¹ entitled 'The Challenge to the South' (1987) which clarified that developing countries group should have relied on their own capacity and not putting too much hope on North-South Cooperation. On the contrary, dialogue and South-South Cooperation was considered capable enough in strengthening bargaining position of developing countries.¹⁰²

One of the concrete forms from Indonesia's leadership in NAM in order to build South-South Cooperation was the establishment of *Non-Aligned Movement Centre for South-South Technical Cooperation* (NAM-CSSTC)¹⁰³ in 1995 which was based on the initiative of the Government of Indonesia and Brunei Darussalam on the 11th NAM Summit at Cartagena, Colombia. NAM-CSSTC was created to be the most prominent and effective way to promote and accelerate the development in developing countries.

NAM-CSSTC is aimed to put forward society-based mutual independence between developing countries as a means to achieve social and economic development, as well as to encourage the developing countries to be an equal partner of development in international relations. NAM-CSSTC functions as the centre of real movement by utilizing as many resources as possible and as the dialogue forum to answer the challenge of development.

¹⁰⁰ Hadi, "Indonesia dalam 'Quo Vadis' Nonblok", *Op. Cit.*

¹⁰¹ The South Commission is an independent body which was established on NAM Conference in 1986. South Commission comprises of influential individuals from the Third World, such as Mahatir Mohammad from Malaysia, and its aim is to give recommendations for the progress of South-South Cooperation and developing countries in general.

¹⁰² Interview with Bantarto Bandoro, April 22nd 2010 at FISIP UI, Depok

¹⁰³ NAM-CSSTC which located in Jakarta is aimed to help increasing and accelerating development in developing countries, and had been formed in Non-Aligned Movement Summit in Cartagena, Colombia, October 1995. NAM-CSSTC is ran by the Government of Republic of Indonesia under the supervision of Ministry of Foreign Affairs and funded by Indonesia and the Government of Brunei Darussalam. Activities under NAM-CSSTC comprise of expert exchange, technical information sharing, workshop facility development, training, seminar, and network development, as well as entrepreneurship development in developing countries. In running those activities, NAM-CSSTC exercises cooperation with various institutions and organizations, both locally and internationally.

Indonesia, as the biggest Moslem populous country, was also very active in the Islamic Conference Organization (*Organisasi Konferensi Islam/ OKI*). During its membership in OKI, just before the ending of Soeharto's presidency, Indonesia played an active role in the forming of Developing-8 group or D-8. D-8 was established at June 15th 1997 in Istanbul, Turkey. The group consists of Moslem majority countries like Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. The establishment of D-8 itself was a respond towards OKI inability in resolving global issues in developing countries.¹⁰⁴ The focus of this organization is to accelerate economic development in developing countries, especially in the countries with Moslem as majority.¹⁰⁵

Meanwhile, Soeharto's presidency was ended in 1998 after 32 years holding his power. Immediately before the end of his presidency, Soeharto failed to control the monetary stability as the effect of East Asian financial crisis, which further caused economic crisis in Indonesia. This economy crisis had stretched out, not only limited to financial and monetary crisis, but also spilled over into political crises. Indonesian society was buzzing the "anti corruption, collusion, and nepotism" yells which was raised as issue to topple Soeharto's regime. Soeharto no longer had power to prolong his legitimacy and finally he stepped down on May 21st 1998.

III.3 South-South Cooperation during Habibie Presidency

After the pitfall of Soeharto regime until today, the history has recorded four presidents reigning over Indonesia, which are President Habibie, President Abdurrahman Wahid, President Megawati Soekarnoputri, and President Susilo

¹⁰⁴ See Shafiah Fifi Muhibat, "D-8 Summit, Regional Issues and Indonesia's International Diplomacy" in *The Indonesian Quarterly*, Vol. 34, No.2, April-June 2006 (Jakarta: CSIS, 2006), p. 132-133

¹⁰⁵ Opposite perspective from that optimism can be seen on Zainuddin Djafar, "Politik Luar Negeri Indonesia: Berpacu antara Kompromi dan Melepaskan diri dari Realitas 'Weak State'" in *Global Jurnal Politik Internasional*, Vol.7, No.1, November 2004 (Depok: Departemen HI UI, 2004)

Bambang Yudhoyono. Among those respectable presidents, President Habibie was the one with the shortest presidency period, which comprised less than nine months. During that time, Habibie's focus relied mostly on consolidating domestic situation because of the continuance of economic and security chaos. Thus, President Habibie's working priority was directed to carry out the General Election (*Pemilu*) 1999 which was an important milestone as the foundation of democratic system after the fall down of Soeharto. So, it can be said that during Habibie presidency, Government of Indonesia did not put foreign policy as its top priority.

III.4 Abdurrahman Wahid Presidency Era

General Election 1999 became a democratic mechanism which resulted in the emergence of new parties as majority in parliament. After the election which marked the beginning of reformation era, consensus mechanism in the parliament to appoint a new president was applied, with Abdurrahman Wahid named as the new president of Republic of Indonesia. The emergence of Abdurrahman Wahid, mostly known as Gus Dur, surprised many other parties which had more tendencies to name Megawati Soekarnoputri as President. Struggle-Democratic Party Indonesia (*Partai Demokrasi Indonesia Perjuangan/ PDI-P*) which carried Megawati was the winner of general election 1999. With that process, Indonesia embarked the new reformation era under Gus Dur presidency.

International economic policy under Gus Dur period was more directed to elevate the trading relations. Gus Dur realized that the most promising prospect and biggest trading volume lied on trading relations with Europe and Asia Pacific region. Based on that assessment, it was not a surprise that Gus

Dur, as what Soeharto did, still maintained international economy orientation towards Asia Pacific and Europe region.¹⁰⁶

One thing considered as a breakthrough of Indonesian foreign policy direction under Gus Dur presidency was a notion to form Jakarta-New Delhi-Beijing Political Axis. That axis had been Gus Dur's long term vision in his foreign policy by seeing the economic potential and power of those two countries. Unfortunately, this new foreign policy direction was not supported by domestic factor. That vision was not continued by his successor, even though there was a time when this notion threatened US as superpower country.¹⁰⁷

In his short presidency (less than one year), Gus Dur carried out a lot of presidential visit to neighboring countries which made Barry Wain labeled him as 'Indonesia's One Man Foreign Policy'.¹⁰⁸ Diplomacy exercised by Gus Dur was aimed to restore Indonesia's international image and to show the international world that Indonesia is a democratic country.¹⁰⁹

On that purpose, it seemed to be that President Gus Dur's diplomacy had succeeded. But on the purpose to achieve economic goal, for example to increase investment, his diplomacy had failed. During the first year of his presidency, there was no significant increase in foreign direct investment to Indonesia.¹¹⁰

In 2000, President Abdurrahman Wahid expressed the idea to form the West Pacific Dialogue Forum. The forum itself is a dialogue-based one consisting of Indonesia, Australia, New Zealand, Papua New Guinea, the Philippines, and Timor Leste. The forum aims to cooperate more in economic,

¹⁰⁶ International Relations Research Team, *Analisis Kebijakan Luar Negeri Pemerintahan Abdurrahman Wahid (1999-2000)* (Jakarta: Sekretariat Jenderal DPR-RI, 2001), p.184

¹⁰⁷ Riza Sihbudi, *Akan Dibawa Kemana Politik Luar Negeri Kita*, accessed from <http://www.suaramerdeka.com/harian/0210/09/kha1.htm> on March 20th 2010, 01.13 p.m.

¹⁰⁸ *Asian Wall Street Journal*, 3 Februari 2000, quoted from *Ibid.*

¹⁰⁹ Sihbudi, *Loc. Cit.*

¹¹⁰ International Relations research team, *Op. Cit.*, p. 185

security, politics, and socio-cultural sectors in order to foster a peace, stable, and prosperous region.¹¹¹

From this development, it can be seen that Indonesia preferred to exercise its soft power rather than its hard power. At least if this instrument could be successfully implemented towards Pacific countries, Indonesia did not only get sympathy, but also economic and political benefits, as well as other strategic benefits.¹¹²

When Indonesia faced the East Timor dispute in 1970s, Indonesia put a spotlight towards South Pacific region. After that, Indonesia once again put its attention towards cooperation with South Pacific region when Indonesia had to resolve separatism issue in Papua. However, it's not enough to frame that issue merely as Indonesia's struggle towards traditional threat of its security (separatism, anti-Indonesia sentiment). Moreover, this issue also represented another threat, mostly comprised of non-traditional security threat, which Indonesia confronted, such as human trafficking and illicit drugs trafficking.¹¹³

Indonesia's interest in this region is to prevent support for Papua separatism from Pacific countries. Here, Indonesia is not only involved in the establishment of the Southwest Pacific Dialogue Forum, but also on the Pacific Islands Forum (PIF). Some important achievement from this diplomacy is more cooperation with countries in this region, including granting scholarship from Indonesia to student from Pacific countries.

Indonesia provides some people-to-people contact to Southwest Pacific Forum countries in 2009:¹¹⁴

1. The Indonesian Art and Culture Scholarship;
2. The Dharmasiswa and the Developing Countries Partnership Scholarship;

¹¹¹ Look more on Bantarto Bandoro, "Aspek *Soft Power* dalam Hubungan Indonesia-Pasifik Selatan", on *Analisis CSIS*, Vol. 36, No. 4 (Desember 2007), p. 437

¹¹² *Ibid.*

¹¹³ *Ibid.*

¹¹⁴ See on

<http://www.deplu.go.id/Pages/IFPDisplay.aspx?Name=RegionalCooperation&IDP=9&P=Regional&l=id> at October 29th 2010, 12:00 p.m.

3. The Indonesian Technical Cooperation between Developing Countries Programme.

Gus Dur governed only for a short period of time. This made his foreign policy achievement, especially on cooperation with developing countries, seemed to be only moderate. Gus Dur suffered many domestic political pressure hampering effectiveness of his foreign policy.

III.5 Megawati Soekarnoputri Presidency Era

In analyzing President Megawati presidency, it is interesting to compare her policies with her father's (President Soekarno) goal and ambition, especially in matters related to developing countries. In the beginning of Megawati presidency, it was expected that she would continue his father's objective in elevating the dignity and prestige of developing countries.

However her policy did not follow this expectation; the first country she visited in the beginning of her presidency was the US. Megawati's presidential visit to US had raised pros and cons within domestic politics that was caused by terrorism issue and US discourse to invade Afghanistan. On that meeting, it was seemed that US dictated Megawati to eradicate Islam extremists in Indonesia. Despite of that concern, this visit sent a message that Megawati still considered US as a priority and hoped to gain certain degree of benefits from this superpower country.

Yet there was an interesting fact in Megawati presidency, which was the increasing number of export to developing countries during 2003-2004. The value of Indonesia's export to NAM member countries in January-November 2004 reached US\$ 16,760.03 million or equal to approximately 33% from her total export coming from non-gasoline and gas sector, which worth as much as US\$ 50,653.17 million. In comparison within the same period in 2003 where the export value from non-gasoline and gas sector to

NAM member countries was worth US\$ 14,013.06 million, then it can be concluded that there had been an increase as much as US\$ 2,747.57 million or 19.61%.¹¹⁵

That increase was mostly occurred in Indonesia's trade with Jordan, Venezuela, Eritrea, Bolivia, Belarus, Malawi, Vanuatu, and Laos. Even though there had been a drastic increase of export value with those countries (ranging from 100% until 300%), the aggregate value of Indonesia's export with NAM countries only increased as much as 19.1%. It was caused by the decrease of export value to certain countries, such as Nigeria, Benin, Côte d'Ivoire, Madagascar, Senegal, Mongolia, Central Africa, and Uzbekistan as much as 20 - 35%.¹¹⁶

In 2001-2003, President Megawati Soekarnoputri focused her administration to pursue an approach to strengthen bilateral relation with China within energy and economy cooperation framework. A Memorandum of Understanding (MoU) was signed on March 24th 2002, marking the establishment of Indonesia-China Energy Forum. Six months later on September 26th 2002, "Bali Memorandum" was signed to implement that MoU.¹¹⁷ The frequency of presidential visit between two countries was also increased. This fact can be concluded from the visit listed as follows:¹¹⁸

- November 2001: Zhu Rongji, Deputy of Prime Minister visited Indonesia;
- March 2002: Megawati Soekarnoputri visited Beijing to discuss about energy supply to Guangdong province, China.
- November 2002: Li Peng, Chinese Head Parliament visited Indonesia;

¹¹⁵ Accessed from ditjenkpi.depdag.go.id/website.../GNB_-_Buku20060109115552.doc at April 13th 2010, 09.12 p.m.

¹¹⁶ *Ibid.*

¹¹⁷ I. Wibowo and Dwijaya Kusuma, "Melumasi Hubungan Indonesia-Cina: Kerjasama Minyak", in Syamsul Hadi and I. Wibowo (eds.), *Merangkul Cina* (Jakarta: Gramedia, 2009), p. 168

¹¹⁸ Hadi dan Wibowo (eds.), *Ibid.*, p. 296

- Deputy Governor of Fujian Province, Wang Meixiang visited Indonesia to attend Fujian Night on December 2003.

These visits had succeeded in strengthening the relation of China and Indonesia in energy sector. It was proven by the hold of *Energy Forum I* at Bali in 2002 where many agreements in energy sector were signed, such as Integrated Gasification Combined Cycle Plants Project (the *PLTU*, with coal power) Labuhan Angin in Sibolga, North Sumatera, which valued as much as US\$ 180 Million with 4 x 55 MW (Megawatt) capacities. The contract was signed by National Electricity Company (*PT Perusahaan Listrik Negara/ PLN*) and China National Machinery and Equipment Import and Export Cooperation (CMEC). Other *PLTU* projects were *PLTU* (coal power) Parit Baru in Pontianak (with 2 x 50 MW capacities) between CMEC and PLN.¹¹⁹

Asides China, Megawati also has conducted number of presidential visits to developing countries. One from many was her visit to Thailand in August 29th 2003, and also her visit to Malaysia in August 30th 2003. Those visits were used as platform to discuss more about terrorism issues and economic enhancement between two countries.

President Megawati also visited Pakistan on December 16th 2003. This visit was mostly related to trade cooperation within *preferential tariff arrangement* between two countries. Cooperation in trade sector was signed by Rini MS Soewandi and Minister of Trade from Pakistan, Humayun Akhtar Khan. The signing of MoU in this sector was a policy following the tariff concession negotiation within Comprehensive Economic Partnership between two countries.

Many have said that Megawati did not inherit her father's spirit in South-South Cooperation. This assertion can be seen from the least number of her foreign policy that directed to strengthen the South-South Cooperation.

¹¹⁹ Further elaboration about China-Indonesia relation in energy sector can be seen in: Wibowo & Kusuma, *Op. Cit.* See also in Dwijaya Kusuma, *China Mencari Minyak: Diplomasi China ke Seluruh Dunia 1990-2007* (Depok: Center for Chinese Studies, 2008), p. 84

The context of her presidency was indeed much different in comparison with her father's. Megawati was also considered not having enough understanding towards international politics issues.

One of her remarkable achievement was the hosting of ASEAN Summit in Bali which resulted in *Bali Concorde II* agreement. *Bali Concorde II* has been a milestone for Indonesia's role in setting the basic foundation for ASEAN Community in economy, politic, social and culture sector.

III.6 Susilo Bambang Yudhoyono (SBY) Presidency Era

President SBY brought in the new formula of foreign policy concept. SBY understood that international world condition today was so much different in comparison with previous era. Because of that, SBY initiated a foreign policy concept which he called "navigating on turbulent ocean". It showed that the challenges that Indonesia had to encounter was far more complex and no longer came from Communist and Western bloc.¹²⁰

During President SBY presidency, South-South Cooperation hadn't been the priority of Indonesian foreign policy, yet its existence had brought some dynamics towards Indonesian foreign policy. In this case, cooperation with developed countries was still considered as top highest priority. However, during his presidency, technical cooperation between developing countries had been given a better thought and priority compared with previous presidency in reformation era.

In 2004 Presidential Election campaign, SBY explained that foreign policy was aimed to achieve national interest in domestic sphere or as an extension of domestic policy.¹²¹ Because of that, Indonesian foreign policy activity had to have correlation in concrete form with Indonesia's national

¹²⁰ For further elaboration on 'navigating on turbulent ocean' concept, see: Bantarto Bandoro, "Indonesian Foreign Policy Under President Susilo Bambang Yudhoyono", in *the Indonesian Quarterly*, Vol. 34, No. 4, Fourth Quarter 2006 (Jakarta: CSIS, 2006), p. 307-309

¹²¹ *Ibid.*

interest. In other words, coherency between development policies in domestic area with foreign policy was crucially needed.

President SBY's philosophy about '*a million friends and zero enemy*',¹²² in international diplomacy highlighted that Indonesia had to cope with new strategic environment where there was no countries considered Indonesia as enemy, and there were also no countries that Indonesia considered as enemy. Indonesia could have a liberty to exercise its '*all directions foreign policy*' where Indonesia could have as many friends as possible while not having any enemy at all. Indonesia would work in cooperation with any parties who had a common will and purposes: mostly to build a peaceful, fair, democratic, and prosperous world order. In building cooperation with other countries, Indonesia had to protect its national interest, to uphold the sovereignty of Republic Indonesia (NKRI) which was based on Pancasila, 1945 National Constitution, and *Bhineka Tunggal Ika* (unity in diversity principle). This philosophy had encouraged Indonesia in strengthening a more intensive cooperation with Southern countries to achieve Indonesia's national interest.

Some of domestic policies which become Indonesia's national interests are the eradication of corruption, the creation of job, the development of national education system, and the stabilization of domestic goods supply. Related to these, SBY directed various foreign policies for certain purposes, for example to attract foreign investment, to build a more-competitive Indonesia, to promote trading system and to participate in multilateral forums.¹²³

President SBY also held various meetings with some of developing countries' leaders. Presidential meeting between President SBY and President of India, Pratibha Devisingh Patil, for example, was held on December 1st 2008 in Istana Merdeka, Jakarta, as a part of Patil's presidential first visit to Indonesia. Before that, SBY already had a presidential visit to New Delhi,

¹²² "Pidato Pelantikan Presiden SBY: Kesejahteraan, Demokrasi dan Keadilan", accessed from <http://www.tokohindonesia.com/ensiklopedi/s/susilo-b-yudhoyono/berita/2009/03.html> at August 10th 2010, 08.00 p.m.

¹²³ *Ibid*,

India, on November 21st-24th 2005 and had conducted a discussion with India President, Dr. A.P.J Abdul Kalam and its Prime Minister, Dr. Manmohan Singh. This meeting discussed some issues related to the enhancement of economic cooperation and terrorism. On that opportunity, Memorandum of Understanding in agriculture, youth, and sport sector was also signed. It was also supported by the willingness of both countries to encourage more cooperation in education, pharmaceutical, information and technology, as well as movie industry sectors.¹²⁴

In March 2008, President SBY carried out presidential visits to some countries, such as Iran, Senegal, South Africa, and United Arab Emirates. Through this visit, Indonesia did not only hold a discussion about the enhancement of Indonesia's economic relations. Moreover, Indonesia also intended to attend OKI Summit in Senegal which discussed more on OKI Charter and how OKI members could increase the welfare and economic condition of Muslims around the world, and also how to attract investment from Middle East.

In terms of technical cooperation between developing countries during SBY presidency, the spectrum was expanded to the east, which is to Southwest Pacific countries. This was a follow-up policy from the 1st Ministerial Meeting of South West Pacific Dialogue at Yogyakarta in 2002.

On the commemorate of 50-year Asia-Africa Conference in 2005, Indonesia in cooperation with South Africa initiated a new partnership concept called *New Asia-African Strategic Partnership*, where the development of South-South cooperation was carried out through strategic partnership with developed countries as well as international bodies.

In the other hand, Ministry of Foreign Affairs underwent a restructuring process in 2005. A new directorate was formed, later called Directorate on

¹²⁴ See "Mencermati Peluang Hubungan dan Kerjasama Bilateral Indonesia-India" accessed from http://www.setneg.go.id/index.php?option=com_content&task=view&id=3064&Itemid=29 at June 21st 2010, 08.12 p.m.

Technical Cooperation (*Direktorat Kerjasama Teknik/ KST*), which aimed to increase Indonesia's active role in cooperation with developing countries.¹²⁵ Aside from that, in the formulation of Indonesian policy related to South-South cooperation, Directorate on Socio-cultural Affairs and International Organization of Developing Countries are directed to be a focal point.

In the bigger context, Indonesia directed its policy into the formation of equal and continuous partnership between developing and developed countries or other international institutions through South-South Technical Cooperation. In the implementation, Indonesia cooperates with third parties, such as the UNDP, JICA, ESCAP, and others as donor institutions.

In the 2003-2007, Indonesia held training program for developing countries in various sectors. Participants of those programs reached 727 people from 51 countries in Asia, Middle East, Pacific, and African countries. Meanwhile, the total number of Indonesian expert which were sent abroad in that program during 1994-2007 period reached 50 people, most of whom was sent to Papua New Guinea, Madagascar, Nepal, Tanzania, Cambodia, the Philippines, and Thailand.¹²⁶

During this SBY presidency, government also gave scholarship to 100 students from Asia, Pacific, and Australia. Most of them learned Indonesian culture in various places, such as *Saung Angklung Mang Udjo* in Bandung and *Padepokan Tari Bagong Kusudiarjo* in Yogyakarta. They learned Indonesian art and culture for three months. Besides to promote Indonesian art and culture, this activity was also aimed to promote soft power that Indonesia acquired towards the Pacific countries.

Some international agreements related to South-South cooperation which was issued during SBY presidency were the Paris Declaration 2005; Accra Agenda for Action 2008; 'Doha Conference: Review on Financing for

¹²⁵ "Kerjasama Selatan-Selatan", *Op. Cit.*

¹²⁶ "RI Berbagi Pengalaman Kerjasama Teknik Selatan-Selatan", accessed from <http://beritasore.com/2009/03/19/ri-berbagi-pengalaman-kerjasama-teknik-selatan-selatan/> at January 21st 2010, 10.10 p.m.

Development 2008'; and UN Conference on South-South Cooperation in Nairobi, Kenya, in 2009 which generated the Nairobi Outcome Document. These agreements were basically aimed to strengthen the commitment of developing countries on South-South cooperation.

As a step following those agreements, the Government of Indonesia signed 'Jakarta Commitment' with 22 institutions and donor countries. The purpose of this mutual agreement is to create an equal position between donor and recipient countries to efficiently utilize foreign aid for development. Important point in 'Jakarta Commitment: Aid for Development Effectiveness Indonesia's Road Map to 2014' is the improvement of international aid mechanism and reinforcement South-South cooperation. The Government of Indonesia and partner countries were demanded to commit themselves in order to strengthen institutions and to give more space for South-South cooperation.

III. 7 Closing Notes

In summary, the dynamic of Indonesian foreign policy with Southern countries during the various era of presidents can be seen in Table III.1. There had been dynamic in South-South cooperation that Indonesia has carried on during the periods of Indonesian leaders' presidency. The dynamic were directed by the strengthening or weakening intensity of South-South Cooperation in politics and economic sector. Some factors such as policy priority, dynamic of domestic politics, and international situation played influential role on the Indonesia's intensity in South-South Cooperation.

South-South Cooperation cannot be neglected in Indonesian foreign policy regarding Indonesia's position that is influential enough amongst developing countries. History has recorded that Indonesia had played a big role in promoting cooperation and solidarity amongst developing countries. That position has been a benefit for Indonesia in coping with international politics

dynamic. In encountering various international problems, Indonesia acquired enormous supports from developing countries.

Indonesia's foreign relations with Southern Countries will remain close in the future. Indonesian foreign policy pendulum has to remain stable between its relation with Southern and Northern Countries. Indonesia needs support from Southern Countries in its foreign policy. However, Indonesia also needs donor and investment to develop its economy. Thus in the future, Indonesia still has to maintain its relation with Southern countries without neglecting Northern countries as strategic partner.

In this globalization era, social and economy issues such as unemployment and poverty are still remain as prominent issues. Cooperation with Southern countries will be beneficial to deal with those problems. That cooperation will bring a new nuance in economy development, such as export market expansion, investment from and towards developing countries, and cooperation in economy aid, as well as capacity enhancement in various sectors.

Tabel III.1 South-South Cooperation Profile from Soekarno to Susilo Bambang Yudhoyono Presidency

	Soekarno	Soeharto	Abdurrahman Wahid	Megawati Soekarnoputri	Susilo Bambang Yudhoyono
Political Cooperation	Strong, indicated by Indonesia's role in Asia-Africa Conference, NAM, as well as some bilateral relations	Strong, in the 1990s when Indonesia was chairing NAM and intertwined relations to Pacific countries	Average, by carrying out presidential visits to neighboring countries and by joining South Pacific communication forum	Weak	Average, by hosting the commemoration of 50-years Asia-Africa Conference. However Indonesia was not yet able to restore its image as a prominent developing country
Economic and Technical Cooperation	Weak, because government policy was prioritized to political and ideological cooperation	Strong, indicated by the establishment of NAM Center and enormous trading activity with developing country	Weak, caused by the short period of presidency	Average, indicated by moderate rate of trade towards Asia and African countries	Average

CHAPTER IV

INDONESIA'S INVOLVEMENT AND ACTIVITIES IN SOUTH-SOUTH COOPERATION

IV.1. Indonesia and the Implementation of South-South Cooperation

Along with Government of Indonesia's policy in 1966 to be a part of international community by rejoining the United Nations and other international financial institutions also working out bilateral relations with various countries, Indonesia gained numerous forms of foreign aid. One of its forms was overseas technical assistance. Overseas technical assistance is a support, grant, or donation for the purpose of cooperating under the areas of technique, knowledge, culture, social and economy, but does not include credit and foreign capital investment.

To support the conduct of overseas technical assistance, the government issued Cabinet's Presidium Decree (*Keputusan Presidium Kabinet*) Num. 81/U/4/1967 on the formation of Coordinating Committee for Overseas Technical Assistance (*Panitia Koordinasi Bantuan Teknik Luar Negeri*). This committee was responsible to coordinate each department's technical necessity and accommodate any technical assistance offers and related administration activities. The structure of Coordinating Committee for Overseas Technical Assistance consisted of functionaries who represented 10 governmental departments and institutions, and was headed by a Cabinet's Presidium Secretary that was helped by Secretariat which was led by a Secretary.

In 1970s, along with foreign technical assistance dynamic received by Indonesian Government, adjustment toward Cabinet's Presidium Decree Num. 81/U/4/1967 was carried on by the issuance of Presidential Decree Num. 21/M in 1976, Presidential Decree Num. 95/M in 1976, and Presidential Decree Num. 6/M in 1979. Those three decrees were later removed and replaced by Presidential Decree Num. 60/M in 1981.

Presidential Decree Num. 60/M in 1981 about Coordinating Committee for Overseas Technical Cooperation (*Panitia Koordinasi Kerjasama Teknik Luar Negeri* or PKKTLN) emphasized on the structure of the committee that was headed by the Cabinet Secretary, whose members consisted of 12 first echelons from 12 different departments and agencies, and a secretary from Chief of Overseas Technical Cooperation Bureau, Cabinet Secretariat (*Kepala Biro KTLN, Sekretariat Kabinet*). The PKKTLN was helped administratively by KTLN Bureau, Cabinet Secretariat.

The PKKTLN's function, based on Presidential Decree Num. 60/M in 1981, was basically not different from the one regulated in Cabinet's Presidium Decree Num. 81/U/4/1967, which was to organize the administration of overseas technical assistance that consisted of: coordinating the formulation of each department's necessity toward overseas technical assistance offering; processing and listing overseas technical assistance offering; and various administrative tasks, such as issuing government's letter of approval for foreign experts and consultants, and for domestic officials or employees who will exit the country, within the framework of technical cooperation programs.

Indonesia's strong commitment toward South-South Cooperation could also be seen in 1981 when the government formed *Kerjasama Teknik Antar Negara Berkembang/ KTNB* or Indonesian Technical Cooperation Program (ITCP).¹²⁷ The program was intended to share Indonesia's experience in an effort to develop knowledges, expertise, and vision in order to address common and urgent development issues, and to strengthen solidarity among developing countries through training programs and exchange of expert personnel. The program itself would be financed bilaterally and multilaterally,

¹²⁷ Indonesian Technical Cooperation Program (ITCP) was a South-South Technical Cooperation that aimed to pursue self-reliance and to accelerate development as well as to strengthen solidarity among developing nations. Through South-South Cooperation, developing countries can help one another's development to reduce dependency on developed countries, mainly because of the tendency of saturated aid delivered by developed countries to developing countries.

for example by the UNDP or JICA.¹²⁸ This KTNB/ ITCP program was positioned under the coordination of KTLN Bureau, Cabinet Secretariat (as Coordinating Committee for Overseas Technical Cooperation Secretariat), in accordance with Presidential Decree Num. 60/M in 1981.

In the early stages of KTNB Indonesia in 1982, KTNB Indonesia's program received assistance from UNDP, and as a technical cooperation project that was assisted by UNDP, Indonesia as the host country, formed a steering committee that would provide direction, approval, and monitoring processes of the implementation of the KTNB program. This steering committee consisted of KTLN Bureau and representatives from the Ministry of Foreign Affairs, the Bappenas, and the Ministry of Finance—commonly known as "Four Legs". The chairman of the steering committee was the Chief of KTLN Bureau, Cabinet Secretariat and the implementing unit was the UN section, KTLN Bureau, Cabinet Secretariat. In 1986, considering the expansion of sectors and countries that used the Indonesia's KTNB program, and the support of countries and institutions outside the UNDP (like Japan and other international institutions), thus the handling of the KTNB program was then conducted by the KTNB Section that was formed under the KTLN Bureau, Cabinet Secretariat.

The function of the KTLN Bureau in coordinating the overseas technical cooperation was also important in implementing Indonesia's KTNB program. The steering committee, which was originally formed by the UNDP's assistance to support the KTNB Indonesia's program, was expanded to cover assistance sourced from other countries (bilaterally) and other international institutions. The existence of the steering committee allowed for the expansion of KTNB program and simplification of programs selection, country/ region establishment, and policy direction of KTNB Indonesia.

Indonesia's role in South-South Cooperation increased when Indonesia was elected as chairman of NAM from 1992 to 1995. At the 10th NAM Summit

¹²⁸ "Kerjasama Selatan-Selatan", *Op. Cit.*

1992 in Jakarta, South-South Cooperation increasingly caught international attention due to the approval of the main principles of South-South Cooperation, the collective self-reliance.¹²⁹ The Indonesian government's commitment to South-South Cooperation was strengthened with the establishment of the Non-Aligned Movement Centre for South-South Technical Cooperation (NAM-CSSTC) in Jakarta, in cooperation with the Government of Brunei Darussalam. NAM-CSSTC is an organization established by NAM countries and aimed to contribute towards national development acceleration and progress. This goals will be achieved by strengthening and expanding technical cooperation among developing countries in the context of international development cooperation. Moreover, specific objectives of the NAM-CSSTC are to enhance the ability of developing countries in alleviating poverty and accelerating social development, economy, and politics through technical cooperation.

South-South cooperation was considered very positive because it represented the development and follow-up of the Asian-African Conference in 1955, where Indonesia was the founding father. The role of Indonesia in South-South Cooperation could be seen as a catalyst for the success of Indonesia in enhancing cooperation in the economic development of developing countries in Asia, Africa, and Latin America. South-South cooperation is a very potential cooperation, both technical and economic cooperation among developing countries. South-South Cooperation could also provide a positive image for Indonesia both as a recipient and a donor country amongst international community.

Indonesia has been playing a prominent role in South-South Cooperation by providing technical assistance in various sectors, which are carried out by various ministries, government agencies, universities, and non-governmental organizations (NGOs). Several prominent ministries in the implementation of KTNB program are the Ministry of Agriculture, Ministry of

¹²⁹*Ibid.*

Public Works, Ministry of Communications and Information Technology, Ministry of Health, Ministry of Forestry, and Ministry of National Education. Some NGOs such as the Dian Desa Foundation and the People-Centered Economic and Business Institute (*Institut Bisnis dan Ekonomi Kerakyatan* or IBEKA) has also been playing an active role in the implementation of South-South Cooperation.

Technical assistance delivered by Indonesia to the other developing countries consisted of training, internship, comparative study programs, expert sending, equipment grants, scholarships, workshops, and seminars. To be able to better understand the implementation of South-South Cooperation by the various ministries, government agencies, universities, and NGOs, the description below will give a clearer picture about the policy, legal basis, objectives, coordination, funding mechanisms, and monitoring and evaluation.

IV.2. The Implementation of South-South Cooperation

IV.2.1. The Policy of South-South Cooperation

The inclusion of South-South Cooperation into RPJMN 2010-2014 showed Government of Indonesia's commitment in improving and strengthening South-South Cooperation. For Indonesia, South-South Cooperation is not only seen from the technical matter through training, experts sending, fellowships, and grants of equipment, but also as a tools of diplomacy to support Indonesian foreign policy both bilaterally and in regional and international forums.¹³⁰

Indonesia's South-South Cooperation Policy is affected by developments both in domestic and international levels factors, that influence Indonesia's position. Domestically, the successes of Indonesia in various programs, such as food self-sufficiency and family planning program in 1980s,

¹³⁰ Esti Andayani, "Dari Negara Penerima Menjadi Negara Pemberi Bantuan", in *Tabloid of Diplomasi*, August 2009

as well as technical courses such as artificial insemination (which became widely known in 2000), have made the program become Indonesia's excellence to be adored by many developing nations.

In line with international developments, South-South Cooperation should be directed to fulfill the MDGs, such as improving the welfare of SMEs through micro finance. Some South-South Cooperation programs, such as microfinance programs implemented jointly by Indonesia and NAM-CSSTC, and also micro-hydro programs implemented by IBEKA (an Indonesian NGO), in fact could be associated with Indonesia's potential in improving and strengthening developing countries' self-reliance as well as fulfilling the MDGs.

Policy direction of Indonesia's South-South Cooperation could be seen from the implementation KTNB from time to time. During the period of 1980-1990, the goals of KTNB's South-South Cooperation were:

1. Demonstrating Indonesia's commitment as one of the founders of NAM and Asian-African Conference by accomplishing BAPA 1978 agreement;
2. Strengthening Indonesia's diplomacy in international forums to support the implementation of domestic politics, especially those associated to East Timor;
3. Strengthening Indonesia's position in the ASEAN, South Pacific, and Africa regions through KTNB programs;
4. Improving Indonesia's image as a developing country that supports global efforts, such as food security and family planning;
5. Being one of pivotal states in the implementation KTNB;
6. Introducing Indonesia's potentials and abilities, both in training facilities and experts in Indonesia's most eminent fields, and
7. Establishing cooperation and networking with other developing nations through the exchange of experiences and information.

Today, Indonesia's South-South Cooperation is based on RPJMN 2010-2014, which directs it to be part of Indonesia's tools of diplomacy. Foreign policy vision of President Susilo Bambang Yudhoyono, as expressed in the slogan "million friends, zero enemies", and implemented through "multiple directions foreign policy" (that is run on a practical level by promoting good relations with developing and developed countries), allows South-South Cooperation to be optimally implemented. South-South cooperation policy is also aimed to improve cooperation through "triangular cooperation" that puts developing countries at the equal position with the developed countries.

In the economic aspect of South-South Cooperation, policies are aimed to improve Indonesia's bilateral trade relations with other developing nations. However, in practice, many problems are faced by Indonesia, especially the ones related to banking mechanism.

Trade relations between Indonesia and other developing countries are strengthened by bilateral agreements in economic, trade, and investment, such as the Agreement between the Government of the Republic of Indonesia and the Government of the Republic of India on the Promotion and Protection of Investment in 1999, the Trade Agreement between the Government of the Republic of Indonesia and the Government of the Republic of South Africa in 1997, and the Agreement between the Government of the Republic of Indonesia and the Government of the Republic of Fiji Islands concerning Loan Assistance in Agriculture in 2004. Efforts to improve trade relations are organized through Indonesian trade attaché at the Indonesian representatives abroad, which puts more emphasis on trade diplomacy, and through the Indonesian Trade Promotion Center (ITPC), which serves as a marketing facilitator of Indonesian products.

In addition to improve bilateral relations with other developing countries, Indonesia also participates in numerous international cooperations, whether preferential or non-preferential cooperation. Preferential trade cooperation aims to reduce trade tariffs, and can be seen from the model of

ASEAN, the Global System of Trade Preferences (GSTP)-UNCTAD, the Preferential Trade Agreement (PTA) Among the Developing 8 (D-8) Member States, and the Framework Agreement on Trade Preferential System of the Organization of the Islamic Conference (OIC).¹³¹

Non-preferential trade cooperation focuses on the cooperation between producers of primary commodities among developing countries. In general, this cooperation relates to production, processing, and marketing of commodities. Therefore, its member countries do not always come from the same region. Here are some examples of non-preferential trade cooperation:¹³²

- Association of Natural Rubber Producing Countries (ANRPC), which consists of China, India, Indonesia, Malaysia, Papua New Guinea, Singapore, Sri Lanka, Vietnam, and Thailand;
- International Pepper Community (IPC), which consists of Brazil, India, Indonesia, Malaysia, Sri Lanka, and Vietnam;
- Asia and Pacific Coconut Community (APCC), which consists of FS Micronesia, Fiji, India, Indonesia, Malaysia, Marshall Islands, Papua New Guinea, the Philippines, Solomon Islands, Sri Lanka, Thailand, Vanuatu, Vietnam, Samoa, and Kiribati;
- Tripartite on Cooperation Rubber among Thailand, Indonesia, and Malaysia.

Technical Cooperation (KTNB) tends to be more easily implemented compared with economic ones because KTNB activities focus more on strengthening and improving human resource capabilities. Meanwhile, economic cooperation is more complex since it relates to member's economic interests. For instance, it is very hard to achieve agreement on local content in

¹³¹ Herry Soetanto, "Kerjasama Selatan-Selatan Terkait Masalah Perdagangan (Sebuah Catatan)", *handout* issued at seminar *Mencari Modalitas Baru Kerjasama ECDC: Tindak Lanjut*, organized by BPPK, the Ministry of Foreign Affairs, 3 December 2009

¹³² *Ibid.*

the D-8 Rules of Origin meeting.¹³³ Other complexities faced in economic cooperation include market access, tariffs, and payment arrangements.¹³⁴

Based on the above analysis, the research team believes that Indonesia's South-South Cooperation policy, both in technical and economic cooperation, needs to be more directed to support national development. So far technical cooperation policy has been focusing on the promotion of facilities and technical capabilities of Indonesia, as well as supporting tools of diplomacy towards Indonesia's position in international forums. Meanwhile, cooperation in the economic field, which is conducted bilaterally, is simply a formality in cultivating good relations with many developing countries and has not led to optimal economic benefit. Likewise, Indonesia's participation in UNCTAD, the Preferential Trade Agreement (PTA) D-8, and the Framework Agreement on Trade Preferential System of the Organization of the Islamic Conference (OIC) has not been much beneficial to Indonesia's expansion of trade and investment in other developing countries.

IV.2.2. The Legal Basis

Research Team observation related to the legal basis shows that the implementation of Indonesia's South-South Cooperation was not based on a legal foundation that could serve as a reference for the various institutions and agencies implementing the South-South Cooperation. The legal basis that was used as a reference for the implementation of KTNB-South-South Cooperation was the Cabinet's Presidium Decree Num. 81/U/KEP/4/1/1967 of the Coordinating Committee for Overseas Technical Cooperation, which was later amended by Presidential Decree Num.60/M in 1981 to become the Coordinating Committee for Overseas Technical Cooperation (PKKTLN). The tasks of this committee were to coordinate the determination of technical

¹³³ Interview with Ronald Y.P. Manik, Deputy Director for International Organization of Developing Countries, Ministry of Foreign Affairs, March 10th 2010, Jakarta

¹³⁴ Soetanto, *Op. Cit.*

requirements from numerous governmental departments and to hold technical assistance offering.

When we examined more deeply, both Cabinet's Presidium Decree Num. 81/U/KEP/4/1/1967 and Presidential Decree Num.60/M in 1981, which were the bases for the implementation of KTNB-South-South Cooperation, in fact were more of decisions regarding Indonesia's position as a recipient of foreign aid in the form of grants. Presidential Decree Num.60/M in 1981 was more of a revised PKKTLN membership rather than a legal basis related to the implementation of South-South Cooperation. Thus, Indonesia is yet not to have a legal basis that regulates the implementation of South-South Cooperation. Moreover dynamics that develops in the South-South Cooperation is getting more complex and requiring a policy and a foundation.

With the absence of national regulations about the implementation of South-South Cooperation, ministries and the government agencies then use various provisions of law (law, presidential regulation, government regulation) to be interpreted as references in the implementation of South-South Cooperation. For example, the Ministry of National Education uses Law No. 37 in 1999 on Foreign Relations, while Ministry of Health uses Government Regulation No. 2/2006 on Foreign Loans and Grants and the Regulation of the Minister of Health (Permenkes) No. 1033 in 2006 on Foreign Aid.

From the description above, it can be seen that the absence of a legal umbrella in the implementation of South-South Cooperation has led to different interpretations in various government agencies regarding the implementation of South-South Cooperation. In this regard, Law No. 25 in 2004 concerning National Development Planning System and Presidential Decree No. 5 in 2010 about RPJMN able to form the basis on which strong policies of Indonesia's South-South Cooperation that will be written in the future. Through a clearer national policy for South-South Cooperation, an adequate legal basis as an umbrella of the implementation of South-South Cooperation of Indonesia is hoped to be realized.

IV.2.3. The Funding

The technical cooperation is financed through the state budget, aid from donors, and international organizations. State budget that is used in the implementation of technical cooperation can be classified into two groups. First, as matching funds from aid donor countries or international institutions, such as that conducted by the State Secretariat which provides matching funds amounting to 15 percent¹³⁵ for components of operating expenses and lodging, while tickets and allowance costs are incurred by the donor countries or international institutions. Second, the full use of the state budget to finance South-South Cooperation, as practiced by the Ministry of Foreign Affairs. Ministry of National Education also falls into this category due to a full scholarship given for scholars from developing countries. Some ministries allocate funds for activities that have been agreed by ministries of other developing countries, such as those conducted by the Ministry of Agriculture and the Ministry of Health.

Donor countries and international agencies financing have strengthened the implementation of Indonesia's South-South Cooperation. JICA, as the main donor, has been actively involved in Indonesia's KTNB activities since 1990s, the cooperation of which began bilaterally as can be seen in the Ministry of Agriculture and the Ministry of Public Works. The Government of Germany through *The Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ) has also promoted South-South Cooperation by providing scholarships for participants from Timor Leste to attend a scholarship program in Indonesia.

International organizations that provide financing support for the implementation of Indonesia's South-South Cooperation, among others, are the UNDP, WHO, United Nations Populations Fund (UNFPA), Food and Agriculture Organization (FAO), United Nations Economic and Social

¹³⁵ Interview with Rika Kiswardani, Head of Bilateral Technical Cooperation Division, State Secretariat, and Mr. M. Fahrurrozi, Head of TCDC Division, State Secretariat, February 25th 2010, Jakarta

Commission for Asia and the Pacific (ESCAP), and the Colombo Plan. UNDP is the first UN agency that provides assistance for Indonesia's KTNB as Indonesia is getting more active in implementing the agreement of BAPA. UNFPA and FAO have provided support for the implementation of many programs in the field of family planning and agriculture, which in 1990s were flagship programs of Indonesia's KTNB. Similarly, ESCAP finances the conduct of disaster training programs in cooperation with the NAM-CSSTC and the Ministry of Foreign Affairs.

Efforts to conduct joint financing with other developing countries are conducted by the Ministry of Forestry with the Government of Brazil within the framework of the Forest-11. Forest-11 Group is an initiative of President Susilo Bambang Yudhoyono at the Conference of High-Level Event on Climate Change in New York on September 24th 2007. But this cooperation does not run well because of limited funds.¹³⁶

Based on the description above, it can be drawn that the financing for South-South Cooperation Program in Indonesia is conducted through:

1. Financing from the state budget;
2. Aid from donors and international agencies;
3. Joint financing with other developing nations;
4. Financing through triangular schemes involving Indonesia, other developing countries, and donor countries or international institutions.

The availability of adequate funding allocation for South-South Cooperation is the key to the successful implementation of Indonesia's South-South Cooperation. The spread of various funding sources in the State Secretariat, Ministry of Foreign Affairs, and other ministries and government agencies have been confusing the planning of Indonesia's South-South

¹³⁶ Interview with Agus Sarsito, Head of Foreign Cooperation Bureau, Ministry of Forestry, April 7th 2010, Jakarta

Cooperation. This causes in the inability to formulate the priorities for South-South Cooperation program that is in line with the national interests and national development. Ministries and government agencies to avoid duplication of courses submit many specific budgeting for the South-South Cooperation activities. On the other hand, limited government funding for South-South Cooperation increasingly pushes the need to continue seeking alternative financing through triangular schemes.

IV.2.4. The Coordination

The coordination of Indonesia's South-South Cooperation is one of the issues concerned by many parties, both in interviews conducted by the research team and also in various workshops and seminars on South-South Cooperation. According to the research, the roles of various parties in the implementation of South-South Cooperation of Indonesia can be classified into:

1. Ministries and government agencies that implement the functions of planning, coordination, monitoring and evaluation (Ministry of Foreign Affairs, State Secretariat, and National Development Planning Agency);
2. Ministries, government agencies, universities, private sector, and NGOs as the program executors; and
3. Donor countries and international institutions that are involved in the planning, coordination, monitoring, and evaluation processes.

As mentioned earlier, coordination of program activities of Indonesia's KTNB was initially conducted by the Presidential Decree Num.60/M in 1981 on PKKTLN, whose coordination was situated at the Bureau of KTLN, Cabinet Secretariat. But along with changes in government structure, since 2000, this coordinating body has changed significantly. KTLN Bureau, which was originally located in the Cabinet Secretariat, is now currently residing in

the State Secretariat. Meanwhile, a new unit was formed in the Ministry of Foreign Affairs called the Directorate of Technical Cooperation, which is positioned under the Directorate General of Information and Public Diplomacy. The Directorate of Socio-cultural Affairs and International Organization of Developing Countries, under the Directorate General on Multilateral Affairs, also handles South-South Cooperation in the Ministry of Foreign Affairs. Changes are also orchestrated by the Bappenas and the Ministry of Finance, which in the early 1980s were quite active as parts of the "Four Legs" of PKKTLN (Cabinet Secretariat, Ministry of Foreign Affairs, National Development Ministry, and Ministry of Finance) in planning and coordinating Indonesia's KTNB.

The role of the 'Four Legs' of PKKTLN as a forum for coordination has been decreasing since year 2000, when both the State Secretariat and the Ministry of Foreign Affairs respectively performed the function of coordinating and planning Indonesia's South-South Cooperation program separately. Along with the inclusion of South-South Cooperation topic in RPJMN 2010-2014, the issue of the absence of a strong entity to handle South-South Cooperation must meet a solution really soon. Integrated coordination, as conducted by Turkey, Thailand, and Malaysia, is needed to be seriously applied in Indonesia.

The involvement of donor countries and international institutions in Indonesia's South-South Cooperation coordination comprises the process of planning, monitoring, and program evaluation. For example, JICA, as one of South-South Cooperation donors to Indonesia, is involved in the planning process, selection of countries and participants, monitoring, and program evaluation.

South-South Cooperation coordination in Indonesia, either by the Ministry of Foreign Affairs or the State Secretariat, is basically conducted through following mechanisms: 1) Proposing a program of South-South Technical Cooperation based on the initiative of the Government of Indonesia,

the demand from development partners, and the requests from beneficiary countries; 2) Formulating activities based on Indonesia's capacity as a resource country and the needs of beneficiary countries (with respect to development partners's input when using the triangular cooperation). Meanwhile, the South-South Technical Cooperation itself is executed by ministries and government agencies, such as the BKKBN, Ministry of Agriculture, Ministry of Health, Ministry of National Education, and others.¹³⁷

With the existence of two central entities, State Secretariat and the Ministry of Foreign Affairs, which perform a relatively similar function in the South-South Cooperation, questions about the effectiveness of existing mechanisms have raised. Challenge becomes more complex along with numerous developments, such as cooperation across ministries or government agencies, as implemented by the Ministry of Health and the Ministry of Agriculture.

Clearer and more integrated mechanisms also coordination enable a more effective management of Indonesia's South-South Cooperation. Therefore, the presence of an entity or a forum to coordinate South-South Cooperation is highly needed. By utilizing this entity or this forum, potential sectors and priorities can be easily identified, which coherent with national interests and national development objectives.

IV.2.5. Monitoring and Evaluation

Based on records from various ministries, government agencies, universities, and NGOs, the interests of developing nations toward South-South Technical Cooperation are significant. For example, the Ministry of Agriculture, from 1980 until 2009, has organized various training programs and workshops in the areas of plantation, food crops, livestock, fisheries and

¹³⁷ Ibnu Purna Muchtar, "Kebijakan Kerjasama Teknik Selatan-Selatan dan Tantangannya", delivered on *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

rural development that were joined by 1.073 participants from various developing countries.¹³⁸ Similar thing applies to the Ministry of Public Works, BKKBN, the Ministry of Health, also NGOs such as the Dian Desa Foundation and IBEKA. However, data about the number of programs and developing country participants are not adequately recorded. State Secretariat and the Ministry of Foreign Affairs, as institutions that are responsible to coordinate programs for Indonesia's South-South Technical Cooperation, also do not have complete data.

Data and information regarding programs and participants from other developing countries in the various ministries and institutions are not well ordered within a database of Indonesia's South-South Cooperation. Besides, bonding with the alumni of Indonesia's South-South Technical Cooperation program has not been established well enough. Alumni development, after returning to their respective countries, should continue to be monitored. Role of Indonesian representative in developing country is very important and can further be optimized to establish a closer network with the alumni.¹³⁹

Ministries and other agencies at the end of the program, which aims to improve the implementation of upcoming programs, have indeed carried out evaluation of the KTNB program. However, comprehensive evaluation of the impacts of KTNB program for participants and implementing agencies has not been well performed. The wider impact of the KTNB program toward achieving Indonesia's broader interests is something that must be considered as an input to map the position of the recipient country of KTNB program to Indonesia and vice versa.

Therefore, follow-up and sustainability of South-South Cooperation program that has been implemented require monitoring and evaluation mechanisms that can give complete and comprehensive information on the

¹³⁸ Agricultural Human Resources Development Body, Ministry of Agriculture, 2010

¹³⁹ Soemadi D.M.Brotodiningrat, "Sekilas Tentang Kerjasama Selatan-Selatan", in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

level of acceptance, sustainability, and benefits for program participants and for the interests of Indonesia. Monitoring and evaluation mechanisms need to be developed in such a database that is relatively easy to be accessed and updated through the Internet.

IV.2.6. The Target

Indonesia's South-South Cooperation is basically directed in accordance with the mandate of the Preamble of the 1945 Constitution and to ensure the achievement of national objectives. Politically, South-South Cooperation has benefited to the change of views, positions, and attitudes toward measures taken by Indonesia, such as in the East Timor case. Indonesia's South-South Cooperation is also directed as media to mobilize support from developing countries in various international forums and, at the same time, shows the commitment of Indonesia in achieving self-reliance of developing nations through sustainable development. International recognition toward Indonesia's success in food self-sufficiency and family planning program demonstrates Indonesia's South-South Cooperation policy directions and objectives, which are highly associated with socioeconomic problems.

From this research, it seems that the general objectives of Indonesia's South-South Cooperation are not based on a grand design that is applied nationally. Technical ministries view South-South Cooperation as more of an effort to enhance and promote technical skills. This can be seen, for example, in the description of objectives concerning South-South Cooperation in the field of agriculture, which includes:¹⁴⁰

1. Promoting Indonesia's agricultural potential and increase of Indonesia's agricultural commodity markets;
2. Developing the abilities of farmers and workers in the agricultural

¹⁴⁰ Yusni Emilia Harahap, "Pengalaman Departemen Pertanian dan Peluang Kerjasama", *handout* issued on seminar *Mencari Modalitas Baru Kerjasama ECDC: Tindak Lanjut*, organized by BPPK, Ministry of Foreign Affairs, December 3rd 2009

sector; and

3. Enhancing cooperative research and development in the agricultural sector.

Indonesia's South-South Cooperation future objective is to be able to directly support the achievement of 7 (seven) national development priorities, which consists of: a) poverty reduction; b) the reduction of unemployment; c) improvement in education; d) health improvement; e) improvement in infrastructure development; f) public services improvement; and g) reformation of the bureaucracy and corruption eradication.

In the global context of South-South Cooperation, Indonesia needs to be directed at efforts to fulfill 8 (eight) Millenium Development Goals through various programs, such as in the field of family planning, education, poverty alleviation, agriculture, and SMEs empowerment through micro-finance.

ASEAN region is one of the main priorities in Indonesia's South-South Cooperation. It is not only because ASEAN is the nearest region to Indonesia, but it is also the main basis of Indonesia's foreign policy. It does not mean, however, that other areas do not catch Indonesia's attention. Indonesia, along with South Africa for example, is preparing Asian-African strategic partnership which called the New Asia-Africa Strategic Partnership (NAASP). NAASP is a device or mechanism which aims to promote mutually beneficial bilateral cooperation between Asian countries (including Indonesia) with African countries. In the Latin American region, the Forum for East Asia-Latin America Cooperation (FEALAC) is an effort to further strengthen the cooperation relations between countries in both regions.

Other area that is being Indonesia's focus is the South Pacific region. Countries like Fiji, Papua New Guinea, Vanuatu, Tonga and Western Samoa gain aid in the form of agricultural machinery, such as hand tractors, water pumps, and power teshes. Thus, Indonesia's South-South Cooperation in the South Pacific area is generally dominated by agriculture.

Looking ahead, the mapping of regions and countries that are Indonesia's partners in South-South Cooperation is very important. It is also a useful consideration for the preparation of a blueprint and action plan for Indonesia's South-South Cooperation.

IV.2.7. The Role of Ministries, Government Agencies, and Non-Governmental Organizations

As stated earlier, Indonesia actually has given a lot of assistance to developing countries through South-South Cooperation framework. Each ministry in accordance with its respective competence generally provides this assistance. There are also ministries that take a coordinating role by initiating cooperation assistance provided by other ministries, such as the State Secretariat and the Ministry of Foreign Affairs. Several ministries that actively involve in South-South Cooperation are the State Secretariat, the Ministry of Foreign Affairs, the Ministry of Agriculture, the Bappenas, the Ministry of Trade, the Ministry of Forestry, the BKKBN, the Ministry of Public Works, the Ministry of Communications and Information Technology, the Ministry of National Education, and the Ministry of Health. Some ministries involve their implementing agency and making collaborations, such as the ones conducted by the Ministry of Agriculture with the Center for Artificial Insemination (*Balai Besar inseminasi Buatan/ BBIB*) Singosari and the Ministry of Communications and Information Technology with Multimedia Training Center (MMTC). On the other hand, some non-governmental organizations and private sectors have also involved in providing assistance to developing countries.

Furthermore, as stated earlier, documentation of Indonesia's South-South Cooperation has not been well executed. Some ministries admit that they do not have adequate database system to record how much assistance they have given. This is very unfortunate because it results in the unavailability of data

on the magnitude of actual assistance given by Indonesia. Therefore, exposure below is not intended as a comprehensive overview about all forms of South-South Cooperation which have been conducted in every ministry. It is more of an example of the forms of assistance that can be detected and still needs further research. Going forward, this data collecting issue must continue to be improved in order to obtain comprehensive data about how big Indonesia's contribution in South-South Cooperation has been.

IV.2.7.1. Institutions that Conduct Planning and Coordination

A. State Secretariat

Some examples of training programs conducted by the State Secretariat in the framework of South-South Cooperation were:¹⁴¹

1. Third Country Training on Capacity Building Program for Poverty Reduction. This training took a form of a capacity building training, such as the development of human resources in supporting the purposes of MDGs. This program was held at 4-24 August 2007, with 20 participants;
2. International Training Course on Vocational Rehabilitation for Persons with Disabilities. This training aimed to train people who were involved in the education of the disabled and was held from 30 July to 8 September 2007. There were 17 participants from Afghanistan, Sri Lanka, Bangladesh, South Africa, Myanmar, Bhutan, Cambodia, Fiji, Thailand, and Malaysia;
3. The International Training Course on Advance Veterinary Drug Quality Control. This training was conducted for veterinarians who performed quality testing of drugs, and was held from 4 February to 10 March 2007. There were 9 participants who came from Bangladesh, Thailand, Vietnam, Zambia, Cambodia, Lao PDR,

¹⁴¹ *ITCP Newsletter 2007 and ITCP Newsletter 2008*

Kenya and the Philippines;

4. International Training Course on Quality Assurance of Live Attenuated Polio and Measles Vaccine. This training was conducted to enhance the capacity of people who performed tests on vaccines of diseases that were caused by virus, and was held from 29 October to 28 November 2007. There were eight participants from Vietnam, the Philippines, Pakistan, India, Sri Lanka, Uzbekistan, South Africa, Iran, and Zimbabwe;
5. International Training Course on Managing Information, Education and Communication for Family Planning/ Reproductive Health: Indonesian Experiences. The training aimed to enhance participants' knowledge in family planning or reproductive health, and was held from 1 to 21 September 2007, and was attended by 21 participants;
6. Technical Exchange Study Team on the Community Driven Development and Local Governance from Afghanistan, which was held from 10 to 13 February 2008, and was attended by seven participants from Afghanistan;
7. Third Country Training Course of Artificial Insemination on Dairy Cattle. This was a training program on artificial insemination and was conducted for developing countries. This training was held from 26 February to 24 March 2008. Eighteen participants from Bangladesh, Lao PDR, Kenya, Malaysia, Mongolia, Myanmar, Papua New Guinea, the Philippines, Tanzania, Timor Leste, Vietnam, Zimbabwe, and Sudan attended the training;
8. International Training Course on Managing Information, Education and Communication for Family Planning/ Reproductive Health: Indonesian Experiences. The training aimed to enhance participants' knowledge in family planning or reproductive health, and was held from 6 August to 4 September 2008. This training was attended by 20 participants from Yemen, Kenya, Cambodia, and Ethiopia;

9. The 2nd International Training Course in Information Technology-Based for Electric Engineering Education. The training was held from 14 October to 7 November 2008, and was attended by 13 participants from Cambodia, Kenya, Lao PDR, Myanmar, Nepal, Pakistan, Palestine, Timor Leste, Uganda, Uzbekistan, and Vietnam;
10. Several training programs that were held in 2009, such as: Third Country Training Program (TCTP) on Capacity Building for Poverty Reduction; International Training Course on Vocational Rehabilitation for Persons with Disabilities; TCTP on Behavior Change Communication in Family Planning/ Reproductive Health: Indonesia Experience; TCTP on TV Documentary Program Production; TCTP on Micro Finance for African Region, Strengthening Capacity for Trade and Export Promotion, and many others.

Furthermore, some KTNB programs which were coordinated by the State Secretariat in 2010 included 10 training programs, eight of the programs were conducted in cooperation with JICA in the field of agriculture, micro-finance, demography, socio-economic, and health; one program was in cooperation with UNESCAP in the field of disaster relief; and one program was in collaboration with the Colombo Plan in the field of women empowerment.¹⁴²

B. Ministry of Foreign Affairs

Several forms of South-South Cooperation program conducted by the Ministry of Foreign Affairs are:¹⁴³

1. International Training Program on Business Incubators to Develop

¹⁴² Muchtar, *Op. Cit.*

¹⁴³ Data were obtained from Directorate of Technical Cooperation, the Ministry of Foreign Affairs, Republic of Indonesia

Small and Medium Enterprises for Asian, African and Pacific Countries. The training aimed to enhance understanding of the participants about the use of business incubator in developing SMEs. This training was held from 20-25 November 2006, and was attended by 14 participants from Afghanistan, Cambodia, Ethiopia, Kiribati, Marshall Islands, Namibia, Palau, Papua New Guinea, Sudan, Tanzania, Tuvalu, Uganda, and Zambia;

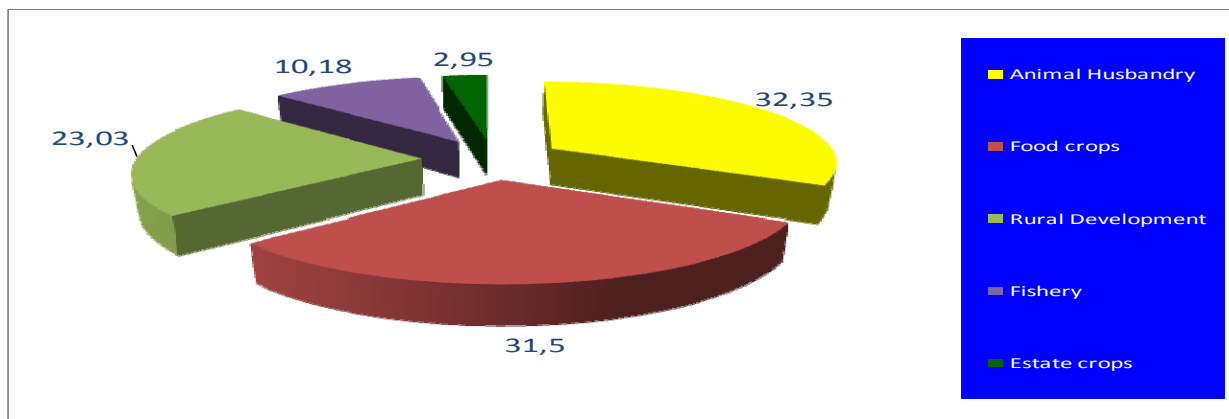
2. International Workshop on Women Empowerment Economic Development: Promoting Women's Productivity. This training was held in Jakarta in April 2008.
3. Apprenticeship for Asian-African Farmers in Indonesia. This training was held from 22 April to 20 June 2009 with 12 participants;
4. International Training on Multi Disaster Risk Management: Focusing on Forest Rehabilitation for Timor Leste. This training was held from 5-18 May 2009, with 32 participants from Timor Leste;
5. International Workshop on Disaster Risk Management for Asia-Pacific Countries Focusing on: Strategic Planning on South-South Cooperation. This training was dedicated to Asia Pacific countries and revolved around the issue of disaster management and prevention. This training was held from 9-11 June 2009. There were 17 participants from Bangladesh, Fiji, the Philippines, India, Lao PDR, Maldives, Myanmar, Papua New Guinea, Sri Lanka, Thailand, Timor Leste, and Vietnam;
6. Other trainings that were held in 2009 included: International Training Program on Fishing Technology and Navigation for Pacific Countries (23 June - 4 July 2009), International Training on Appropriate Mechanization and Water Management for Dry Land Agriculture in African Countries (2-15 August 2009), Apprenticeship Program for Timor Leste SMEs Development (30 November – 11 December 2009), and others.

IV.2.7.2. Implementing Ministries and Government Agencies

A. Ministry of Agriculture

In the implementation of South-South Cooperation, Ministry of Agriculture conducted various training programs. Here is a diagram that illustrates the areas of training that has been done in Indonesia from 1980-2009:

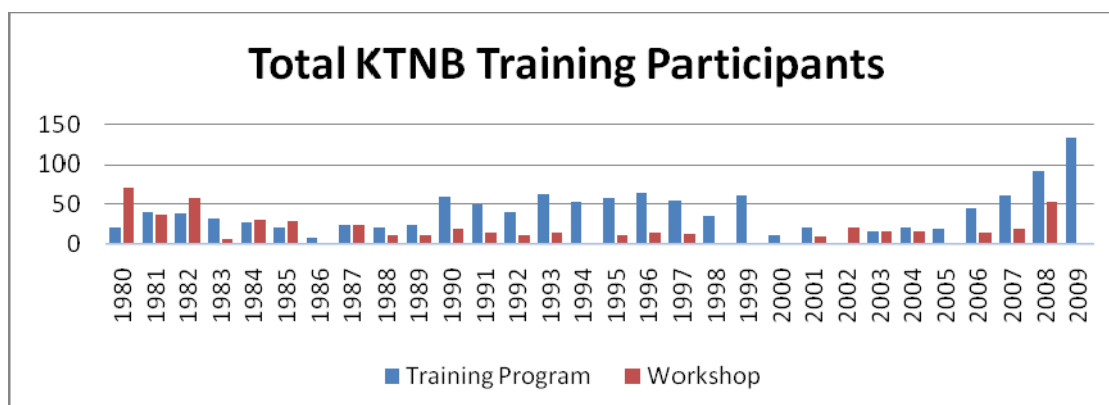
Diagram IV.1.
Areas of International Training Programs Conducted in Indonesia
(in Percentage)



Source: Ministry of Agriculture, 2009

From the diagram above, it can be concluded that the most preferable area of trainings is in the field of animal husbandry, which is equal to 32.35 percent, while the least is in the field of plantation sector, which amounts to 2.95 percent. Meanwhile, for the number of international participants who joined the trainings that were held by Indonesia can be seen from the graph below:

Graph IV.1.



Source: Ministry of Agriculture, 2010

Based on the number of KTNB training participants, some form of training demanded by international participants during 1980-2009 include:¹⁴⁴

1. Agriculture Extension and Training Methodology (186 participants);
2. Rice Production Technique (174 participants);
3. Pets Surveillance and Forecasting (167 participants);
4. ASEAN Training on Post Harvest Technique on Fruits and Vegetable (74 participants);
5. Fresh Water Fish Culture (65 participants); and
6. Poultry Husbandry (65 participants).

While for the workshop, some of the most favored forms of workshop from 1980 to 2009 were:¹⁴⁵

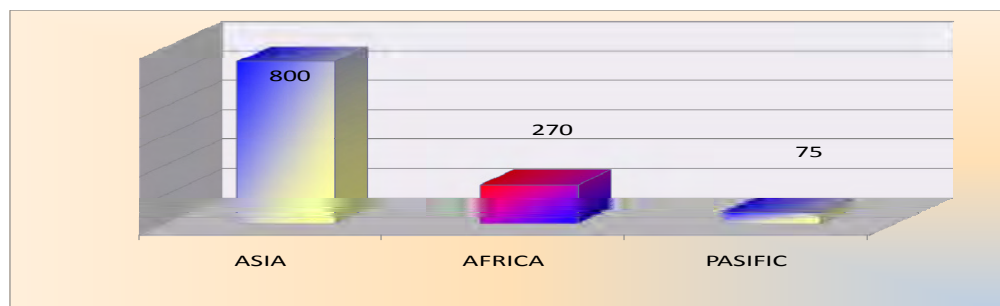
1. Field Workshop on Agriculture Extension Methodology (176 participants);
2. Exchange Visit of Farmers Leaders (91 participants);
3. Exchange Visit of Agriculture Rural Development (48 participants);
4. Workshop on Agrotourism Development APO (24 participants); and

¹⁴⁴ Data from Agricultural Human Resources Development Body, Ministry of Agriculture, 2010. Reprocessed by the Research Team

¹⁴⁵ *Ibid.*

5. Extension Workers Exchange Program (23 participants).

Graph IV.2.
International Participants Attending the Training
(Based on Regions)



Source: Ministry of Agriculture, 2009

The chart above illustrates that most participants come from Asia that is as many as 800 people. Africa occupies second place with the 270 participants. The Pacific countries occupy the last place with 75 participants. It is interesting to note that none of the participants comes from Latin America.

Regarding agricultural machinery grants, some assistance that were given by Indonesia between 2004 and 2009 were:¹⁴⁶

- African region: for Gambia, Tanzania, and Sudan, with 47 units of hand tractors, 400 hoes, 400 crescents, and 2 units of water pump;
- Pacific Region: for Fiji, Papua New Guinea, Vanuatu, Tonga, and Western Samoa, with 55 units of hand tractors and 15 units of power thresher; and
- Asian region: for Cambodia, Lao PDR, Myanmar and Timor Leste, with 40 units of hand tractors, 15 units of power thresher, and 10 units of rice milling.

Training programs that were undertaken by the Ministry of Agriculture in the framework of cooperation amongst developing countries included:¹⁴⁷

¹⁴⁶ Harahap, *Op. Cit.*

¹⁴⁷ Data from the Bureau of Foreign Cooperation, the Ministry of Agriculture

1. The First ASEAN Training Course on Dairy Husbandry Technology. This training was held from 15 February to 15 March 2004, with 20 participants came from Cambodia, Lao PDR, Myanmar, and Vietnam;
2. The Second ASEAN Training Course on Dairy Husbandry Technology. This training was held from 16 January to 15 February 2005, with 19 participants from Cambodia, Lao PDR, Myanmar, and Vietnam;
3. The Third ASEAN Training Course on Dairy Husbandry Technology. This training was held from 15 February 17 March 2006, with 21 participants came from Cambodia, Lao PDR, Myanmar, and Vietnam;
4. ASEAN Training Course on Post Harvest Technology on Fruits and Vegetables (Batch I). This training was held from 11-24 March 2007, with 25 participants came from Cambodia, Lao PDR, Myanmar, and Vietnam;
5. ASEAN Training Course on Post Harvest Technology on Fruits and Vegetables (Batch III). This training was held from 23 March to 5 April 2008, with 27 participants from Cambodia, Lao PDR, Myanmar, and Vietnam;
6. Training Course on Small Ruminants Production and Development (Batch II). This training was held from 21 June to 4 July 2009, with 25 participants came from Cambodia, Lao PDR, Myanmar, and Vietnam;
7. Third Country Training Program on Agro Business Technology. This training was organized to improve knowledge capacity and skills of participants from Afghanistan to be able to identify and promote the potential business of agro products. This training was held from 12 January to 10 February 2010, with 10 participants from Afghanistan.

The Ministry of Agriculture has dispatched several experts to Madagascar in 2003, 2007, and 2009. These dispatches were conducted in the framework of the Trilateral Cooperation between Indonesia-Madagascar-JICA. In addition to Madagascar, the Ministry of Agriculture has also sent experts of agricultural machinery to Tanzania. While for the Pacific region countries, the Ministry of Agriculture has sent experts to Fiji, Vanuatu, and Papua New Guinea.¹⁴⁸

Center for Artificial Insemination (*Balai Besar Inseminasi Buatan* or BBIB) Singosari, as one of implementing agency of the Directorate General of Livestock, Ministry of Agriculture, has also conducted many activities within the framework of South-South Cooperation. Since 1986, BBIB Singosari has been organizing training programs for both national and international levels. For the international level, the program, which began in 1988, is: "Regional Training Course on Artificial Insemination and Milk Record Keeping Dairy Cow" (in cooperation with the FAO). Meanwhile, a program that was running between 2007 and 2009 was "Development Country Training Course of Artificial Insemination on Dairy Cattle" (in cooperation with JICA).¹⁴⁹

B. Ministry of Trade

Indonesia's involvement in South-South cooperation in the field of trade can be seen from Indonesia's participation in the Global System of Trade Preferences among Developing Countries (GSTP).¹⁵⁰ Minister of Trade Mari

¹⁴⁸ "Bantuan-bantuan yang Telah Diberikan Pemerintah Indonesia untuk Negara-Negara Afrika, Pasifik, Amerika dan Asia di Bidang Pertanian Tahun 1980-2009", *handout* issued by the Bureau of Foreign Cooperation, the Ministry of Agriculture

¹⁴⁹ Interview with Herliantin, the Head of BBIB Singosari, March 24th 2010, in Malang, East Java

¹⁵⁰ Global System of Trade Preferences among Developing Countries (GSTP) is a framework of economic and trade cooperation among developing countries belonged to the G-77 and China through exchange of tariff preferences. GSTP is intended to enhance South-South Cooperation and to strengthen trade among developing countries. Until now, GSTP has been ratified by 34 countries, namely Algeria, Argentina, Bangladesh, Benin, Bolivia, Brazil, Cameroon, Chile, Colombia, Cuba, North Korea, Ecuador, Egypt, Ghana, Guinea, Guyana, India, Indonesia, Iran, Iraq, Libya, Malaysia, Mexico, Morocco, Mozambique, Myanmar,

Elka Pangestu, at the GSTP Ministerial Meeting in Geneva, Switzerland, on December 2nd, 2009, stated that cooperation between GSTP member countries are aimed to increase collective trade benefits among developing countries. GSTP agreement went into effect in 1989 and was ratified by Indonesia through Presidential Decree Num. 34 in 1989 on Ratification of Agreement on the Global System of Trade Preferences among Developing Countries.¹⁵¹

C. Ministry of Forestry

Forestry cooperation within the framework of South-South Cooperation can be seen from the MoU between Indonesia and Timor Leste. This cooperation is aimed to achieve sustainable development and responsible management in the field of forestry. Areas covered by this cooperation are the reforestation and forest rehabilitation (agro forestry); research and education in forestry database; irrigation management; production, utilization, and protection of forestry and national park management; forest inventory; forestry-related environment protection and management; the handling of illegal logging; and forestry investment. This MoU also includes the provision of information and technical data related to research outcomes. In addition, patents from the result of this MoU will be jointly owned by Indonesia and Timor Leste.¹⁵²

Examples of the implementation of this MoU can be seen from the technical assistance provided by the Government of Indonesia to the

Nicaragua, Nigeria, Pakistan, Peru, the Philippines, South Korea, Romania, Singapore, Srilanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Tanzania, Venezuela, Vietnam, and Zimbabwe. GSTP also gains much assistance from UNCTAD in terms of technical and administrative aid. Further explanation can be inferred from “Global System of Trade Preferences”, accessed from http://www.unctadxi.org/templates/Press____897.aspx at February 22nd 2010, 02:48 p.m.

¹⁵¹ “Indonesia Dorong Penyelesaian Negosiasi Preferensi Tarif GSTP”, accessed from www.deplu.go.id/Pages/News.aspx?IDP=3019&l=id at February 22nd 2010, 03:00 p.m.

¹⁵² Memorandum of Understanding between the Ministry of Agriculture and Fisheries the Government of Democratic Republic of Timor Leste on Forestry Cooperation, October 29th 2008

Government of Timor Leste, which was a training program that lasted for two weeks from December 5 to May 19, 2009, at the Forestry Training Center (*Balai Diklat Kehutanan* or BDK), Kupang, East Nusa Tenggara. The training was attended by 30 participants from the Directorate General of Forestry of all districts in Timor Leste, and two participants from Ministry of Social Solidarity of Timor Leste. Training materials were provided in the form of forestry theory and field practice. This training activity is collaboration between the Directorate of Technical Cooperation, Ministry of Foreign Affairs, and the Ministry of Forestry of Indonesia.¹⁵³

D. National Family Planning Coordinating Board (*Badan Koordinasi Keluarga Berencana Nasional* or BKKBN)

Some activities carried out by the BKKBN in the framework of South-South Cooperation are:

1. Bangladeshi and Indonesian Exchange Views and Experiences on the Role of Moslem Leader in Family Planning and Reproductive Health Program. In this program the Government of Indonesia shared its experiences on the role of Islamic leaders in family planning program. This event was held from 9-16 August 2009;
2. Delegation of Chinese People's Political Consultative Conference (CPPCC) Guangdong Provincial Committee and Indonesia Exchange Views and Experience on Family Planning and Reproductive Health Program. In this program, the Governments of Indonesia and China shared their experiences regarding family planning and reproductive health programs in Indonesia and China. This event was held from 15-17 November 2009, with three participants;

¹⁵³ “Timor Leste Apresiasi Bantuan Pelatihan Kehutanan Indonesia”, accessed from http://www.indonesia.go.id/id/index.php?option=com_content&task=view&id=9897&Itemid=683 at February 22nd 2010, 02:04 p.m.

3. Vietnam and Indonesia Exchange Views and Experiences on the Coordination and Implementation of Population Policy and Program. The General Office for Populations and Family Planning of Vietnam visited Indonesia to obtain information about the development of Indonesian policy in the field of demography. This event was held from 15-25 November 2009, with 10 participants;
4. Afghanistan Delegation Visit BKKBN to Share and Exchange Views on Family Planning and Reproductive Health Programs. The purpose of the visit was to obtain information about Indonesia's policy in the field of family planning. This event was held on January 14, 2009;
5. The Second Batch of the Third Country Training Program on Behavior Change Communication (BCC) in Family Planning/ Reproductive Health: The Indonesian Experience. This program aimed to provide an understanding to participants about strategies, processes, and techniques in family planning/ reproductive health. This event was held from 13 October to 11 November 2009, and was attended by 20 people from Cambodia, Kenya, Yemen, Ethiopia, Mozambique, and Timor Leste;
6. Training of Trainers on Reproductive Health Commodity Security (RHCS). This program aimed to improve knowledge and skills of participants in RHCS program development. This event was held from 16-25 November 2009, and was attended by 23 people from Afghanistan, Iran, Myanmar, Mongolia, Timor Leste, Ethiopia, Madagascar, Congo, North Korea, and Sudan;
7. Pakistan High Level Delegation Visit Indonesia to Share Views on the Role of Moslem Leader on the Family Planning Program Implementation. The purpose of this program was to exchange views and experiences on the role of Islamic leaders in implementing family planning programs. This event was held from 26-27 February 2009, and was attended by six people.

E. Ministry of Public Works

Some activities implemented by the Ministry of Public Works related to South-South Cooperation are:¹⁵⁴

1. The International Advance Course on Integrated Technology for Housing Strategies (16 February to 17 March 1993). Participating countries were Sri Lanka, Thailand, China, Pakistan, the Philippines, Papua New Guinea, Bangladesh, Western Samoa, and Nepal;
2. The International Advance Course on Earthquake Disaster Prevention for Building Engineer (22 August to 14 September 1993). Country participants came from Bangladesh, Brunei Darussalam, China, Fiji, Nepal, Pakistan, the Philippines, Papua New Guinea, Sri Lanka, and Thailand;
3. The International Advance Course on Earthquake Disaster Prevention for Building Engineer (18 August to 14 September 1996). Participating countries came from Bangladesh, Fiji, India, Nepal, Pakistan, Papua New Guinea, China, and Singapore;
4. The International Advance Course on Integrated Technology for Housing Planning (10 September to 10 October 2000). Country participants came from Bangladesh, Cambodia, India, Lao PDR, Nepal, Pakistan, the Philippines, Sri Lanka, Vietnam, and Samoa.

Sabo Technical Centre, as one of implementing agencies of the Ministry of Public Works, has also implemented several activities in the field of technical cooperation, including the International Training Course on Sabo Engineering and Water Induced Disaster Countermeasures, and the International Training Course on Sabo Technical Centre (class I to class XII). Some countries participated in this training were the Philippines, Thailand, Nepal, Papua New Guinea, Vietnam, Sri Lanka, China, Samoa, Fiji, Tonga,

¹⁵⁴ Data from the Bureau of Planning and International Cooperation, Ministry of Public Works

and others.¹⁵⁵

Sabo technical training is in a high demand from developing nations because many of them also have potential disaster, like Indonesia. For example, Nepal and China have many sedimentation and landslide problems, while Fiji, Tonga, and Papua New Guinea have more volcanic disasters. Japan also took a lot of advantages from Indonesia. Indonesia is indeed known as a country which has the disaster complexity (often called as a natural laboratory), thus it is not surprising that Indonesia has an advantage in this particular field.¹⁵⁶

F. Ministry of Communications and Information Technology

Multimedia Training Centre (MMTC), as one implementing agencies of the Ministry of Communications and Information Technology, has conducted various forms of South-South cooperation activities, among them are:

Table IV.1.
MMTC Training Program

Year	Name of Training Program
1998	<i>The First International Training Course on TV Program Production and Management</i>
1998	<i>The Second International Training Course on TV Program Production and Management</i>
2000	<i>Third Country Training Program on TV Documentary Program Production and Management</i>
2001	<i>Third Country Training Program on TV Documentary Program Production and Management</i>
2004	<i>Third Country Training Program on TV Documentary Program Production and Management</i>
2005	<i>Third Country Training Program on TV Documentary Program Production and Management</i>
2007-2008	<i>Third Country Training Program on TV Documentary Program Production</i>
2008-2009	<i>Third Country Training Program on TV Documentary Program Production</i>

Source: MMTC

¹⁵⁵ “International Training Course (I-XII)”, *handout* issued by Sabo Technical Centre

¹⁵⁶ Interview with Hariyono Utomo, *Project Leader Sabo Technical Centre*, at March 25th 2010, in Sleman, D.I. Yogyakarta

G. Ministry of National Education

Some activities implemented by the Ministry of National Education include:

1. Graduate Sandwich Programs across E-9 Countries for Teachers and Lecturers. Education-9 or E-9 is collaboration among nine developing countries in the field of education. This program included scholarships for teachers and lecturers in the E-9 countries, Graduate Sandwich Program, Sabbatical leave for Lecturers, and scholarships for language teachers, that were attended by participants from Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan;
2. E-9 Network on Open and Distance Learning for Teachers. This program consisted of Hybrid Learning for Indonesian our Teachers (HYLITE) and Master's Program at the Bandung Institute of Technology (*Institut Teknologi Bandung/ ITB*). Participants came from Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan;
3. ICT-based Exchanges and Resources Sharing across E-9 Countries. This program was a means for exchanging information and knowledge between teachers in the E-9 countries in order to improve teaching quality. Participants came from Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan;
4. Formal and Non-Formal Teachers Exchange Programs. This program included exchange of teachers, forum for school principals, and non-formal education. Participants came from Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria, and Pakistan;
5. Scholarship for Graduate Program for Developing Countries. In the academic year 2007/2008, there were 63 participants joining the program from South Africa, Bangladesh, China, Fiji, Guyana, Iran,

Cambodia, Colombia, South Korea, Kenya, Lao PDR, Madagascar, Malaysia, Malawi, Myanmar, Papua New Guinea, Senegal, Serbia, Sudan, Suriname, Thailand, Uganda, and Yemen;

H. Ministry of Health

One example of cooperation that has been conducted by the Ministry of Health was Government to Government MoU with Sudan, where several Sudanese workers studied in Indonesia, for example in Cipto Mangunkusumo Hospital (RSCM). One of the topics that were discussed was the handling of avian flu. On the other hand, Indonesia has also established cooperation with Timor Leste in the health sector. This cooperation aimed to decrease the level of maternal mortality rate (MMR), the handling of cholera, tuberculosis, malaria, etc.¹⁵⁷

I. Ministry of Industry

The involvement of the Ministry of Industry in South-South Cooperation can be seen from training and capacity building delivered to Palestinian youth regarding the engineering industry. This event was made possible through the cooperation of various parties, namely the Ministry of Foreign Affairs (which publicized this program in Palestine and also covered travel expenses for the Palestinians to visit Indonesia), Center for Education and Training (*Pusat Pendidikan dan Pelatihan/ Pusdiklat*) of the Ministry of Industry (which covered accommodation and transportation costs of the participants during their stay in Jakarta), and PT. Rekayasa Industri (which provided instructors/ experts in the field of Engineering Procurement Construction, provided office visit, site visit, etc.). This event was held from 25

¹⁵⁷ Interview with Doddy Izwardy, Head of Foreign Cooperation Bureau, the Ministry of Health of the Republic of Indonesia, at April 19th 2010 in Jakarta

May to 18 June 2010, and attended by 13 participants from Palestine.¹⁵⁸

IV.2.7.3. Contribution of Non-Governmental Institutions in the South-South Cooperation

A. Dian Desa Foundation, Yogyakarta

Dian Desa Foundation is a non-governmental organization founded in 1972 and engaged in community development by utilizing proper technology. Focus areas of Dian Desa's activities are clean water, small industries, and energy, especially biomass energy and the use of the furnace. Dian Desa Foundation views that South-South Cooperation is a very strategic partnership. For Indonesia, South-South Cooperation has some benefits, i.e.: 1) increasing the confidence in the presence of other developing countries; 2) learning to appreciate and celebrate the development results that have been obtained; 3) facilitating the development improvement in Indonesia; and 4) expanding the knowledge about development occurring in other parts of the world.¹⁵⁹

Dian Desa's focus of cooperation is in the field of technological development, such as biomass or energy issues, water sanitation, waste management, and introduction of crop varieties. Dian Desa Foundation is also introducing new products and technologies that lead to efficiency.¹⁶⁰

Dian Desa Foundation receives funding support from the Dutch Ministry of Foreign Affairs (DGIS), The Netherlands. Sometimes, partner country also shares some funding, mostly for experts sending program. On the other hand, to reduce its dependency on donor agencies, Dian Desa Foundation produces several products on its own, such as waste treatment and biomass. Initially, in order to develop the products, Dian Desa Foundation submitted proposals to donors, but then this foundation decided to be independent. This is

¹⁵⁸ Data obtained from the Center of Administration of the International Cooperation, the Ministry of Industry

¹⁵⁹ Interview with Anton Sudjarwo, the President of Dian Desa Foundation, Yogyakarta, at March 24th 2010, Yogyakarta

¹⁶⁰ *Ibid.*

a part of Dian Desa's efforts to strengthen the earning capacity by selling products and professional services. Thus, at Dian Desa Foundation, donor agencies are involved only in research and development program and no longer support the funding.¹⁶¹

Dian Desa Foundation had conducted South-South Cooperation in terms of capacity building programs in Cambodia. At a time when Indonesia served as chairman of NAM in Suharto presidency, Dian Desa Foundation was requested by the State Secretariat to help implement the program in Cambodia. Some of the programs were biomass production (the production of energy saving stoves), silk-screening manufacture, and marketing training. These trainings were geared towards increasing the confidence the Cambodians. In addition to these programs, Dian Desa Foundation also provided assistance programs to developing countries although those countries are not within the framework of South-South cooperation, such as Bangladesh, Sri Lanka, and others.¹⁶²

Other activity undertaken by Dian Desa Foundation is its participation in the Asian Regional Cookstove Program (ARECOP). ARECOP is an international network of furnaces with three coverage areas, which are Asia, Latin America, and Africa. Dian Desa Foundation is a focal point for Southeast Asia region. The countries included in the ARECOP network are Indonesia, Timor Leste, Sri Lanka, India, Pakistan, Nepal, China, Bhutan, Bangladesh, Lao PDR, Myanmar, Thailand, Vietnam, Cambodia and the Philippines.¹⁶³

B. Electronic Engineering Polytechnic Institute of Surabaya (*Politeknik Elektronika Negeri Surabaya* or PENS)

PENS is a National Resources Polytechnics established in 1988 through the JICA Technical Cooperation Project (1986-1994) and JICA SPEED

¹⁶¹ *Ibid.*

¹⁶² *Ibid.*

¹⁶³ "Jaringan Kerja Tungku Indonesia", *leaflet* issued by *Jaringan Kerja Tungku Indonesia*

Technical Cooperation Project (2000-2006), a grant-aid delivered by the Japanese Government. PENS assesses that South-South Cooperation can contribute some positive impacts for the agencies and countries that hold the events. PENS organized the International Training Course (ITC), which, in addition to improve the technological know-how and to increase trainee's confidence, could also promote culture, arts, education, and technology products, and thus was able to create a new market for Indonesian products. In addition, PENS also considers that South-South Cooperation in the field of education is necessary to be developed, because a process of experience, science, and technology exchange for the benefit of human resource development could easily take place. Thus, the mechanism of South-South Cooperation can minimize the technological gap between developing and developed countries.¹⁶⁴

There are two kinds of cooperation: the first is the training aimed to improve human resources in Asian-African countries that is carried out annually, and the second is experts sending to foreign countries. Both of these activities are fully financed by JICA. Meanwhile, the Indonesian government plays a bigger role in the promotion process abroad through Indonesian embassies.¹⁶⁵

Regarding to country or region priorities, PENS hands it over fully to JICA, because it is JICA who bears almost all the funding. Meanwhile, regarding the constraints in the implementation of South-South Cooperation, PENS views technical constraints such as mastery of language and culture as the biggest obstacles. PENS itself addresses this problem by providing the basic lessons of Indonesian culture, thus technical cooperation undertaken by PENS can also become a tool of cultural promotions. Another constraint is

¹⁶⁴ Interview with Dadet Pramadihanto, *Director for General Administration and Finance*, and Aries Pratiarso, *Vice Director for General Administration and Finance*, Electronic Engineering Polytechnic Institute of Surabaya (PENS), at March 26th 2010, in Surabaya, East Java

¹⁶⁵ *Ibid.*

difference in levels of technology in the participating countries.¹⁶⁶

Various South-South Cooperation program that has been undertaken by PENS are: Short-Term Intensive Training, that aimed to improve pedagogical skill of Tumba College of Technology (TCT) faculty members, in the form of theory application into practical level; pedagogy aspect in various fields, such as analog and digital communication, antenna & radio wave propagation, basic experiment, and optics & telephone; the making of prototype experimental module to be used in the TCT (with appropriate training topic that is being discussed); the making of practical handbook in accordance with the topic of the training, and; laboratory management and equipment procurement for the laboratory at the department of electronics- telecommunication of TCT, participated by Asian and African countries.¹⁶⁷

As for professionals/ experts assistance, the cooperation is performed in the field of analog & digital communications, antennas & radio waves propagation, electronic and microprocessor, and advanced microcontroller. These activities are intended to provide training for academic staff (lecturers) in the TCT in the forms of equipment and modules operation for the practical conducted at the TCT, discussing the making of practical handbook, improving the curriculum, and providing motivation to improve all faculty members' engineering skills at the Department of IT.¹⁶⁸

Some of the activities implemented by the PENS include: In-Country Training Course on Information Technology, which was attended by participants from Mongolia, Vietnam, Lao PDR, Uzbekistan, Bangladesh, Myanmar, Cambodia, Nepal, Pakistan, Fiji, Ethiopia, Uganda, Kenya, Tanzania, and Zambia; International Training Course in Information Technology-based for Electric Engineering Education, which attended by participants from Bangladesh, Cambodia, Timor Leste, Ethiopia, Kenya, Lao PDR, Myanmar, Nepal, Pakistan, Tanzania, Uganda, Uzbekistan, and Vietnam;

¹⁶⁶ *Ibid.*

¹⁶⁷ *Ibid.*

¹⁶⁸ *Ibid.*

and others.¹⁶⁹

C. Indonesian Chamber of Commerce and Industry (*Kamar Dagang dan Industri Indonesia* or Kadin)

The Kadin sees South-South Cooperation within the framework of areas which can contribute profits and greater business certainty. Thus, if Kadin has to choose about where to expand Indonesia's economy, it will prefer China to African countries. Indonesian businessmen are also judged to be not as solid as the ones in developed countries, thus Indonesia still has not been willing to take big risks. For now, business opportunities that are being taken by the Indonesian businessmen are "from Asia for Asia", due to its nature of greater business certainty. Meanwhile, regarding the Pacific countries, many of them are trying to establish market expansion into Indonesia, for example Togo who sells gas to Indonesia. The reason for this expansion is the Pacific countries decreasing market share to the United States.¹⁷⁰

Kadin considers that in order to expand trade to developing countries, sufficient support from the government is highly needed. This is necessary considering that Indonesian companies have not been much well known worldwide, thus causes lack of knowledge about market prospects to developing countries. This is of course very different from what happens in Malaysia, where government and employers can coexist and work hand in hand. Nevertheless, there are several companies that have been leading the market in Africa, such as Indofood and GarudaFood.¹⁷¹

To enhance this South-South Cooperation, Kadin assesses that a good coordination between the Kadin, the Ministry of Foreign Affairs, the Bappenas, the Ministry of Trade, and the Ministry of Finance is necessary.

¹⁶⁹ "Rekap Kerjasama dengan JICA", *handout* issued by Electronic Engineering Polytechnic Institute of Surabaya (PENS)

¹⁷⁰ Interview with Adi Tahir, Kadin, at April 30th 2010, in Jakarta

¹⁷¹ *Ibid.*

Therefore, the Indonesian business can continue to grow worldwide. Besides that, promotion budget for Indonesian products also needs to be added. And, the most important thing, there needs to be socialization efforts regarding business opportunities and information in developing nations toward the entrepreneurs, so that trade and business cooperation among developing countries can work well.¹⁷²

One form of cooperation undertaken by Kadin to improve bilateral economic and trade relations with African countries is the MoU between Kadin and the Center for Cultural Interchange, Namibia, and Zimbabwean Trade Promotion Agency (ZIMTRADE), which aims to increase trade taken by private parties. Additionally, to get Indonesian products closer to the Southern African market, "House of Indonesia" has now been open in Johannesburg, South Africa, and Harare, Zimbabwe, which are managed by private parties.¹⁷³

D. People-Centered Economic and Business Institute (*Institut Bisnis dan Ekonomi Kerakyatan* or IBEKA)

IBEKA is one of non-governmental organization whose concern is on energy development issue in rural area. It has successfully developed the Micro Hydro Power Plants (MHP). IBEKA has started this system since 1992. Up to date, there are 40 systems of MHP which have been developed in Aceh, West Sumatra, South Sulawesi, East Nusa Tenggara, South Sumatera, and West Java with the capacity of below 250 kW. This system was then developed and organized by Rural Unit Cooperation (*Koperasi Unit Desa/ KUD*) and became one of IBEKA's prominent program, where IBEKA has successfully conducted

¹⁷² *Ibid.*

¹⁷³ "Laporan Kunjungan Misi Dagang ke Afrika Selatan, Zimbabwe dan Namibia Tanggal 26 Maret-1 April 2000", accessed from <http://www.depperin.go.id/IND/Publikasi/lainnya/2000/01042000.htm> at March 15th 2010, 10:15 a.m.

economic empowerment in many rural areas. In doing its activity, IBEKA is granted aid from Japan and some European countries.¹⁷⁴

Related to Indonesia's role in South-South Cooperation, IBEKA perceives Indonesia as a country with big population and many positive aspects, especially in non-governmental sector, which could be accessed, adopted, and of course could give additional value to the other developing countries. By this prominent aspects, Indonesia could be a powerful state with big promotion activities. Thus, in increasing Indonesia's role in the future, the government has to identify which non-governmental institution that has potential aspects to be developed in South-south Cooperation.¹⁷⁵

In implementing South-South Cooperation, IBEKA cooperates with the Ministry of Foreign Affairs. This cooperation has been conducted for five times for five consecutive years. In this case, the Ministry of Foreign Affairs offers projects to IBEKA. Accordingly, the Ministry of Foreign Affairs will invite and give accommodation to the participants, while the IBEKA responsible for the training sessions.¹⁷⁶

IBEKA gives training in rural development program, especially in establishing rural energy. This energy development is not only for lighting but also for rural society empowerment. For countries in Latin America and Africa, this training meets neatly with their needs. This condition makes Indonesia's position become more strategic in South-South Cooperation.¹⁷⁷

One example of cooperation between IBEKA and the Ministry of Foreign Affairs is the International Training Workshop on Development of Renewable Energy: Its Role in Socio-Economic Development in Lembang, West Java, 26-30 May 2010. This training was aimed to: 1) increase the understanding on renewable energy development for rural society development; and 2) empower and increase international cooperation between

¹⁷⁴ "Profil Yayasan Institut Bisnis dan Ekonomi Kerakyatan" *handout* by IBEKA Foundation

¹⁷⁵ *Ibid.*

¹⁷⁶ *Ibid.*

¹⁷⁷ *Ibid.*

Indonesia and participants' countries, especially in the issue of renewable energy. The program was consisted of training and workshop attended by Asia and Pacific countries, such as Cambodia, Lao PDR, Myanmar, Vietnam, Iran, India, Papua New Guinea, the Philippine, Sri Lanka, Timor Leste, and Vanuatu.¹⁷⁸

The training was given in classroom sessions and site visit. In the classroom sessions, the participants got some explanations about social, economic, and technical aspects in developing micro hydro energy; while in the site visit, the participants could directly see the electricity production process of the micro hydro turbine set and observe the power of micro hydro power plant at Cinta Mekar, Subang, West Java.¹⁷⁹

IV.3. The Role of International Institutions in Indonesia's South-South Cooperation

In the 50th anniversary of Asia-Africa Conference in 2005, Indonesia cooperated with South Africa in establishing the new cooperation concept, namely the New Asia-African Strategic Partnership (NAASP), in which South-South Cooperation would be developed through strategic partnership with developed countries and other international institutions. In the South-South Cooperation implementation, Indonesia has cooperated with third parties (the tripartite arrangement), for example with JICA, UNDP, ESCAP, and many others, as the donor.

Related to this cooperation, in January 12th, 2009, The Government of Indonesia has signed a commitment named the Jakarta Commitment with 22

¹⁷⁸ Directorate of Technical Cooperation, Directorate General of Information and Public Diplomacy, the Ministry of Foreign Affairs, *The Report of International Training Workshop on Development of Renewable Energy: Its Role in Socio-Economic Development*, at Lembang, West Java, 26-30 May 2008

¹⁷⁹ *Ibid.*

donor countries and 4 multilateral organizations.¹⁸⁰ The main background of this Jakarta Commitment is to bring international commitment to national level to realize a more effective ODA utilization, by the spirit to change donorship to ownership paradigm, so the ODA would be more appropriate with recipient's needs. As stated in the Paris Declaration¹⁸¹, development partner will be also planned to reduce tied aid.¹⁸²

Some of important points in Jakarta Commitment are to revise international aid mechanism and to strengthen the South-South Cooperation. In this commitment, the Government of Indonesia and development partner committed to strengthen more the process and regional institutions in facilitating South-South Cooperation. The South-South Cooperation will also include financial aid and technical support. Moreover, the South-south Cooperation has also been included in the RPJMN 2010-2014.

IV.3.1. Japan International Cooperation Agency (JICA)

Cooperation between Indonesia and donor country could be seen from the cooperation between Indonesia and the Government of Japan. This collaboration has some meaningful roles. Indonesia is the country which receives most of Japan's aid, so Indonesia is expected to play a significant role in South-south Cooperation. In JICA perspective, Indonesia's status as a tropical country will bring many advantages as Indonesia has the capability to distribute assistance to any other tropical countries. Moreover, the cooperation with Indonesia, which has a close relation with Japan, could be an effective

¹⁸⁰ See the list of donor countries and multilateral organizations signed this agreement in the footnote 3, chapter I of this research

¹⁸¹ Paris Declaration was signed on March 2nd, 2005 in High Level Forum for Aid Effectiveness to accelerate MDGs Achievement. This declaration explains about assistance from donor to developing countries in implementing development, reducing poverty level, arranging institutional building, and eradicating corruption practices

¹⁸² See the legal document on *Jakarta Commitment: Aid for Development Effectiveness Indonesia's Road Map to 2014*, January 12th, 2009

way to increase pro-Japan perception in Asia and developing countries as a whole.¹⁸³

Japan's role in South-South Cooperation could not be separated from Japan's history in delivering foreign aid. By the time Japan redeveloped herself after the World War II, Japan got so many aid from other countries/ international institutions, such as the US and World Bank. Nevertheless, Japan also started to actively help other countries based on her own capability; it can be seen from her commitment to War Reparation Program in 1954-1976 (development aids after World War II to Burma, the Philippines, Indonesia, and South Vietnam), her active participation in Colombo Plan since 1954 (to build an economic cooperation with Asian countries), some other participations like Development Assistance Group and Overseas Economic Cooperation Fund, and also by establishing an institution to deliver Japan's aid to other countries in 1962 (the JICA). These historical experiences made Japan used to actively participate in triangular cooperation, which has some main principles, such as knowledge sharing (by technical cooperation), self-help efforts, and development partnership.¹⁸⁴

The South-South Technical Cooperation (SSTC) underlines Indonesia's cooperation with the JICA. JICA itself has actively involved in delivering aids to Indonesia since 1969. JICA's SSTC is implemented through two ways: by conducting Third Country Training Program (TCTP) and Third Country Expert (TCE). TCTP program is a training which places Indonesia as the host country for participants from any other developing countries. Since 2003 to 2007, Indonesia has received more than 700 TCTP participants from 51 countries in Asia, Africa, Middle East, and Asia-Pacific. Meanwhile for TCE program, Indonesian experts were sent to other developing countries to support the implementation of JICA's Technical Cooperation Project in those

¹⁸³ Yuri Sato, et. al., *Socioeconomic Study for Assisting Formulation of New JICA's County Assistance Strategy for Indonesia, Executive Summary* (May: 2008), p. 31

¹⁸⁴ Dinur Krismasari, "JICA's Modality to Support Indonesia's South-South Technical Cooperation", in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

respective country. Since 1994-2007, fifty Indonesian experts were sent to Cambodia, Vietnam, the Philippines, Nepal, Tanzania, Madagascar, and Papua New Guinea.¹⁸⁵

Cooperation between Indonesia and Japan could also be seen from the ‘Record of Discussion between the Government of Japan and the Government of the Republic of Indonesia Concerning the Japan-Indonesia Partnership Program’ in 2003, which states that cooperation between Indonesia and Japan will be carried out in three ways. *First*, in the form of TCTP which is held in Indonesia with the aim of giving training to participants from developing countries. Indonesia and Japan will jointly fund the projects, which in the long-term Japan will reduce her contribution into a more equal share (Japan will no more fund the most portion). Meanwhile, the implementation will be the responsible of Japan Embassy, the JICA, the Ministry of Foreign Affairs, and the State Secretary. *Second*, in the form of expert sending. The sending of Indonesian and Japanese experts is held to implement technical cooperation projects in developing countries. Japan herself will review the possibilities to fund several of Indonesia’s experts sending program. In the other hand, it is also stated that it needs some structures and systems to ensure this sending goes properly (without any deflection). *Third*, other form of technical cooperation will be reviewed together, for example by conducting joint seminar.¹⁸⁶

In the future, the Government of Japan perceives Indonesia as a country having much potential to play a bigger role in South-South Cooperation. Indonesia is the country with the biggest economy in ASEAN regions and also the only Southeast Asian country becoming the member of G-20. Besides, Japan also perceives that Indonesia’s economic development is getting more solid, which it was predicted in 2020 that Indonesia’s GDP per capita will

¹⁸⁵ “South-South Technical Cooperation”, leaflet distributed by JICA Indonesia Office

¹⁸⁶ *Record of Discussion between the Government of Japan and the Government of the Republic of Indonesia Concerning the Japan-Indonesia Partnership Programme*, Tokyo, Desember 10th 2003

reach US\$ 6.600 (high-growth scenario) or US\$ 5.260 (low-growth scenario). This level of GDP per capita makes Indonesia needs no more ODA from other countries while at the same time has the responsibility to deliver development aid (becomes a donor country) to other countries.¹⁸⁷

IV.3.2. Non Alignment Movement Center for South-South Technical Cooperation (NAM-CSSTC)

Non Alignment Movement Center for South-South Technical Cooperation (NAM-CSSTC) was established in 1995. Its pioneers were the Government of Indonesia and the Government of Brunei Darussalam, in which Indonesia provided the space and Brunei provided the fund for building construction. The mandate is to implement South-South Technical Cooperation with NAM-CSSTC as the facilitator. Accordingly, the NAM-CSSTC cooperates with other institution, like the Islamic Development Bank (IDB) and UNDP.¹⁸⁸

NAM-SCCTC as single entity actually does not have any relation with ministries or government agencies. However, NAM-CSSTC still coordinates with some institutions, such as the Ministry of Foreign Affairs. For example, when the Ministry of Foreign Affairs hold a microfinance training, NAM-CSSTC will help them by providing experts, implementing agencies, participants, and others. Beside that, NAM-CSSTC will also help the funding, especially for the local cost. Also for the Ministry of Maritime Affairs and Fisheries, when they plan to give fisheries training for the Kenyan farmers, the NAM-CSSTC will help them by formulating the program. Thus, this cooperation is partnership in nature.¹⁸⁹

South-South Cooperation which is usually held by NAM-CSSTC has some criteria, such as the cooperation which directly gives the benefit for the

¹⁸⁷ Krismasari, *Op. Cit.*

¹⁸⁸ Interview with Achmad Rofi'ie, Director of NAM-CSSTC, on March 3rd 2010, in Jakarta

¹⁸⁹ *Ibid.*

society, in other words, direct impact or direct benefit. Besides that, the assistance should be practical, for example, a microfinance training should teach how to operate, how to do the accounting, and its relation with SMEs and society empowerment.¹⁹⁰ In this part, NAM-CSSTC will focus its technical assistance on rural development issues, microfinance, SMEs, information technology, and others, which are related to community empowerment.¹⁹¹

Some training and workshop forms which has been conducted by the NAM-CSSTC in 2009 included:¹⁹²

1. *Advanced Training on Wood Carving for Lao Participants;*
2. *Workshop on Electoral Dispute Resolution;*
3. *Workshop on South-South Technical Cooperation: Indonesian Experiences;*
4. *Mission on Assessment for Starting-up Sharia Scheme in Uganda;*
5. *International Workshop on Disaster Risk Management Focusing on: Strategic Planning on South-South Cooperation;*
6. *Third Country Training Programme on Microfinance for African: Establishing and Managing Microfinance Institution;*
7. *South-South Regional Symposium on Consultation Building Constitutional Design for Diversity and Conflict;*
8. *18th UNCTAD Regional Course: Key Issues on the International Economic Agenda;*
9. *Income Generation for Women in Rural Areas through Business Development Services (BDS);*

¹⁹⁰ *Ibid.*

¹⁹¹ *Ibid.*

¹⁹² NAM CSSTC, "Program Activities Implemented in 2009", accessed from http://www.csstc.org/Quick_Reference/SA-2009a.htm at March 4th 2010, 03:00 p.m.

CHAPTER V

INDONESIA'S INTEREST IN SOUTH-SOUTH COOPERATION

Indonesia's increasing role in South-South Cooperation could be seen as one of the implementation of her national development missions, which stated in Law No. 17/ 2007 on Long-term Development Plan (*Rencana Pembangunan Jangka Panjang/ RPJP*) 2005-2025. The mission is:¹⁹³

“Actualizing Indonesia's increasing role in international level is defined as strengthening Indonesia's diplomacy to pursue her national interest; keeping on the sustainability of Indonesia's commitment on identity development, regional and international integration; and supporting the cooperation in international, regional, and bilateral level, between societies, between groups, and also between institutions, in any fields.”

Realizing this mission, the RPJP 2005-2025 also organizes several things to be overhauled by all stakeholders in Indonesia:¹⁹⁴

1. To strengthen and promote national identity as a democratic state in the international level;
2. To recover Indonesia's important position as a big democratic state which is defined by diplomatic success in international fora in struggling for national security, regional integrity, and national natural resources security;
3. To increase Indonesia's leadership and contribution in many international cooperations to establish a more just and peace world order;
4. To establish national self-reliance in global constellation;
5. To stimulate Indonesian companies' investment abroad.

As one important instrument in diplomacy, technical cooperation is usually used to accelerate RPJMN achievement on foreign policy stabilization and international cooperation improvement, which consists of:¹⁹⁵

¹⁹³ Law No. 17 / 2007 on Long-term Development Plan 2005-2025

¹⁹⁴ *Ibid.*

¹⁹⁵ *Ibid.*

1. Increasing Indonesia's role in international relations and in pursuing a world peace;
2. Recovering Indonesia image and international trust;
3. Striving for the establishment of a better economic cooperation in both regional and international level to support national development; and
4. Maintaining togetherness through international, bilateral and multilateral, or any other regional cooperation, mutual understanding and peace in politics and international relations.

As one of the efforts to implement Indonesia's national development mission, the South-South Cooperation is perceived as a tool to achieve national interests in politics, economy, and sosio-cultural field. Below is the explanation on some of Indonesia's national interests which are relevant with the effort to increase Indonesia's role in South-South Cooperation. Beforehand, it must be put in our mind that South-South Cooperation is not necessarily a multilateral cooperation (cooperation that involves many states or held in international forum or organization). South-South Cooperation is pretty often to be held in bilateral relations, as long as it is relations between developing countries. One of the most common forms in South-South Cooperation is the triangular cooperation, which has been comprehensively explained in the previous chapters.

V.1. Political Interest

V.1.1. Promoting Indonesia's International Image

To strengthen and promote national identity as a democratic state in international level is one of the efforts which will be taken by Indonesia in order to increase her role in international world, as stated in RPJP 2010-2015. This effort becomes very much important for Indonesia, considering the fact that Indonesia's image has once been stumbled as multidimensional crisis

occurred after the financial crisis in 1997. Now, after more than a decade after that crisis, Indonesia has developed into a state of democratic, pluralist, respectful to the human rights, and committed to the world's peace. Indonesia is now standing out, without any abash of the past burden. Therefore, the promotion of positive image is becoming such an important effort that there will be more world citizens recognize Indonesia and perceive her from a more positive and constructive view. In the other hand, this measure is also very much important for Indonesia's national interest attainment as it could be used as catalyst for any efforts to fulfill Indonesia's economics, socials, politics, and cultural needs.

South-South Cooperation is a very good means to promote this positive image. South-South Cooperation is an interaction between Indonesia and fellow developing countries, in which Indonesia gives a concrete contribution. Thus, active participation in South-South Cooperation will give a broad space for Indonesia to increase her role and position in inter-state relations. Up to now, these efforts have been taken by some stakeholders who were participated in the implementation of Indonesia's South-South Cooperation, for instance by training, cultural exchange, scholarship, etc. One of the most concrete efforts in increasing Indonesia's international image is by delivering training on documentary film by the MMTC, the topic of which was about harmonious relations among inter-religious groups in Indonesia. This is indeed an effective means to increase the positive image of Indonesia. Therefore, technical cooperation might be considered as a diplomatic tool to increase Indonesia's positive image abroad and to give a concrete contribution as a country with some excellence in development compared with other developing countries.

In the future, there will be a bigger chance for Indonesia to be more active participating in South-South Cooperation. Nevertheless, it must be admitted that so far the South-South Cooperation has not been effectively utilized yet, whereas Indonesia has huge potentials. Once Indonesia could successfully formulate a clearer strategy and vision and at the same time

establish effective institutions, exploration on those potentials –which will affect to the Indonesia’s positive image in international level– could be more optimal than ever.

V.1.2. To Build Togetherness in Multilateral Forum

South-South Cooperation could be used as a means to get some supports from any other developing countries in multilateral forum. For example is the South Centre¹⁹⁶, which is used to coordinate and strive for the position of developing countries in the WTO forum, World Intellectual Property Organization (WIPO), G-24, G-33, G-20, United Nations Framework Convention on Climate Change (UNFCCC), and G-77. For Indonesia herself, the South Centre has contributed much support for her national interest, for instance, on Indonesia’s position as the coordinator of G-33 in WTO. South Centre gives proposal which accommodate developing countries’ interest, especially in agricultural field, which becomes the main concern in WTO discussion. Furthermore, in order to prepare for the 13th Conference of Parties (COP-13) of UNFCCC in Bali on December 2007, the South Centre also gave recommendation for Indonesia’s position which might also beneficial to developing countries in general.¹⁹⁷

Moreover, cooperation and training which has been delivered by Indonesia has affected developing countries to support Indonesia in the World Health Assembly (WHA) forum.¹⁹⁸ This could be seen in the 60th WHA meeting, in which Indonesia got support from some developing countries in proposing the resolution draft on ‘Responsible Practises for Sharing Avian

¹⁹⁶ South Centre is an intergovernmental body which was established by developing countries as an effort to strengthen the South-South Cooperation. South Centre is also a think-tank organization whose function is to analyze policies related to development issues in Southern contries

¹⁹⁷ “South Centre”, accessed from

<http://www.deplu.go.id/Pages/IFPDisplay.aspx?Name=MultilateralCooperation&IDP=6&P=Multilateral&l=id> at April 20th 2010, 10.15 am

¹⁹⁸ Interview with Doddy Izwardy, Head of Foreign Affairs Burreau, Ministry of Health, *Op. Cit.*

Influenza Viruses and Resulting Benefits'. Those countries were Vietnam, Malaysia, Cambodia, Timor Leste, Sudan, Myanmar, Brunei Darussalam, Lao PDR, Solomon Islands, Bhutan, Kenya, and Thailand.¹⁹⁹

V.1.3. Improving International Support for Indonesia in Handling National Separatist Movement

Indonesia's interest in Pacific countries is growing. Previously, it was Indonesia's interest to contain the superpowers' influence, but now the spectrum has grown to non-military issues, which threaten sovereignty and region stability.²⁰⁰ One of the main priorities in regional issues is the separatist movement. In handling such movement, Indonesia chooses to use soft power approach.

One solution that had been done by the Government of Indonesia is signing a Memorandum of Understanding between the Minister of Foreign Affairs, Hassan Wirajuda and the Government of Fiji on cooperation in the tourism field in the Asia-Pacific Economics and Social Commission of United Nations (ESCAP) meeting. The Government of Fiji also states that they will support Indonesia's integrity.²⁰¹

South-South Cooperation can be used to anticipate the support for separatist movement. Indonesia's aid to other developing countries in South Pacific area is one of South-South Cooperation implementation. Aid positive impact can be seen when the Ministry of Agriculture delivered aid to the Government of Fiji, resulting in no more separatist movement representation in the country.²⁰² Indonesia also did the same to Vanuatu, where the Ministry of

¹⁹⁹ Siti Fadilah Supari, *Saatnya Dunia Berubah* (Jakarta: PT. Sulaksana Watinsa Indonesia, 2008), p. 73

²⁰⁰ Bantarto Bandoro, "Aspek *Soft Power* dalam Hubungan Indonesia-Pasifik Selatan", *Op. Cit.*, p. 429

²⁰¹ "Vanuatu Dukung Kedaulatan RI Keberadaan Warga Asal Papua di Negara Itu Takkan Ganggu Hubungan", was accessed from http://www.deplu.go.id/?hotnews_id=932 at April 9th, 2010, 05.35 p.m.

²⁰² Interview with Ela Rosilawati, BP SDM Ministry of Agriculture at February 17th 2009

Agriculture gave rice, hoes, etc. Those aid shows an effort to reduce international support for separatist movement.

V.2. Economic Interest

Indonesia's economic interest could not be separated from the long-term development 2005-2025; one of which is establishing a competitive nation, in the meaning of strengthening domestic economy and increasing global competitiveness of Indonesia's products. Indonesia's economic interest in South-South Cooperation could be seen in RPJMN 2010-2014. Even if it is not mentioned explicitly in South-South Cooperation framework, this instrument might be a good means to attain Indonesia's economic interest. Some of these economic interests are:²⁰³

1. Foreign trade development strategy which focuses on market access diversification, promotion, and non-petroleum and natural gas export facilitation in Asia and Africa;
2. Cooperation and bilateral negotiation enhancement in Asia and Africa region.

V.2.1. To Increase Foreign Trade

RPJP 2005-2025 explains about the ways to have a more advantageous international trade, which could support the national economy, i.e.:²⁰⁴

1. Strengthening national position in many international trade cooperation fora (in global, regional, bilateral, and multilateral level) to increase competitiveness and national export market access, while at the same time to secure national strategic interest in order to alleviate poverty and unemployment, to develop rural areas, and to protect national

²⁰³ RPJMN 2010-2014, Book II Chapter III

²⁰⁴ "Arah Pembangunan Jangka Panjang Tahun 2005-2025" in Law Num. 17/ 2007 on Long-term Development Plan 2005-2025

economic activity from unfair competition and practices of international trade;

2. Developing the image and standard quality of national products and services, and also facilitating a competitive international trade.

Together with RPJP 2005-2025, RPJMN 2010-2014 also describes about several main issues in export development. One of which is Indonesia's limited exports market that are merely concentrated only to several countries. Therefore, some future development strategies in 2010-2014 periods are:²⁰⁵ 1) to increase the non-petroleum and natural gas export volume; 2) to support the export of SMEs products; 3) to diversify export market to decrease dependency on specific export market; 4) to focus on the effort of market access expansion, promotion, and facilitation of non-petroleum and natural gas exports to Africa and Asia region; 5) to use international trade mechanism which provides bigger advantage for national interest; 6) to promote trade activity in border area; and 7) to strengthen institutional building and foreign trade financing.

South-South Cooperation could be perceived as the chance for Indonesia to increase her foreign trade, especially when it is related to the effort to diversify her export market. Below in the table describes some of the export destination markets and Indonesia's prominent export products in Africa region:

²⁰⁵ RPJMN 2010-2014

Table V.1.
Indonesia's Top Five Export Destination Countries in Africa
Non-Petroleum and Natural Gas
January 2004- November 2009 (US\$ Million)

No	Country	2004	Country	2005	Country	2006	Country	2007	Country	2008	Country	2009
1	South Africa	259,873	South Africa	313,571	Egypt	464,243	Egypt	589,556	Egypt	623,063	Egypt	611,787
2	Egypt	197,268	Egypt	290,408	South Africa	381,238	South Africa	555,717	South Africa	790,741	South Africa	406,941
3	Nigeria	176,680	Nigeria	168,736	Nigeria	158,400	Nigeria	195,871	Algeria	322,707	Nigeria	190,711
4	Tanzania	80,386	Algeria	127,172	Algeria	105,535	Algeria	146,414	Nigeria	289,629	Algeria	146,280
5	Algeria	72,002	Tanzania	84,478	Ghana	89,883	Ghana	118,836	Ghana	135,757	Angola	93,022

Source: Ministry of Trade, 2010

Table V.1 describes that South Africa and Egypt are Indonesia's two main export destination countries in Africa region. From 2004 to 2005, South Africa was in the first place, while from 2006, Egypt started to replace South Africa's position. Beside those countries mentioned, Indonesia's export products also have a big potential in Kenya. Djismun Kasri, Republic of Indonesia's ambassador in Nairobi, Kenya, said that there are many Indonesia's products there and it is not difficult to get them. Even there is one market in Nairobi, which is called as Kenya's Tanah Abang, as most of the products sold there come from Tanah Abang market in Jakarta, for both direct and indirect way of distribution.²⁰⁶

To get the picture of Indonesia's main export products in Africa region, see table V.2 below:

²⁰⁶ "Indonesia Kurang Manfaatkan Peluang Investasi Pertanian di Afrika", accessed from <http://hariansib.com/?p=2175> at May 5th 2010, 10.00 a.m.

Table V.2.
Indonesia's Main Export Commodity to Africa Region
Non-Petroleum and Natural Gas
January 2004 - November 2009 (US\$ Million)

Commodity	2004	2005	2006	2007	2008	2009
Palm oil & its fractions, not chemically modified	191,339	272,228	413,030	557,305	902,808	497,803
Soap, organic surf-act prep for soap use, bars etc	81,726	100,243	88,751	104,194	168,281	141,047
Paper, uncoat, for writing etc, rolls, handmade paper	35,144	74,985	85,635	140,053	159,324	108,337

Sumber: Ministry of Trade, 2010

Table V.2 explains that palm oil commodity was Indonesia's main export product to Africa region from 2004-2009. The highest point of oil palm export level happened in 2008, reaching to US\$ 902.808.000, while soap becomes the second prominent product.

To get the comparison between Indonesia's export value to Africa region and Indonesia's total export value, look out at table V.3 below:

Tabel V.3.
Percentage of Indonesia's Non-Petroleum and Natural Gas to Africa Region
(in US\$)

YEAR	EXPORT VALUE TO AFRICA REGION	INDONESIA'S TOTAL EXPORT VALUE	PERCENTAGE
2005	1,668,057,244	66,428,400,000	2.51
2006	1,984,647,992	79,589,100,000	2.49
2007	2,508,672,133	92,012,300,000	2.73
2008	3,279,466,832	107,894,200,000	3.04

Source: processed from Ministry of Trade's database, 2010

From the table above, it can be seen that Indonesia's increasing total export value is followed by Indonesia's increasing export value percentage to

Africa region. By South-South Cooperation, Indonesia can make some approaches to Africa market and introduces her potential to the Africans.

In increasing agricultural products export to countries in Africa region, Indonesia has conducted some efforts. One of those was the visit of Minister of Agricultural in 20-23 April 2007 to some African countries. In that visit, there were some trade meetings and a MoU marking Sudanese purchasing agricultural machineries from Indonesian company. As information, Indonesia exports tea and canned food to Sudan and imports peanuts and cotton. Other potential African countries for Indonesia's export market are Egypt, Morocco, Algeria, Ethiopia and some other Northern African countries.²⁰⁷

In the future, Indonesia has to formulate her export development strategy to Africa. Therefore, Indonesia has to firstly decide which emerging market countries potential to be the entry point to get into Africa region. For example, Indonesia positions South Africa and Egypt as the entry point for her non-petroleum and natural gas products distribution. Besides, Indonesia also has to position Africa as an alternative export market so that Indonesia can start to formulate a more focus and well-planned promotion activity, trough participation on trade exhibition and mission. In this case, South Africa becomes the entry point for Southern Africa region, while Egypt for the Northern Africa region.²⁰⁸

There are some criteria to define the potential of a market, which includes:²⁰⁹

1. The average level of partner country's import growth for a specific commodity. This criterion could describe market growth for a specific commodity in that country;

²⁰⁷ Accessed from

http://agribisnis.deptan.go.id/index.php?mod=detail_informasi&sub=5&fuse=478 at May 5th 2010, 10.30 a.m.

²⁰⁸ "Forum Diskusi Pasar Afrika Timur: Hilangkan Mitos, Serbu Pasar Afrika", accessed from <http://www.aksesdeplu.com/Hilangkan%20mitos.htm> at May 7th 2010, 10.00 a.m.

²⁰⁹ Handri Thiono, "Potensi Pasar Mesir dan Afrika Selatan", in *Kompas* daily, January 12th 2009

2. Import market's share of a specific commodity to total value of the country's import. This criterion will describe the level of a commodity's importance for that country and domestic product's competitiveness against foreign products. The higher market share of certain commodity's import to her total import value, the higher the country's dependency to foreign products commodity;
3. Share of a certain product export to total of Indonesia's total export. This criterion is to understand Indonesia's competitiveness in global market. A product with high level of competitiveness tends to have a high share of export value relative to Indonesia's total export value;
4. Share of import from Indonesia to the partner country's total import. This criterion will measure Indonesia's success in entering partner country market. The bigger market the proportion, the bigger Indonesia's chance to increase the market share.

Related to this market opportunities, the Ministry of Trade has tried to informed what opportunities existed in what market. Nevertheless, it then returns to the producer's preferences which will decide whether to take those chances, considering on how prospective a region for their business is.²¹⁰

In the other side, some countries start to utilize opportunities in African markets. Republic of Indonesia's ambassador in Nairobi also said that Indonesia's businessman has to be more active and not to wait for Africa's arose because some competitors are more aggressive, for example are China, India and Malaysia. China's total export in 2005 was US\$ 14 billion and up to now there are 77 China's joint companies in Eastern Africa, the products of which are tire, car spareparts, stationery, perfume, cosmetics, computer, furniture, and machineries. Rhenald Kasali stated that the strategy used by China is selling the products with minimum price, direct exporting, and

²¹⁰ Interview with Imam Pambagyo, Director of Regional Cooperation, Ministry of Trade, at March 5th 2010, in Jakarta

developing business colleague network in Africa, so that they could reach a big profit. So does India, who launched “Focus: Africa” by setting Mauritius, Kenya, and Ethiopia as her targets. India offers machine and transportation equipment, fuel products, paper and timber products, textile, iron and steel, plastics and linoleum products, rubber products, agricultural products, chemical and pharmaceutical products.²¹¹

Another potential developing country is Papua New Guinea; a country with 6,3 million citizens which has not much developed since her independence from Australia on September 16th, 1975. Nevertheless, Papua New Guinea has rich natural resources, for example minerals (gold, copper, petroleum and natural gases), forestry, and fishes. Economic cooperation between Indonesia and Papua New Guinea could be seen from the monthly transactions in two countries’ border which reaches US\$ 500.000 per month or about Rp 5 billion per month. Besides, Papua New Guinea merchants and citizens commonly buy their daily needs, from rice to soap, to Indonesia because of the cheap price.²¹² So far, countries actively develop their market in Papua New Guinea are Australia, the US, Japan, Malaysia, Singapore, and China. Some of Indonesia’s businessmen also take opportunities in Papua New Guinea by establishing a giant supermarket in Port Moresby and instant noodle factory planned by Indofood. Moreover, the other way to take benefit of Papua New Guinea’s potential is by exploring and exploiting her gases and mineral resources. Nevertheless, big issue hampering investment climate there is the country’s high level of criminal cases and some disputes on land ownership. These are the challenges for Indonesia to take market opportunities in Papua New Guinea. To strengthen cooperation between two countries, Republic of Indonesia President, Mr. Yudhoyono, and Papua New Guinea Prime Minister, Michael Somare, has signed some cooperations in politics, defense, trade,

²¹¹ *Ibid.*

²¹² “Papua Nugini Sahabat Setia RI”, accessed from http://www.tanahku.west-papua.nl/index.php?option=com_content&task=view&id=845&Itemid=1 at May 6th 2010, 11.00 a.m.

transportation, investment (to prevent doubled tax), agricultural, and micro finance.²¹³

In the future, Indonesia has big opportunities to trade with any other developing countries. Because of the global financial crisis since 2008, Indonesia suffered decreasing export volume to the US and Europe, but in the other hand Indonesia's export to non-conventional countries, which consists of developing countries, has increased. Increasing trade volume to non-traditional countries has important meaning to diversify and extend Indonesia's export market. The global financial crisis has decreased Europe's role in trade and investment in Africa and the US' role in America region, so Indonesia has more opportunities to promote its trade relations to this countries, especially under the framework of exporting market diversification and source of import. This measure can be seen from a MoU offered to Mozambique, namely "Forward Processing", in which Mozambic agreed to export her cotton to be processed into thread, fabric, or clothing in Indonesia, then re-exported back to Mozambique with duty-free facilities.²¹⁴

Through South-South Cooperation, Indonesia can utilize trade ooptunites existed in other developing countries. Trade promotion and private-to-private cooperation will give opportunities for Indonesia to expand market access and to increase trade. Besides that, South-South Coopeartion also able to facilitate Indonesia to increase trade cooperation, in example by establishing trade partnersip to ease trade facilitation.

V.2.2. To Increase Indonesia's Foreign Investment

South-South Cooperation could be used to increase Indonesia's investment to developing countries. In RPJP 2005-2025, Indonesia's increasing

²¹³ *Ibid.*

²¹⁴ Mintardjo Halim, "Peluang Perdagangan dan Investasi Melalui Kerjasama Selatan-Selatan", in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

foreign investment becomes one of the real steps to increase Indonesia's role in international relations.

Related to business opportunities in developing countries, Africa is now a region with a good business opportunities. This continent was previously well-known because of civilian wars and continuous poverty, which were not prospective for business. Nevertheless, some countries could then arise and place themselves as economically stable, democratic, and prospective countries, such as South Africa, Botswana, Egypt, Algeria, Tunisia, and Morocco. Some countries also have high economic growth which exceed global economic growth level, for example Angola (17.6 percent), Mozambique (7.9 percent), and Malawi (7.8 percent) in 2007.²¹⁵ Furthermore, with about 1 billion citizens, Africa has become a single community and single market. Africa Union accelerates this integration, which has established the African Free Trade Zone (AFTZ) in 2008.²¹⁶ This step makes Africa having a better leverage in front of her main business counterparts. Some countries have started to take business opportunities in this region, for example United Arab Emirates, Germany, the US, Belgium, Denmark, China, the Netherlands, and Switzerland, which are prominent investors among others in Western Cape Province, South Africa.²¹⁷

Nowadays, Africa is no more perceived as a continent without any potential, so that this is the time for Indonesia to start identify any market opportunities there. Among Indonesia's opportunities in Africa market are consumer and food products, as proven by one of Indonesia's instant noodle company. Africa also has big opportunities in paper products, palm oil, and light machine equipment. Investment opportunities in Africa is categorized big enough as most of African countries have potential natural resources, for example oil, gas, and uranium. In 'African Competitiveness Report' published

²¹⁵ *Panduan dan Informasi Bisnis di Negara-negara Afrika* (Jakarta: Directorate General of Asia Pacific and Africa, the Ministry of Foreign Affairs, 2010), p. iii

²¹⁶ *Ibid.*, p. iv

²¹⁷ *Ibid.*, p. 5

by the World Economic Forum, there are some African countries having good potentials for business. In 2009, African countries ranks of competitiveness were Tunisia (4.6), South Africa (4.4), Botswana (4.2), Mauritius (4.2), Morocco (4.1), Namibia (4.0), Egypt (4.0), Gambia (3.9), Kenya (3.8), and Nigeria (3.8).²¹⁸

One of African countries which become Indonesia's investment destination is Nigeria. There are many Indonesian companies which has expanded here, for example Kalbe Farma Company (pharmaceutical producer), Wings Group Companies (soap powder producer), Jakarana Tama Company (instant noodle and canned food producer), Indorama Synthetics (plastic producer), Holden International (toothpaste producer), and Eva Mandiri Brothers Company (garment producer). Meanwhile, Indofood Sukses Makmur Company (instant noodle producer) is a very well-known company in Nigeria and her neighboring countries, and has established two factories in Lagos and Port Hartcourt.²¹⁹

Furthermore, another Indonesian company which has successfully invested in Africa is soap/ detergent company under the B-29 brand. First Indo-Ethio (Sinar Antjol Company) as the soap producer has successfully invested in Ethiopia with the value of US\$ 4 million and up to now has successfully taken over 35 percent markets share in that country.²²⁰

Meanwhile, the Government of Indonesia has also increased investment cooperation with South Africa as can be seen from the MoU between Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal/ BKPM*) with Sasol synthetic fuel producer from South Africa, in April 2010. The Head of BKPM, Gita Wirjawan, stated that this MoU is a concrete manifestation of South-south Cooperation and bilateral cooperation between Indonesia and South Africa in energy development. Sasol Synfuels International is a company which successfully develops coal-to-liquid (CTL)

²¹⁸ *The Africa Competitiveness Report 2009* (Geneva: WEF, 2009), p. 17-24

²¹⁹ *Panduan dan Informasi Bisnis di Negara-negara Afrika, Op. Cit.*, p. 172

²²⁰ *Ibid.*, p. 47

technology which can change coal to liquid oil. This technology gives alternative for cheap energy resources and has been used in South Africa and Qatar. This technology is pretty much important considering that Indonesia has for about 60 billion tons coal reserve, which 85 percent of those are light coal.²²¹ Furthermore, this project is related to the blueprint of energy policy 2025 on fuel resources diversification from oil to coal. Indonesia nowadays is an oil importer country as there is a high level of domestic oil consumption and decreasing level of domestic production. Coal-to-liquid technology is one good option since it uses lignite coal which has low heat level and is not competitive to be exported as the international price is not economical, while Indonesia has a pretty much coal reserve, most of which are the lignite kind.²²²

Nevertheless, in Focus Group Discussion (FGD) of “The Development of Trade and Economic Relations Indonesia-Southern Africa: Opportunities and Challenges”, which was held by the Ministry of Foreign Affairs at March 2nd 2010, the Head of BPPK (*Badan Pengkajian dan Pengembangan Kebijakan*), Artauli Tobing, stated that relations between Indonesia and Africa, especially Sub-Sahara Southern Africa, has gone well; however, historical and political proximity of these two countries has not yet coherent with economic relations, which has not met its potential yet.²²³

Thus, it is very much important for Indonesia to keep increasing her capacity to undergo trade and investment cooperation with African countries. Some steps have to be followed are:²²⁴

1. To increase economic relations as well as to distribute more information about Africa’s potential;

²²¹ “BKPM-Perusahaan Afsel Sasol Teken Kerjasama Pengembangan CTL”, accessed from <http://hariansib.com/?p=101794> on April 19th 2010, 05.00 p.m.

²²² *Ibid.*

²²³ “Afrika Bagian Selatan Potensi Ekspor Indonesia, FGD untuk Memaksimalkan Potensi Kawasan Afrika Bagian Selatan bagi Ekspor Indonesia”, accessed from http://www.theglobal-review.com/content_detail.php?lang=id&id=1445&type=6 at May 6th 2010, 11.25 a.m.

²²⁴ *Ibid.*

2. To increase market intelligence ability to identify the most potential business opportunity and to synergize all national stakeholders to pursue an Indonesia Incorporated;
3. To maximize diplomats' function as opportunity seekers in African countries and to change Africa's impression from high risk to high profit.

National stakeholders should also follow some recommendations below:²²⁵

1. To increase governmental relations by conducting inter-governmental visit or meeting between high level officials; To make bilateral agreement, especially on economic cooperation;
2. To penetrate market, by:
 - Doing more direct contacts between entrepreneur from both countries by trade mission, exhibition participation, e-mail, and so on;
 - Promoting cheap dan good quality products;
 - Investing more in Africa as the basic of Indonesia's export;
 - Publishing samples/ brochures to Indonesia's representatives to support trade promotion.

Thus, Indonesia has huge potential to increase investment cooperation with other developing counries. In this context South-South Cooperation gives wider spaces to increase such cooperations.

²²⁵ Accessed from
http://agribisnis.deptan.go.id/index.php?mod=detail_informasi&sub=5&fuse=478, *Op. Cit.*

V.2.3. Increasing More SMEs Cooperation among Developing Countries

SMEs have big potential to boost Indonesia's prosperity. In 2006, micro and small business employed for about 80.933.384 workers or about 91.14 percent of total worker. This number has increased from 70.282.178 workers in 2003, with growth level of 15.15 percent. In Indonesia, there are many SMEs; up to 48 million working units compare to only 7.200 working units of big business. Furthermore, SMEs contribution in GDP has continuously increased, which from 1998 to 2006 contribute for about 40 to 45 percent to total GDP.²²⁶

SMEs' strength during crisis on Indonesia's economy has made them having a leverage in both national and foreign level. In foreign market, SMEs are now supported to fill potential markets in Africa, Asia, and Latin America. These developing countries' markets are potential markets in promoting SMEs products and any other creative industry of Indonesia. Besides, in the current global crisis, the developing countries' market becomes a big potential by the time market in developed countries is getting weaken.

One way to promote Indonesia's SMEs' interests in international level is by holding trade exhibition. One of those was the Dubai Global Village in Dubai, United Arab Emirates on February 2009. The United Arab Emirates is a strategic gate to Middle East region, for both export diversification, investment, and tourism promotion. The Ministry of Cooperation and SMEs (*Kementerian Koperasi dan UKM* or the KUKM) granted 25 units facility to promote more than 40 SMEs' products, especially furniture, jewelry, food, and clothes (garment). In this Dubai Global Village, there were five trading houses that represent KUKM which receive and distribute the whole KUKM products.

²²⁶ Tulus T.H. Tambunan, *UMKM di Indonesia* (Jakarta: Ghalia Indonesia, 2009), p. 49-55

By this way, the KUKM could identify what product sold best at the exhibition.²²⁷

Besides, the KUKM also established the KUKM Marketing Service Organization (LLP-KUKM) or SMEsCo Marketing Services Body (SMSB). SMSB then known as SMEsCo Indonesia Company (SIC). With this new brand, SMEs are ready for further participation in international market and gaining more profit. This independent, non-profit unit and positioned under the State Ministry of SMEs is indeed aimed to promote and support SMEs so that they can face global market competition.²²⁸

Export destination countries, as mentioned before, are African and Latin American countries. Most world trade analysts are agree that Africa is indeed a high potential continent. This is the reason why SMEs has a big chance in Africa. It has to be focus on several countries in Northern area, for example Mauritania, Tunisia, Egypt, Libya, Algeria, Morocco, and Nigeria, and also in southern and eastern area, such as South Africa, Botswana, Namibia, Kenya, Tanzania, and Mozambique. Big market also exists in western area, e.g. Côte d'Ivoire, Liberia, Burkina Faso, and Ghana. Those countries generally have good economic level and infrastructure compared to other African countries. Some countries even have high level of income per capita that exceed Indonesia. South Africans has income per capita of up to US\$ 8.800 and Botswana reaches US\$ 6.000, while Indonesia reaches only about US\$ 2.000.

Africa needs investment in infrastructure projects. Supporting products for physical construction, such as cement, bricks, irons, and steels, are much needed in many African countries. So do raw materials, intermediate goods, and manufacture machines for many processing factory there. Most countries

²²⁷ “Pameran Perluas Pasar Ekspor Produk KUKM”, accessed from <http://www.depkop.go.id/Media%20Massa/403-pameran-perluas-pasar-ekspor-produk-kukm.html> at May 30th 2010, 10.10 p.m.

²²⁸ “Tembus Pasar Internasional Dengan Brand SMEsCo”, accessed from <http://www.depkop.go.id/Media%20Massa/553-tembus-pasar-internasional-dengan-brand-smesco.html> at May 30th 2010, 11.04 p.m.

in Africa needs agricultural products and its processed products, for example wheat flour, biscuits, and canned food and drinks.²²⁹ They also need a big number of textile products and garment, vegetable oil, furnitures, electronics, and household appliance.

One of the success story of trading in Africa is the Balinese SMEs products. Trade between Bali Province and Africa always increases. For example, on January 2006 the foreign exchange was only US\$ 207.944, but then increased to almost 3 percent to US\$ 214.062 in the next month. On March 2006, it was only US\$ 212.727, decreased 0.62 percent, but then again increased on April to US\$ 406.370 or about 91 percent. It is expected that as the year end, trade volume will exceed the volume on 2005 which was only US\$ 4.4 million.²³⁰

Besides trade, cooperation with developing countries in SMEs sector could be also strengthened by giving some trainings doe by Indonesian government. Those trainings are expected to support trading relations between respective countries. Technical cooperation and SMEs development are programs which are expected to support economic development in developing countries.

As example, Indonesia has delivered trainings in microfinance to countries in Asia and Africa regions, especially in micro economics, conventional, and also sharia system. This training has brought good result: the Government of Uganda has requested the Government of Indonesia to implement sharia system in that country. The Government of Indonesia then cooperated with JICA to send some experts from Civic National Capital (*Permodalan Nasional Madani*) and NAM-CSSTC to Campala, Uganda, to observe and choose any micro economic institution appropriate with sharia

²²⁹ “Celah Pasar Benua Hitam” accessed from <http://www.aksesdeplu.com/Celah%20pasar%20benua%20hitam.htm> at May 23rd 2010, 11.12 a.m.

²³⁰ “Ekspor Produk Kerajinan Bali ke Afrika Meningkat” accessed from <http://umkm.bcbali.com/perdagangan/berita-usaha/ekspor-aneka-kerajinan-bali-ke-daerah-afrika-memuaskan.html> at May 28th 2010, 01.13 p.m.

system. The experts had explained about microfinance to some Ugandan economic institution and as the result, they stated that the sharia could be a stepping stone to micro economic development in Uganda.²³¹

In 2006, the Ministry of Foreign Affairs held ‘International Training Programme on Business Incubator to Develop Small and Medium Enterprises for Asian, African and Pacific Countries’. It was held due to the very fact that in developing countries, SMEs get only a little concern from the policy maker as they are small-scale and spreaded. Besides, the SMEs still face some problems like managerial, administrative and technical difficulties to get credit, technology limitation, and market access.²³²

Moreover in 2008, Indonesia held SMEs training for Palestine, where 8 Palestinians participated in that training. For five days, the participants were trained in class and visited some business incubator center, such as Dharma Bhakti Astra Foundation, *Balai Teknologi Inkubator Bisnis* at Serpong, *Business Incubator Center* at IPB, Bogor, and Business and Industry Incubator Center at ITB, Bandung. In the end of the program, the Palestinians were expected to be able to formulate action programs on SMEs development in Palestine.²³³

V.3. Socio-cultural Interest

V.3.1. Promoting Indonesia’s Education

South-South Cooperation in education, such as scholarship, is a way to promote Indonesia’s education to other developing countries. This could be

²³¹ “Uganda Berminat Memberlakukan Sistem Keuangan Syariah” accessed from <http://tabloiddiplomasi.com/index.php/previous-isuue/34-agustus-2009/55-uganda-berminat-memberlakukan-sistem-keuangan-syariah.html> at May 29th 2010, 11.10 p.m.

²³² *Laporan International Training Programme on Business Incubator to Develop Small and Medium Enterprises for Asian, African and Pacific Countries, Jakarta-Bandung, 20-25 November 2006*, (Jakarta: Directorate of Technical Cooperation, Directorate General on Information and Public Diplomacy, Ministry of Foreign Affairs, 2006), p. 9

²³³ “RI Bantu Pengembangan UKM Negara Palestina”, accessed from <http://www.erasuslim.com/berita/nasional/ri-bantu-pengembangan-ukm-negara-palestina.htm> at May 30th, 10.12 p.m.

seen from the participants' enthusiasm to continue their study after finishing their scholarship program. In the other side, some education programs in Indonesia, like the *Kejar Paket A, B, and C*, nationally-reached education, and the BOS (*Bantuan Operasional Sekolah*) program got positive response from other developing countries.

South-South Cooperation is a means to increase education cooperation, for example lecturer exchange, research, and so on. Besides, South-South Cooperation could be used as a means for education promotion, so foreign students are interested to study in Indonesia.²³⁴

V.3.2. Promoting Culture and Tourism

In RPJP 2005-2025, it is explained that tourism sector has to be developed to support economic activity, to promote Indonesia's image, to increase local resident prosperity, and also to create employment. Tourism development also becomes one of the targets in RPJMN 2010-2014. This is very crucial due to the strategic role of tourism sector in establishing strong society's economy and prosperity.

South-South Cooperation could be used as a means to promote tourism and culture. Tourism promotion is one of the tourism development strategies as stated in the RPJMN 2010-2014. Among those strategies are:²³⁵

“To develop market and tourism promotion by increasing national and foreign tourist of up to 20 percent gradually in 5 years and to promote 10 Indonesia's tourism destination by conducting creative and effective promotion and advertising, also to strengthen marketing and integrated tourism promotion strategy ...”

The table below figures the number of foreign tourists from several developing countries to Indonesia:

²³⁴ Interview with Hawignyo, Head of Foreign Cooperation Bureau, Ministry of National Education, *Op. Cit.*

²³⁵ RPJMN 2010-2014, Book II, Chapter III

Table V.4.
Foreign Tourists Arrival to Indonesia
Based on Countries 2002-2008

Origin Countries	2002	2003	2004	2005	2006	2007	2008
Africa	36.503	30.244	35.507	27.450	22.655	27.777	29.753
Brunei Darussalam	15.310	11.408	14.146	16.234	8.965	11.209	12.134
Malaysia	475.163	466.811	622.541	591.358	769.988	891.353	1.117.454
The Philippines	84.060	76.665	76.742	78.402	74.982	137.317	159.003
Singapore	1.447.315	1.469.282	1.644.717	1.417.803	1.401.804	1.352.412	1.397.056
Thailand	50.589	42.585	55.024	44.897	42.155	68.050	76.842
Vietnam	N.A.	N.A.	N.A.	9.729	9.229	9.754	12.215
Other ASEAN Countries	13.299	16.569	17.984	15.583	21.222	19.981	19.903
India	35.063	29.895	36.169	36.679	54.346	68.908	102.179
Pakistan	7.966	5.942	6.304	11.562	7.406	6.835	7.786
Bangladesh	4.948	7.698	6.293	9.712	9.662	7.133	7.549
Srilanka	5.289	4.579	5.073	11.071	11.845	6.953	6.740
China	36.685	40.870	50.856	112.164	147.245	230.476	337.082
Other Asia Pacific Countries	42.594	43.210	42.918	39.067	39.156	114.946	71.508

Source: BPS

From the table above, it could be seen that there is a dynamic number of tourists coming from developing countries. The number of African tourists in 2008 decreased compared to the year of 2002, but in the other hand the number of other developing countries tourist had increased.

The interest to promote tourism sector could be seen from some activities held by ministries or government agencies like training for

participants from developing countries. In the end of training session, usually there is a visit agenda to some tourism destination around the training place for all participants.

CHAPTER VI

INDONESIA AND THE FUTURE OF SOUTH-SOUTH COOPERATION

Indonesia's contributions in various forms of technical assistance to developing countries shows that Indonesia play an active role in South-South Cooperation. Various forms of activities such as training, workshops, and agricultural machinery grants to other developing countries also have shown that Indonesia has internationally recognized capacities. Indonesia has some opportunities which can be used to enhance its role in South-South Cooperation in the future. On the other hand, Indonesia is also faced with some challenges to further enhance its role in South-South Cooperation. Here are some of the opportunities and challenges of Indonesia in the South-South Cooperation.

VI.1. Indonesia's Opportunities in the South-South Cooperation

Looking at the global political developments, domestic conditions, and the dynamics of South-South Cooperation itself, Indonesia has a number of opportunities in order to attain her national interests. The following discussion will examine these opportunities, especially in four main aspects: international dynamics, national policies, funding mechanisms, and Indonesia's experience.

VI.1.1. Indonesia's Opportunities in the South-South Cooperation:

Analysis on International Dynamics

A. South-South Cooperation and the MDGs 2015

MDGs²³⁶ is one of the most important agenda of the UN, on which UN encourages developing countries to work together in order to reduce maternal

²³⁶ There are 8 goals of MDGs to be achieved in 2015. They are include (1) to eradicate extreme poverty and hunger; (2) to achieve universal primary education; (3) to promote gender equality and women empowerment; (4) to reduce child mortality; (5) to improve maternal

mortality, poverty rate, to prevent contagious disease, and others. The MDGs also target the eradication of world absolute poverty in 2015.

Especially in Indonesia, the World Bank in October 2006 issued a study reporting that as many as 49 percent of Indonesian population, or 108.7 million persons classified as poor by taking into account their per capita incomes of less than US\$ 2 per day.²³⁷ The number has indeed declined since 1999, but still reached an alarming rate. In 1999 the number of poor people reached 32.33 million (19.21%), decreased to 38.7 million (14.6%) in 2000 and 37.9 million (18.41%) in 2001. Moreover in 2004 the number of poor people reached 36.1 million (16.66%) and 35.1 million (11.37%) in 2005. This shows that poverty is still a very serious problem in Indonesia.²³⁸

South-South Cooperation enables transfer of capacities and resources among developing countries so that it is very potential to the achievement of collective agenda, including the MDGs. Similar thing was also expressed by the Permanent Representative of Qatar to the United Nations, Nassir Abdulaziz Al-Nasser:

*“...South-South Cooperation is the vehicle to accelerate development as it fosters partnerships among the middle income developing countries and least developed countries, landlocked developing countries, small island developing states and countries in sub-Saharan Africa, with the view to increasing volume and rate of South-South exchanges in trade, finance, technology exchange, and development enterprises. This approach will help accelerate development, thus assisting developing countries to achieve the MDGs, including halving poverty by 2015, as well as combating hunger and fighting HIV/AIDS...”*²³⁹

health; (6) to combat HIV/ AIDS, malaria, and other disease; (7) to ensure environment sustainability; and (8) to develop a global partnership for development. More detail on the MDGs can be seen in Abdurahman Syebubakar, "Millennium Development Goals: A Global Framework for Poverty Reduction", *handout* issued on seminar *The Expertise Dialogue: Strengthening the Cooperation Between the Asian-African Youth to eradicate Poverty and Combat HIV / AIDS*, at December 9th, 2008 in Hotel Nikko, Jakarta

²³⁷ *Laporan Era Baru Dalam Pengentasan Kemiskinan di Indonesia* (Jakarta: World Bank, 2006), p. ix

²³⁸ "Tingkat Kemiskinan di Indonesia Tahun 2005-2006", on *Berita Resmi Statistik Num.47/XI/1* (September 2006)

²³⁹ "South-South Cooperation Key to MDGs Achievement", accessed from <http://www.endpoverty2015.org/en/africanews/south-south-cooperation-key-mdgs-achievement/30/dec/07> at May 29th 2010, 01:40 p.m.

A number of international agreements provide valuable momentum for South-South Cooperation. As stated by Helen Clark, a UNDP Administrator, the Nairobi Declaration on South-South Cooperation in Kenya explicitly stated the commitment of developing countries to support UN activities, including the MDGs program.²⁴⁰ The Group-8 (G-8) Meeting in Gleneagles, Scotland in 2005 also stated the same commitment. Following the G-8, some developing countries such as India, Brazil, China, Mexico and South Africa, expressed that achieving the MDGs would not be sufficient if only rely on ODA and tax removal from the developed countries, but it requires commitment and greater support from fellow developing countries.²⁴¹ Further momentum was also gained when there was the Second South Summit in 2005. During the meeting, Sheik Hamad Khalifa Al-Thani from Qatar launched the South Fund for Development and Humanitarian Circumstances to cope with the problem of hunger, poverty and other humanitarian disasters. The summit conveyed that South-South Cooperation is not only a politically nuanced cooperation, but has now shifted towards fulfilling development needs in developing countries. This makes the weight of South-South Cooperation becomes larger and more conform to UN objectives. These funds will then be operated jointly by the countries of G-77 and China, after a common understanding and objectives obtained by all member states.²⁴²

There are numerous reasons why MDGs can be achieved through South-South Cooperation. Developing countries has now grown very rapidly, especially in the economic context. This can be seen from increasing share of developing countries' GDP to total world GDP, of which 50 years ago only formed 15 percent, but now has increased to 25 percent. UNDP also predicted that in the coming decades there is potency for developing countries to be able

²⁴⁰ "South-South Cooperation Key to MDGs", accessed from <http://www.alertnet.org/thenews/newsdesk/ips/ea12a460086443484388c10e1e164861.htm> at May 29th 2010, 01:33 p.m.

²⁴¹ "South-South Cooperation: The Making of A History", accessed from <http://ssc.undp.org/> at May 29th 2010, 02:00 p.m.

²⁴² "South-South Cooperation Key to MDGs Achievement", *Op. Cit.*

to exceed the developed countries. Similar thing is also expressed by the Nepalese Ambassador Gyan Chandra Acharya²⁴³:

"...The emerging economies in the South are attracting international attention and will increasingly acquire the muscle to influence the course of economic growth and development..."

Another reason relates to the disparity of wealth between the developing countries themselves. Some countries have been growing very rapidly and have now become a new source of economic dynamism in the international system, complementing the old engine of growth which previously only concentrated in the Trans-Atlantic territory (the US and Western European countries). These developing countries have more advanced development capacity than any other developing countries, as can be seen from China, the ASEAN-5, India, Brazil, etc. On the other hand, the group of developing countries also consists of poor countries with minimal development capacity, both in terms of economic growth, human resources, infrastructure, and others. Least Developed Countries (LDCs) and Land-Locked Countries desperately need help from others. The situation seems to be worsened due to the spread of new phenomena making these countries more vulnerable, such as climate change and food and energy crisis.²⁴⁴ This *development gap* can be answered through the MDGs achievement. Fellow developing countries are expected to help each other in achieving common development goals. It is hoped that those various developing countries able to help each other to achieve collective and shared development purpose. Thus, economic dynamism which is only concentrated in specific areas then can be transferred to other regions to create a multiplier effect leading to shared prosperity. This has already begun excellently in the beginning of 1990s, where FDI between Southern countries amounted more than FDI flowing from Northern to Southern countries.²⁴⁵

²⁴³ "South-South Cooperation Key to MDGs", *Op. Cit.*

²⁴⁴ *Ibid.*

²⁴⁵ "South-South Cooperation Key to MDGs Achievement", *Op. Cit.*

Meanwhile, numerous activities have been undertaken to achieve the MDGs through South-South Cooperation. The Government of Brazil, for example, has signed an agreement with the *International Labour Organization* (ILO) with the aim to prevent and combat child-labor activities and to share Brazilian good practices to other Latin American and Portuguese-speaking countries in Africa and Asia. ILO delegation stated that this agreement represented an excellent example where the UN goals were performed through South-South Cooperation and triangular partnerships and coherent with national development program.²⁴⁶ An almost similar program was also carried out through the IBSA (India, Brazil and South Africa) where these three countries have committed to donate an annual US\$ 1 million to cope with poverty and hunger.²⁴⁷

On the other hand, the UN itself raised a number of initiatives among developing countries. In order to place the development agenda in South-South Cooperation, the United Nations intensified a number of activities, such as the Global South Development Forum (GSDF), Cooperation South Journal, the Global Science Corps (GSC), and Remittance of Development Programme. Within the same context, efforts to widen developing countries' capacity were also conducted through the WIDE Roster System (Web of Information for Development), Publication of Southern Development Solutions, and others. The UN also pursued public-private partnership, such as the South-South Global Assets and Technology Exchange System (SS-GATE) and the Africa-Asia Business Forum (AABF) which was funded by Japan.²⁴⁸

From the above description, it can be seen that through South-South Cooperation developing countries can work together to assist the achievement of MDGs in 2015. This can be done through various forms of training and

²⁴⁶ "South-South Cooperation Key to MDGs", *Op. Cit.*

²⁴⁷ "IBSA Summit Aims to Strengthen South-South Cooperation", accessed from <http://ipsnews.net/news.asp?idnews=50966> at March 29th 2010, 02:01 p.m.

²⁴⁸ "What We Do", accessed from <http://ssc.undp.org/What-We-Do.178.0.html> at May 29th 2010, 01:57 p.m.

workshops related to those goals, such as poverty reduction, education, health, environmental management, and others.

Such training and workshops were already pretty much done by Indonesia, for example training conducted by the Directorate of Technical Cooperation, Ministry of Foreign Affairs in cooperation with the Center for Research on Engineering Application in Tropical Agriculture (CREATA), Bogor Agricultural Institute (*Institut Pertanian Bogor* or IPB), entitled Training on Appropriate Mechanization and Water Management for Dryland Agriculture in African Countries. The training was carried out on 3 to 14 August 2009 and attended by eight participants from Ethiopia, Namibia, Tanzania, and Tunisia. This activity is an Indonesia's commitment to assist fellow developing countries within the framework of South-South Cooperation and the achievement of MDGs.²⁴⁹

Technical cooperation among developing countries will be useful for exchanging information and experience in achieving MDGs. In addition, the existence of triangular mechanisms can also encourage MDGs achievement through the provision of funding mechanisms.

B. Increasing Multilateralism and Domestic Political Conditions

The US victory in the Cold War did not necessarily make this country as the sole ruling power. Particularly in East Asia, it could be said that there is no dominant power; US presence in the form of security alliance with South Korea, Taiwan, and Japan is balanced by the presence of China, North Korea, and Russia. Even in economic context this region is very dynamic with the presence of ASEAN countries, China, India, South Korea, Japan and some others. In continue, what distinguishes this situation from the Cold War era is the approach taken. Previously a dynamic equilibrium condition was identical

²⁴⁹ "Training on Appropriate Mechanization and Water Management for Dryland Agriculture in African Countries, Bogor 3 - 14 Agustus 2009" accessed from <http://www.deplu.go.id/Ps/PressRelease.aspx?IDP=703&l=id>, at June 30th 2010, 02:00 p.m.

to the arms race, but in this area what actually occurs is a Cold Peace in which multilateralism and cooperation take the main place. Economic and trade cooperation become the main occurring relationships, making the concept of integration and interdependence benefiting development and growth is very prevalent in East Asian countries.²⁵⁰

This global political context eventually gives a huge opportunity for Indonesia. Today, Indonesia has the freedom to establish relations with every countries around the world without ideological constraint. Indonesia is free to build relations with the United States, European Union, and even with countries like Iran and Palestine. Therefore, the possibility of national interest attainment is very open. Moreover, in line with the concept of zero enemies, it can be said that Indonesia has no enemies; this condition opens a huge opportunity to interact with governments of all around the world. The use of multilateral and mutually beneficial relations are certainly became a highly profitable element within Indonesia's foreign policy.

Indonesia in the reform era also derives opportunities from her domestic conditions. Economically, the global financial crisis 2008 has resulted in international recognition of Indonesia's economic capability, in which Indonesia along with China and India recorded as the three G-20 countries that were still recorded positive economic growth.²⁵¹ This was not obtained by a number of other major economic countries that recorded a negative growth, such as the EU, US, Japan, South Korea, Malaysia, and Singapore. On the other hand, in terms of politics and security, despite of several ethnic conflict and separatism problem, Indonesia has now listed as a stable country as a result of her transformation into a democratic state. General elections in 2004 and 2009 went safely without significant disruptions. Indonesia has also become one of the few places where Islam and democracy can go hand in hand, while in many other places there is a very large

²⁵⁰ Rene L. Pattiradjawane, "Indonesia dalam Politik Globalisasi", on *Kompas* daily, May 5th 2010

²⁵¹ *Asian Development Outlook 2009 Update* (Manila: ADB, 2009), p. 8

contrariety between both of them. This situation makes Indonesia, which also the country with the largest Moslem population in the world, have the status of Islamic Moderates, in the middle of a global Islamic political developments that seemed to be colored by radical actions of terrorism.²⁵² In general, Indonesia is now free from various conditions experienced in the New Order era, in which undemocratic system and human rights violations often used as an excuse by other countries to impose sanctions and interventions.²⁵³

Thus, the combination of global and domestic politics has provided a huge advantage for the promotion of Indonesia's national interests. Particularly in South-South Cooperation, the opportunity has been widely opened to approach South Pacific, Africa and also Latin America countries without any ideological border. A good image also makes Indonesia to be easily accepted by these countries in which most of them have the same character as developing countries.

C. Indonesia as a Lower Middle Income Country

According to the World Bank, Indonesia today has become a lower middle income country. According to the World Bank group categories, a state belongs to the lower middle income country when her GDP per kapita is around US\$ 976 - US\$ 3.855. According to the Central Bureau of Statistics (BPS), in 2008 Indonesia's GDP per capita has reached US\$ 2.271; that made Indonesia as a lower middle income country.²⁵⁴

With her current status as a *lower middle income country*, Indonesia is now expected to play larger roles in world development. Indonesia's current role is no longer a recipient, but has already moved into a donor of developing countries. On the other hand, Indonesia's new status makes donor countries to

²⁵² Aguswandi, "An Indonesian Future: Overcoming the Challenges of an Islamic Democracy", on *Harvard International Review*, Vol. XXXI, Num. 4 (Winter, 2010), p. 20-23

²⁵³ Interview with Ronald Y.P. Manik, *Deputy Director for International Organization of Developing Countries, Ministry of Foreign Affairs, Op. Cit.*

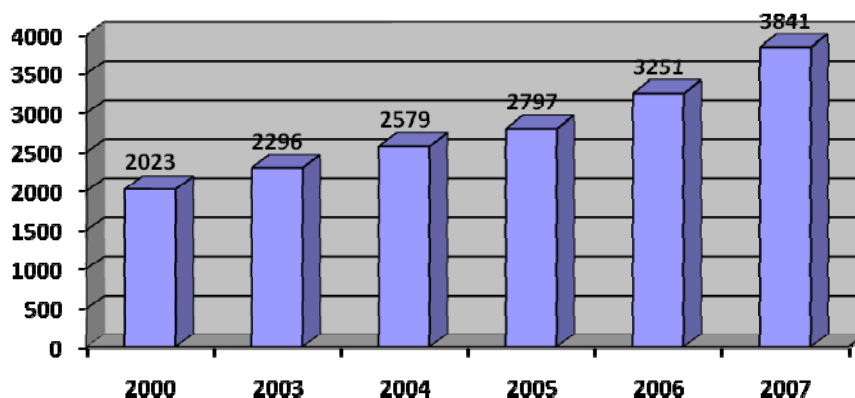
²⁵⁴ Accessed from www.bps.go.id at May 27th 2010, 03:00 p.m.

review their aid to Indonesia, because now Indonesia has different orientation from poor countries.

At the same position, Malaysia and Thailand had instead moved to a higher ground. Thailand created the Thailand International Development Cooperation Agency (TICA) on 2004 under the coordination of Ministry of Foreign Affairs. Yet Thailand's GDP on 2000 was in the same level with Indonesia's GDP in 2008.

Just like Thailand, Malaysia also created a body to promote South-South Cooperation named the Malaysian Technical Cooperation Programme (MTCP). MTCP was established in 1980 to promote and facilitate technical cooperation among developing countries, yet on the same year Malaysia's GDP per capita was 'only' US\$ 1.811.

Graph VI.1.
Thailand GDP per Capita
Year 2000–2007 (in
US\$)



Source: compiled from *UNCTAD Handbook of Statistics 2008* (New York and Geneva: UN, 2009)

Based on data and experience of other countries above, thus it is appropriate for Indonesia as *middle income country* to strengthen its position. With her GDP per capita that has reached more than US\$ 2.000, Indonesia should play a bigger role in technical cooperation among developing countries.

Therefore, Indonesia has the same opportunity with Malaysia and Thailand in South-South Cooperation. Moreover, it will be useful for Indonesia's economic interests as well as increasing international profile among developing countries.

D. Indonesia as a G-20 Member

Prior to the situation on the formation of G-20, Indonesia clearly has an opportunity. Previously, the world economy was only dominated by 8 countries: the US, United Kingdom, France, Germany, Japan, Canada, Russia and Italy. With the economic boom of China and India in recent decades, many observers consider that the world engine of growth is not solely driven by the Atlantic coalition between the US and Western Europe, but tend to shift to the Asia Pacific region (including North America, South America, Russia, East Asia, and Australia). Thus, the global economy will be constantly crippled if the decision involves only the old power belonging to the G-8. It is true when the global financial crisis occurred in 2008. It is indeed approved by developed countries that the global economy recovery cannot be accomplished without the involvement of developing countries.²⁵⁵ Developing countries, especially China, India, and Indonesia, proved to be more resistant than the developed countries in the US and Europe. Until now, the economic growth in Atlantic coalition is still limping whereas the economy of those three countries still record positive growth: China around 6 percent, India around 5 percent, and Indonesia around 4 percent.²⁵⁶ The other developing countries, although recorded negative growth, now has experienced a rebound making their growth back to positive level, as seen in South Korea and Singapore.

Thus to create stability in global economy, the G-20 indeed provides an opportunity for Indonesia. Economic multipolar structure and the financial

²⁵⁵ Hadi Soesastro, "East Asia, G20, and Global Economic Governance", on *The Indonesian Quarterly*, Vol. 37, Num. 2, Second Quarter 2009 (Jakarta: CSIS, 2009), p. 132

²⁵⁶ *Asian Development Outlook 2009 Update*, Op. Cit.

crisis have given space for developing countries to be able to play a bigger role in the global economy, after all this time the decision has been continuously dominated by developed countries. As said by President Yudhoyono, Indonesia is in a strategic space in determining the global economic direction. Some decision taken by G-20 has an important meaning, for example a decision to make further reforms to world financial institutions, especially the IMF.²⁵⁷ This situation gives a chance for Indonesia so that the global economic direction can go in line with Indonesian national interests.

Other opportunities, Indonesia will have a tremendous opportunity to build more economic power. The elevation of G-20's role, which officially replaced the G-8, will make Indonesia to be always in the 'radar' of global economic actors. Such circumstance is very important because without having to promote too much, the presence of Indonesia has already caught world attention. The precedent ever happened when Goldman Sachs, a global investment bank from the US, published a study entitled "Dreaming with the BRIC"; this study was successfully placed these four countries (Brazil, Russia, India and China) in the 'radar' of global investment. So it was not a surprise to see that investment from all over the world crowded into these four countries.²⁵⁸ This situation is of course to be favorable to the Indonesia's domestic economic development. Indonesia is currently very active to attract foreign investment with a target of IDR 10,000 trillion in 2014.

Furthermore, Indonesia's participation in the G-20 also provides a number of other opportunities. Indonesia also has developing countries status, which means that Indonesia also have specific economic characters usually owned by developing countries. It can be seen from such problems as poverty alleviation, job creation, big foreign debt, climate change vulnerability, and food availability. Almost all developing countries in Asia, Africa, and Latin

²⁵⁷ Andrew Elek, "Global Economic Integration: an Opportunity for the G20", on *The Indonesian Quarterly*, Vol. 37, Num. 1, First Quarter 2009 (Jakarta: CSIS, 2009), p. 19

²⁵⁸ Cyrillus Harinowo Hadiwerdoyo, "Indonesia dan G-20", accessed from <http://cetak.kompas.com/read/xml/2009/09/29/04485359/indonesia.dan.g-20> at May 8th 2010, 07:31 p.m.

America share the same problem, so the presence of Indonesia in the G-20 forum will represent the voice of developing countries. Indonesia, along with a number of other developing countries in this forum, could show the actual situation in developing countries, so that the common interests of developing countries can be articulated. Moreover, Indonesia already has an adequate track record by becoming the founding father of Asia-Africa Conference and the NAM, thus it gives more possibilities for developing countries to give respect to Indonesia in becoming their speaker. Now it is just about how intelligently Indonesia plays its role so that her interests can be achieved.

Particularly in the context of Southeast Asia, Indonesia's participation in the G-20 has more meaning. Current status quo is the Southeast Asian countries (who are members of ASEAN, also a group of developing countries) have long been known as a region with stable and dynamic growth. Indonesia holds a key role in this organization because Indonesia is considered as a leader in Southeast Asia. Moreover ASEAN is the first concentric pillars in Indonesian foreign policy, so that this region is Indonesia's top priority. This has more significance since Indonesia is the only Southeast Asian countries involved in the G-20. This situation ultimately creates mutually beneficial relations that are very advantageous to Indonesia. Indonesia's strong grip in Southeast Asia (both politically and economically) will build a strong foundation for Indonesia in the G-20, while on the other hand, the status of Indonesia as the only Southeast Asian country in the G-20 will increase Indonesia's image and confidence Southeast Asia.²⁵⁹ Indonesia becomes the main speaker who voices the results of G-20 meeting to the ASEAN countries. This is already evident in the ASEAN summit meeting in Hua Hin, Thailand in 2009, where ASEAN countries expressed appreciation for Indonesia's participation in the G-20 and agreed on the establishment of ASEAN-G 20

²⁵⁹ Sudjatan Parnohadiningrat, "Indonesia and the G20: Participating in an Inclusive Global Governance Framework for the 21st Century Challenges", in *The Indonesian Quarterly*, Vol. 37, Num. 1, First Quarter 2009, (Jakarta: CSIS, 2009), p. 16

contact group, the member of which consists of Indonesia, Secretary General of ASEAN, and also ASEAN annual chairman.²⁶⁰

From the above description it can be seen that Indonesia's position as member of the G-20 provides many opportunities to play more role in South-South Cooperation. Through G-20 forum, knowledge-sharing programs can be accomplished, besides Indonesia can explore and utilize this international network in order to strengthen the South-South Cooperation.²⁶¹

VI.1.2. Opportunities in Indonesia's National Policies: the RPJMN 2010-2014

As a developing country that has potential natural resources, human resources, and various advantages in international economy and politics, Indonesia becomes an important part of South-South Cooperation.²⁶² The Government of Indonesia has put South-South Cooperation into RPJMN 2010-2014. This inclusion means that the Government of Indonesia perceives this cooperation among developing countries as a concrete step towards "Indonesian Foreign Policy" and the "Consolidation of Diplomacy and International Cooperation".

South-South Cooperation is a manifestation of developing countries cooperation that based on principles of solidarity, non-conditionality, mutual benefit and non-interference²⁶³ that aim to support the achievement of national prosperity and collective self-reliance.

Various forms of cooperation have been carried out by Indonesia, such as the exchange of knowledge and experience, training, capacity building,

²⁶⁰ "ASEAN Apresiasi Sikap Indonesia dalam G-20", accessed from <http://www.antaraneews.com/berita/1256401674/asean-apresiasi-sikap-indonesia-dalam-g20> at May 18th 2010, 07:53 p.m.

²⁶¹ Lukita D. Tuo, Vice Minister of National Development Planning, "Kebijakan Pengembangan Kerjasama Selatan-Selatan" in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

²⁶² RPJMN, Book II, Chapter IV

²⁶³ *Ibid*

technology transfer, as well as in-kind contribution, i.e. technical assistance. Indonesia is determined to use this technical cooperation as a tool of diplomacy, especially in relations to developing countries in the Pacific and Africa.²⁶⁴

Indonesia also uses this cooperation to achieve self-reliance, to accelerate development, and to strengthen solidarity among developing countries. This will improve their bargaining position towards the developed countries by identifying their various competitive advantage to be articulated into a common interest and power.

RPJMN 2010-2014 explains that Indonesia's commitment to South-South Cooperation is shown by the inclusion of this cooperation into the “Jakarta Commitment for Development Aid Effectiveness”, which was signed by the Government of Indonesia and several development partners in 2009. In this agreement Indonesia could play roles both as a recipient country and a catalyst in technical and financial cooperation.

VI.1.3. Opportunities in South-South Cooperation Funding: Triangular Mechanism and the Jakarta Commitment 2009

Jakarta Commitment 2009 is an agreement between the Government of Indonesia and donor countries to increase aid's effectiveness. It includes the main principles of the Paris Declaration 2005 and the Accra Agenda of Action. With the Jakarta Commitment, agreements, plan setting, and development target financed by foreign loans or grants are no longer determined by the donor, but by the Government of Indonesia, as well as in financial management systems and procurement of goods and services will follow the existing domestic provisions.

In addition, the Jakarta Commitment also enables Indonesia to manage a variety of grants and loans in accordance with her development priorities.

²⁶⁴ *Ibid*

This is possible since the Jakarta Commitment states that development assistance should be delivered and distributed through the "government system, with government ownership, and in accordance with government priorities."²⁶⁵ This is in accordance with the commitment's goals both to increase the effectiveness of foreign aid based on national priorities and to provide a more equal partnership.

Although, this commitment is not binding, it can accelerate the implementation of Paris Declaration, particularly in streamlining aid which not only defines Indonesia as a recipient but also as a donor country.

Besides to avoid overlapping aid and enhance more effectivity, the *Jakarta Commitment* also sees Indonesia's increasing importance in technical cooperation aid, both regionally and globally. This is because Indonesia's increasing status to be a middle income country and her long records of supporting South-South Cooperation by providing technical assistance.²⁶⁶

Jakarta Commitment emphasizes the importance of management and strategy of South-South Cooperation for the empowerment of fellow developing countries. Through South-South Cooperation, Indonesia continues to encourage and urge developed countries to fulfill their ODA commitments, in accordance with Jakarta Commitment point 1: "strengthening country ownership over development", and section B: "improving the international governance of aid and strengthening South-South Cooperation".²⁶⁷

Indonesia is a country that has strategic position to execute the triangular cooperation. This means that Indonesia acts as a bridge between developed countries which provide funds and developing countries as which become aid recipients. This occurs because Indonesia's role as facilitators and providers of technical assistance. Or in other words, the most important aspects of the Jakarta Commitment is to bring international commitments into national

²⁶⁵ Dewo Broto Joko Putranto, "Indonesia dan *South-South Cooperation*" in seminar *Penguatan Policy and Institutional Framework Kerjasama Selatan-Selatan Indonesia*, held in Bandung, April 8th 2010

²⁶⁶ *Jakarta Commitment: Aid for Development Effectiveness Indonesia's Road Map 2014*

²⁶⁷ *Ibid.*

level to achieve more effective utilization of ODA, with the spirit to change the paradigm from donorship to ownership.

VI.1.4. Indonesia's Experiences in Implementing South-South Cooperation: an Opportunity

A. International Recognition on Indonesia's Capacity

Indonesia's capacity in implementing South-South Cooperation, both in terms of technical cooperation and machinery equipment grants, has received international recognition. It can be seen from the continuity and sustainability of the programs implemented by some ministries and government agencies. Several ministries, government agencies, institutions and non-government organizations are until now still actively carrying out the cooperation.

Some widely recognized programs are those executed by the BBIB Singosari. BBIB Singosari has expertise in artificial insemination technique, in which this technique is sought after by many countries, including developed countries. Furthermore, this institution is also very active in conducting advanced training.²⁶⁸

In the health sector, Indonesia has also received international recognition. This is because Indonesia's success in handling the H5N1 virus (the avian flu). In this case then, it will be very appropriate if Indonesia shares her knowledges and information with other developing countries. Other institution that also gets recognition is the Electronic Engineering Polytechnic Institute of Surabaya (PENS). This institution has been executing trainings since 1988 as well as sending their experts to fellow developing countries, especially to Rwanda and Timor Leste.

Those international recognitions provide an opportunity for Indonesia to play more active role in South-South Cooperation. It is not only because

²⁶⁸ Interview with Herliantin, *Op. Cit.*

those technical assistance are needed by developing countries, but also it can improve Indonesia's international image.

Indonesia also has the capacity in agriculture, disaster mitigation, and demography. In agriculture sector, Indonesia has many advantages, such as the agricultural machinery grants which are widely-known as long-lasting ones. Most developing countries look after technical assistance in agriculture, whereas from the 1980s Indonesia has been providing it to more than 50 countries. Indonesia's capacity in agriculture can also be seen from Indonesian experts to be sent to many countries in Africa, Pacific, and Asia such as Madagascar, Tanzania, Egypt, Fiji, Vanuatu, Papua New Guinea, and Cambodia.

In disaster mitigation sector, as a country that quite frequently experiences natural disasters, Indonesia could become a model for other developing countries in handling various natural disasters. Although training activities related to disaster mitigation held by the Sabo Technical Centre has been stopped because of funding problems, it can be furthered revitalized to enhance Indonesia's role in South-South Cooperation.

Demographic sector can also become opportunities for Indonesia in the South-South Cooperation. Indonesia's success in family planning programs has made Indonesia as a model for other developing countries. It evidences from the desire of some countries to buy contraceptive tools from Indonesia. However, in the sale of these contraceptive tools, the BKKBN sometimes finds difficulties because Indonesia does not have any banking cooperation with participating countries.²⁶⁹ In the other hand, family planning program in Indonesia has not become a "popular" program anymore. Therefore, the advantages of Indonesia in the demographic sector, especially the implementation of family planning program should be improved regarding to the increment of Indonesia's position in the South-South Cooperation.

²⁶⁹ Interview with Addy Hasmi, BKKBN, *Op. Cit.*

Beside those sectors, there are also some advantages possessed by non-governmental organizations in implementing South-South Cooperation, such as waste treatment technology owned by Dian Desa Foundation and the micro hydro technology possessed by IBEKA. Thus in this energy development sector, Indonesia has the advantage in providing knowledge to other developing countries, especially those having potencies such as river and sunlight that has not been optimized yet.

B. The Existence of Private Sector and Non-Governmental Organizations in South-South Cooperation

The involvement of the private sector is considered very important to increase Indonesia's role in South-South Cooperation, especially private sector involvement in the utilization of market opportunities and investment in developing countries. In this case an active role from the government is needed in the socialization of market opportunities in developing countries to the private sector. Some examples of successful private sector in investing and penetrating developing countries' market can be seen from B-29 company experiences in Africa, especially in Ethiopia. The First Indo-Ethio Plc. (PT. Sinar Antjol), a soap producer, has invested US \$ 4 million and now has successfully controlled 35% of Ethiopian market.²⁷⁰

Besides private sector, the role of non-governmental institutions is also very important in South-South Cooperation. They are often arranging partnership with some ministries/ government agencies to carry out training activities. For example, the State Secretariat cooperates with the Center for Economic Social Studies in terms of poverty reduction training. Besides that, cooperation has been conducted with the Dian Desa Foundation, Yogyakarta in providing technical assistance to Cambodia. The Ministry of Foreign Affairs also works closely with IBEKA in providing training on small scale water

²⁷⁰ *Panduan dan Informasi Bisnis di Negara-negara Afrika, Op. Cit.*, p. 47

power development, attended by some Asia and Pacific countries such as Cambodia, Lao PDR, Myanmar, Vietnam, Iran, India, Papua New Guinea, the Philippines, Sri Lanka, Timor Leste, and Vanuatu.

Besides that cooperation, the non-governmental organizations or NGOs also played a role in South-South cooperation, such as the Dian Desa Foundation, Yogyakarta.²⁷¹ Although they do not cooperate with government institutions, several NGOs actively utilize economic opportunities in carrying out training activities.

Therefore, it can be seen that private sectors and NGOs have great potency to involve in South-South Cooperation. Therefore, their potency needs to be maximized to enhance Indonesia's role in South-South Cooperation. As an example, Ministry of Foreign Affairs has made it by publishing a book entitled "Capacities and Needs". This book contains informations on several NGOs potency in conducting training activities.²⁷² Identification and information dissemination on non-governmental institutions then are needed to maximize their involvement in South-South Cooperation. Then, to emphasis, identification and information dissemination on non-governmental institutions are needed to maximize their involvement in South-South Cooperation, as well as promotion efforts publishing their capacities.

Socialization from the government is also needed to encourage the private sector to be more involved in South-South Cooperation, especially in regards to market opportunities in developing countries.²⁷³ The socialization to the private sector is very important to maximize their role, especially those which do not know much about the South-South Cooperation and what kind of opportunities that may be obtained there.²⁷⁴

²⁷¹ Look at the explanation more on Chapter IV

²⁷² Further explanation can be seen in *Indonesia Technical Cooperation: Capacities and Needs* (Jakarta: Directorate of Technical Cooperation, Department of Foreign Affairs, Republic of Indonesia)

²⁷³ Interview with Makarim Wibisono, *Op. Cit.*

²⁷⁴ Interview with Adi Tahir, Kadin, *Op. Cit.*

VI.2. Indonesia's Challenges in South-South Cooperation

Indonesia's Challenge in South-South Cooperation will be observed from several aspects, which are the international dynamics, national policies, funding mechanisms, and economic interests.

VI.2.1. ASEAN countries such as Thailand and Malaysia have had Special Institutions for South-South Cooperation

The South-South cooperation is an agenda which is considered important by many countries. This can be seen from the seriousness of some countries such as Malaysia and Thailand in their South-South Cooperation implementation.

As what has been stated in the previous chapter, Malaysia has its own agency to conduct South-South Cooperation, namely the Malaysian Technical Cooperation Program (MTCP). Through MTCP, Malaysia tries to establish smart partnerships with other developing countries. The cooperation made by Malaysia covers not only technical but also financial assistance. To maximize economic opportunities in South-South Cooperation, there is Malaysian South-South Cooperation (MASSCORP) in the MTCP which gathers Malaysian businessmen. By engaging private sectors, it is convincing enough that the Government of Malaysia is very serious in improving its role in South-South Cooperation.

On the other side of coin, Thailand is also very active in South-South Cooperation through the Thailand International Development Cooperation Agency (TICA). TICA generally plays role in handling cooperation projects and sending experts overseas. In addition, Thailand also actively provides ODA to Cambodia, Lao PDR, Myanmar and Maldives for infrastructure development.

Actually, what has been done by Malaysia and Thailand has also been carried out by Indonesia with her various forms of assistance provided by

ministries/ government agencies and non-governmental organizations over the years. Training, workshop and experts sending conducted by Indonesia shows that Indonesia has also contributed much in South-South Cooperation. However, unlike in Malaysia and Thailand, the implementation of South-South Cooperation in Indonesia is conducted separately between ministries/ government agencies. This resulted in the emergence of various constraints such as coordination mechanisms that have not been optimized, as well as lacking of monitoring and evaluation mechanisms. Moreover, there is an impression that there is no clear vision in conducting South-South Cooperation, considering its sporadic implementation without any clear direction and target. Nevertheless, as noted earlier, South-South Cooperation has huge potency as a means to achieve Indonesia's national interests. Therefore, a clear institutional framework is needed to regulate coordination and implementation of South-South Cooperation, as well as shared development vision between relevant ministries and institutions.

VI.2.2. Challenge in Indonesia's National Policy: The Absence of Rules and Regulations in Conducting South-South Cooperation

In the implementation of South-South Cooperation, Indonesia does not have clear rules and regulations. This is definitely a major challenge for Indonesia to enhance its role in South-South Cooperation. The absence of a national law umbrella has resulted in the absence of standard mechanism regulating coordination between ministries/ government agencies in implementing South-South Cooperation. Then, it is not surprising if each ministries/ government agencies use different legal basis.

These legal basis differences can be seen from the BKKBN using establishment pact of *Partners in Population and Development* (PPD) as the basis to cooperate with other developing countries. Meanwhile, the Ministry of Health and the Ministry of Forestry use Law No 37/ 1999 on Foreign Relations

as their legal basis in implementing South-South Cooperation. On the other hand, the Ministry of Public Works uses Jakarta Commitment and RPJMN 2010-2014 as their law basis and the Ministry of Agriculture even uses international laws, such as the ASEAN Charter and the New Asia-Africa Strategic Partnership.

The absence of specific rules or regulations has also resulted in impression that South-South Cooperation is considered less important than cooperation with developed countries.²⁷⁵ South-South cooperation is not considered to be a priority in each ministry's foreign relations.

Coordination between ministries/ government agencies becomes another problem in Indonesia's South-South Cooperation. Again, the absence of national rules and regulations on South-South cooperation has resulted in the lack of standard mechanisms to coordinate each other in carrying out South-South Cooperation. Therefore a national rules and regulation is urgently needed. By the existence of these provisions, each ministries/ government agencies will have the same legal basis to implement South-South Cooperation as well as a standard to coordinate each other. This national rules and regulation will also set priority in Indonesia's South-South Cooperation. In fact, rule on Technical Cooperation of Developing Countries was already stipulated in Presidential Decree Num.60 / M of 1981 on the Coordinating Committee for Overseas Technical Cooperation (the PKKTLN). But this rule merely focuses on the composition of PKKTLN. This rule itself is no longer relevant to current situation, where there were unit restructuring in several ministries/ government agencies involved in PKKTLN. For example, in the Ministry of Foreign Affairs there is a new unit handling the South-South Cooperation, namely Directorate of Technical Cooperation.

²⁷⁵ Interview with Agus Sarsito, Head of Foreign Cooperation Bureau, Ministry of Forestry, *Op. Cit.*

VI.2.3. Challenge in Funding the South-South Cooperation

A. Convincing Developed Countries to Fund the Cooperation through Triangular Mechanism

One tough challenge for Indonesia is to convince developed countries to fund technical cooperation through triangular mechanisms. As has been described in previous chapters, most of Indonesia's technical assistance is dependent on donors aid. Thus if this funding is stopped, then the training courses will also be stopped. This situation occurred in the *Sabo Technical Centre* which provides training on disaster mitigation technologies. Training activities had been stopped in 2006 when donor terminated their funding.

Declining tendency of developed countries to assist developing countries becomes a challenge for Indonesia to implement the triangular mechanism. Indonesia then should be able to convince donor countries and institutions that the assistance could benefit the countries concerned, including grants assistance. Indonesia should also be able to convince developed countries that the aid they provide can accommodate their interests.²⁷⁶

B. Limited Fund from the National State Budget

As described earlier, almost all of Indonesia activities in South-South Cooperation were funded by donors. Most ministries and government institutions have not specifically allocated their budget for South-South Cooperation. The Ministry of Foreign Affairs is one of the earliest ministries to provide budget for South-South Technical Cooperation. This budget is used for training and workshops to be attended by other developing countries. Usually the technical ministries provide the experts, and the Ministry of Foreign Affairs provides the costs.

²⁷⁶ Interview with Siliwanti, Director on Politics and Communications of Bappenas, at March 19th 2010, in Jakarta

In addition to the Ministry of Foreign Affairs, State Secretariat also provides matching funds for technical cooperation. Just as the Ministry of Foreign Affairs, State Secretariat also assists funding for technical cooperation held by other ministries, as well as to involve assistance from donor countries/ international agencies. The Ministry of Agriculture is one of the biggest ministries receiving fund from the State Secretariat.

Thus, it can be said that there are only two ministries/ government agencies that have been allocated fund for technical cooperation. Meanwhile the rest have not yet allocated funds specially for this cooperation . Many of them depend heavily on this two ministries, while some others use their own program to fund South-South Cooperation. This happens in the Ministry of National Education that implements South-South Cooperation through their international scholarships program, so the ministry doesn't need to allocate specific funds.

This limited funding eventually leads to the limited assistance that can be delivered by Indonesia in South-South Cooperation. For technical ministries, the South-South Cooperation is constantly regarded as the domain of the Ministry of Foreign Affairs and the State Secretariat only, so it's never become their top priority. So it is not suprising to see that the South-South Cooperation is always performed sporadically, only if there are requests from the Ministry of Foreign Affairs, the State Secretariat, or directly from the beneficiary countries.

Furthermore, the limited funding is also as the impact of the absence of specific rules and regulation on South-South Cooperation. This is because an adequate funding is a reflection of support for a particular policy. Therefore, this funding problem is correlated with the absence of grand design on Indonesia's South-South Cooperation so far. It is why the so-called policy blueprint is urgently needed. The blueprint should include the direction of the cooperation, the vision and mission to be achieved, institutional building, and of course, funding support.

VI.2.4. Indonesia's Challenge in Achieving Economic Interests

A. Aligning TCDC with ECDC Activities

Indonesia's contribution in the South-South Cooperation so far mostly focuses on the technical cooperation (TCDC) and cannot optimize the utilization of economic opportunities (ECDC) from the implementation of such technical cooperation yet. This is very unfortunate considering there are widely open opportunities of technical cooperation for the expansion of Indonesia's export markets. As explained in Chapter 3, Malaysia, Thailand, and China have been utilized economic opportunities of such technical cooperation. In fact, many participants from developing countries expressed their interest to buy Indonesian products after obtaining technical assistance. For example, the BKKBN has not yet utilized such economic opportunities although there were many participating countries interested in its contraceptives products. Besides that, the Ministry of Forestry also has not been optimally utilized the economic opportunities in the cooperation with developing countries. However, there are also several ministries/ government agencies that have started to take advantage of economic opportunities, such as the Ministry of Agriculture and the Ministry of Health.

Some problems are identified as the cause of this problem. Firstly, there are some strategic products that managed jointly by several ministries so it hampers the expansion of its export market. This is happened for example between the Ministry of Forestry and the Ministry of Industry related to the management of several woods products.²⁷⁷ It is unfortunate since the problem is not because of the uncompetitiveness of the product, but because of the lack of coordination between the two ministries. Secondly, on the larger scale, this coordination problem also becomes a major obstacle to export market expansion to the developing countries. There are ministries/ agencies reporting

²⁷⁷ Interview with Agus Sarsito, Head of Foreign Cooperation Bureau, Ministry of Forestry, *Op. Cit.*

that such expansion is hampered due to permission issuance from the Ministry of Trade. Some others stated that obstacle appears to obtain L/Cs because of the absence of government facility for Indonesian banking to cooperate with African countries.²⁷⁸ Thirdly, there is a generally wide view that conducting technical cooperation is much easier than the economic cooperation. This is due to economic cooperation is closely related to economic policies of each country, so it always involves a lot of interest and never becomes as easy as technical cooperation. Economic cooperation always involves cost-benefit variables, which different from technical cooperation that merely gives aid knowledge and skills, thus the government efforts to protect each country's business will always exist.²⁷⁹

On the other hand, some NGOs have started to exploit the existing economic opportunities. This is implemented, for example, by the Dian Desa Foundation which sells waste treatment equipment and the IBEKA Foundation which sells turbines for micro hydro technology. Nevertheless, the utilization of economic opportunity is more to maintain the continuity of their programs than to achieve bigger profits. Many of those non-governmental organizations must defend their programme continuity so that they must put more focus on funding factor. It means that the utilization of these economic opportunities has not touched strategic aspects of economic interests, such as export markets diversification or employment creation.

In the future, the utilization of economic opportunities from technical cooperation is considered essential to increase trade and to open market access to developing countries. It is indeed very open to be implemented since many facts show the existence of such opportunity. If Indonesia can undergo these improvements, of course, the economic gain will be greatly benefited the domestic society. So far, countries like China takes over much opportunities

²⁷⁸ Interview with Addy Hasmi, BKKBN, *Op. Cit*

²⁷⁹ Interview with Ronald Y.P. Manik, *Deputy Director for International Organization of Developing Countries*, Ministry of Foreign Affairs, *Op.Cit.*, and Interview with Mr. Herry Soetanto, Special Staff of the Ministry of Trade, at March 12nd 2010, in Jakarta

which are not utilized by Indonesia, such as cassava peeler machine requested by African countries that eventually provided by manufacturers from China.²⁸⁰

Greater economic integration throughout the world provides momentum to boost the South-South cooperation. Indonesia needs to relate the South-South Cooperation with domestic economic development plan, including the efforts to diversify export market to non-traditional countries. As one component of ECDC cooperation, technical cooperation is very important to be continuously undertaken by Indonesia as one of diplomatic instruments at the bilateral, regional and multilateral level in order to uphold Indonesia's interests.²⁸¹

The Government of Indonesia can utilize technical and economic cooperation as a tool of diplomacy to developing countries in Asia, Pacific, and Africa. In the field of technical assistance, Indonesia has provided equipment and training assistance, while in the economic field, Indonesia could assist other countries in the framework of enhancing trade and investment.²⁸²

In fact, opportunities of economic cooperation with developing countries are very large considering bigger contribution of developing countries in trade and global economic growth. Developing countries have recorded more than 40 percent growth in import demand in recent years, as well as trade among these countries has increased to one third of world trade. Economic cooperation is considered important because this cooperation is expected to help alleviating poverty, to enhance and facilitate trade and direct investment, and to strengthen cooperation between SMEs in Southern Countries.²⁸³

Some issues to increase economic cooperation between developing countries include: 1) resource mobilization for sustainable economic

²⁸⁰ Harahap, *Op. Cit.*

²⁸¹ Alisjahbana, *Op.Cit.*

²⁸² *Ibid.*

²⁸³ Andin Hadiyanto, Fiscal Policy Board, Ministry of Finance, "Kebijakan Kerjasama Ekonomi dalam Kerangka Kerjasama Selatan-Selatan" in *Seminar Nasional Kebijakan Pemerintah dalam Pengembangan Kerjasama Selatan-Selatan*, at July 29th 2010 in Bappenas Office, Jakarta

development; 2) developing innovative and internationally approved financial mechanisms; 3) cooperation in capital markets to ensure the flow of international development assistance ; 4) improving market access; 5) solving problems such as unfair trade, subsidies that distorting trade, and commodity prices instability.²⁸⁴

Meanwhile, the economic cooperation programs of developing countries could be in the form of: 1) the Tripartite Agreement with donor countries and International Financial Institutions; 2) Official Development Assistance; 3) Trust Fund establishment; 4) development of innovative commodity funding mechanisms; 5) improved access to commodity markets; 6) Free Trade Agreement; 7) improved business environment through the improvement of infrastructure conditions; 8) development of Trade Preferential Agreements and Reciprocal Trade Preferences; 9) preparation of investment guarantee mechanism; 10) implementing tax-preference policies to attract FDI; 11) reducing barriers on exchange rates; and 12) improving business environment to increase exports of SMEs products.²⁸⁵

Therefore, in order to enhance ECDC, Indonesia needs to include economic programs above as the stance of Indonesia in various international forum, such as the G-20, WTO, G77, APEC, ASEAN, ASEAN +3, the UN and others. In addition, Indonesia needs to grant tariff preferences to developing countries (GSTP), excluding certain developing countries to secure domestic market, and to enhance bilateral regional cooperation (trade, investment, and taxation).²⁸⁶

B. The Need to Increase Trade Facility with Developing Countries

Trading facilities such as banking cooperation is needed to boost economic ties with other developing countries. To improve economic relations,

²⁸⁴ *Ibid.*

²⁸⁵ *Ibid.*

²⁸⁶ *Ibid*

Indonesia still faces challenges such as lack of trade facilities with other developing countries, especially with African countries. Issues related to trade facility are also stated in RPJMN 2010-2014. The RPJM 2010-2014 explains that in the period 2010-2014 Indonesia is facing some fundamental problems in export development:²⁸⁷

1. Indonesia has not yet to maximize various trading schemes, such as trade compensation as an alternative trading pattern to penetrate non-traditional market;
2. Indonesia needs relatively longer time to export compared to some other ASEAN countries;
3. Number of documents for exports that have not been reduced in recent years;
4. Cost per container exports is quite higher compared to neighboring countries due to inefficient logistics system. This is due to high cost of cargo transportation, yet efficient management in the port and the low quality and quantity of infrastructure.

Table VI.1.
Comparison of Cost and Export Time in Various Countries

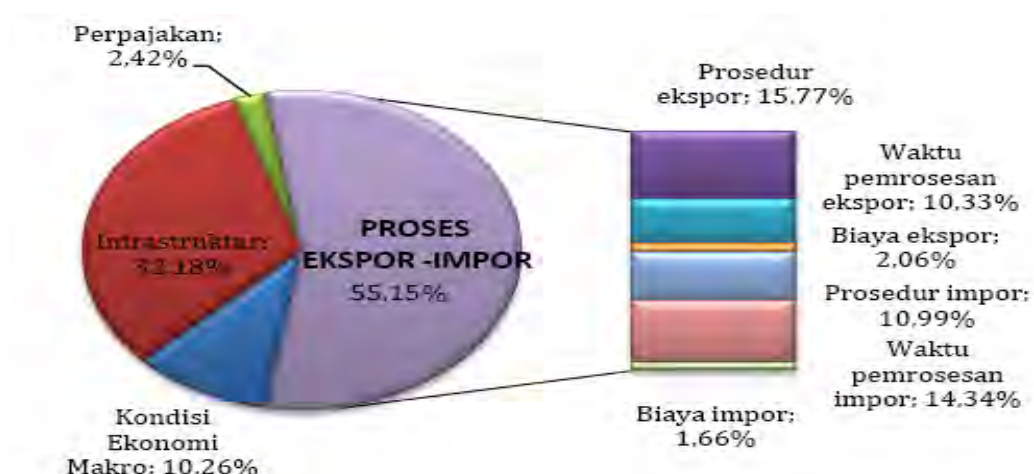
Kawasan/Negara	Waktu Untuk Melakukan Ekspor (Hari)	Biaya Ekspor (USD per kontainer)	Dokumen Untuk Melakukan Ekspor (Jumlah)
OECD	10,5	1.089,7	4,3
Asia Timur dan Pasifik	23,1	909,3	6,7
Amerika Latin dan Karibia	18,6	1.243,6	6,8
Asia Selatan	32,4	1.364,1	8,5
Sub-Sahara Afrika	33,6	1.941,8	7,8
Indonesia	21	704	5
Singapura	5	456	4
Thailand	14	625	4
Malaysia	18	450	7
China	21	500	7
Vietnam	22	756	6

Source: RPJM 2010-2014

²⁸⁷ RPJM 2010-2014

The table above shows comparison of cost and export time in several countries. On the other side, improvement for export activities facilitation is very important to sharpen a country's foreign trade competitiveness. Here is a picture that shows some factors influencing competitiveness:

Picture VI.1
Factors Influencing Foreign Trade Competitiveness



Sourece: RPJM 2010-2014

To increase economic cooperation is very important in South-South Cooperation. Banking cooperation is one of the most important facility in improving Indonesia's economic cooperation with other developing countries. Even at the domestic level, Indonesia's national policy is considered not conducive enough to encourage export activity. Besides, Indonesia is included in the lower ranks between ASEAN countries in terms of competitiveness, especially with Malaysia.²⁸⁸

Another challenge in enhancing economic cooperation with other developing countries, especially with Africa, is the absence of direct shiping to Africa, lack of reciprocity in information, Indonesia has not been widely

²⁸⁸ Interview with Siliwanti, Director of Politics and Communications, Bappenas, *Op. Cit.*

known as "resource country", and Indonesian business which are still oriented to the traditional market and unsupportive image of Africa.²⁸⁹

C. Similar Export Products among Developing Countries

One main challenge in the South-South Cooperation is similar export structure among developing countries. Table VI.2 shows that the structure of exports in the developing countries, whether in Africa, Asia, Latin America, and South Pacific are mainly dominated by natural resources-based products, ranging from oil and gas, vegetable oil, tea, rubber, copper, etc. On the other hand, the dominant industry in developing countries is textiles and textile product. Table VI.2 also shows that developing countries contribution to the world market in these products is pretty huge; it is above 75 percent.

Table VI.2.
Main Products of Developing Countries

Commodity	% of the Worlds Product Exports	
	1995	2006
Crude Petroleum & bituminous oil	76.06	73.01
Optical Instrument Apparatus nes	28.59	80.27
Female clothing, knitted crocheted	62.81	75.01
Cooper ores and concentrates	72.29	78.37
Male clothing, knitted crocheted	69.97	80.89
Fixed veg fat and oil, excluding 'soft'	89.89	86.44
Natural rubber, latex, gum, etc.	97.51	97.58
Tea and mate	75.70	72.86
Tin	79.32	80.39
Spices	77.02	74.91
Crude fertilizer, excluding manufactured	71.76	73.83

Source: compiled from *UNCTAD Handbook of Statistics 2008* (New York and Geneva: UN, 2009)

²⁸⁹ "Forum Diskusi Pasar Afrika Timur: Hilangkan Mitos, Serbu Pasar Afrika", *Op. Cit.*

Table VI.3.
Main Commodities of Indonesia

All Commodity Group	Value (thousand of dollar)	%	
		Of Country Total	Of World
Natural gas, liquefied or not	9 298 610	10.0	5.27
Crude petroleum & bituminous oil	8 157 333	8.7	0.97
Fixed veg fat and oil, exc. 'soft'	5 235 271	5.6	36.22
Coal excluding non-agglomerated	5 218 144	5.6	10.95
Copper ores and concentrates	3 978 537	4.3	15.99
Natural rubber, latex, gum, etc.	3 453 129	3.7	27.58
Heavy petroleum & bituminous oil	2 359 560	2.5	0.57
Paper and paperboard	2 232 812	2.4	2.24
Furniture part; bedding furnishing	1 866 029	2.0	1.82
Venner, plywood & other wood nes	1 842 418	2.0	5.90
Remainder	49 587 437	53.2	

Source: compiled from *UNCTAD Handbook of Statistics 2008* (New York and Geneva: UN, 2009)

Table VI.3. shows many similarities between Indonesia's exports structure to other developing countries. Indonesia, like other developing countries, has export structure that based mostly on natural resources. This situation eventually becomes a challenge that not only must be settled by Indonesia's stakeholders, but also developing countries in general.

Furthermore, a competitive trade relation also occurs in Southeast Asia. As shown in Table VI.4., ASEAN countries mostly trade with countries outside ASEAN (especially with Western Europe, US, and Japan), rather than ASEAN countries themselves (which is a group of developing countries). It is only Lao PDR and Myanmar that have bigger *share* in intra-ASEAN trade than extra-ASEAN trade. While the rest, especially countries with large economies in ASEAN such as Singapore, Indonesia, Malaysia, and Thailand, mostly trade with the outside world. The share of extra-ASEAN trade in these four countries is even above 70 percent. For Indonesia, Japan becomes the main export destination with a volume amounting to US\$ 23.63 billion (2007), followed by the US in second place with a value of US\$ 11.64 billion, Singapore (US\$

10.50 billion), China (US\$ 9.68 billion), and South Korea (US\$ 7.56 billion).²⁹⁰

Table VI.4.
ASEAN Trade 2006
Value (US\$ million), Share (%)

Country	Total Trade			
	Intra-ASEAN		Extra-ASEAN	
	Value	Share to country Total	Value	Share to Country Total
Brunei	2,633.2	28.9	6,475.1	71.1
Cambodia	1,226.5	19.1	5,210.9	80.9
Indonesia	37,862.3	23.4	124,001.8	76.6
Lao, PDR	790.5	79.8	199.7	20.2
Malaysia	73,270.2	25.7	212,272.7	74.3
Myanmar	3,324.4	59.0	2,305.9	41.0
The Philippines	18,410.5	18.6	80,773.3	81.4
Singapore	146,102.0	28.6	363,987.9	71.4
Thailand	50,484.0	20.3	198,204.3	79.7
Vietnam	18,667.7	24.2	58,602.8	75.8
ASEAN	352,771.4	25.1	1,052,034.3	74.9

source: accessed from www.asean.org at September 2nd 2008, 02:00 p.m.

John Wong and Sarah Chen's opinion about the pattern of trade relations between ASEAN countries and China also strengthens this argument. According to them, trade structure in these countries tends to be competitive rather than complementary. For both, exports and imports by developed countries become the main contributor of trade, while China's trade to ASEAN and vice versa tend to be very small (roughly around 2-3 per cent from 1980 to 2000). On the other hand, trade with developed countries recorded a very big share, for instance in 2000 where 56 percent of China's exports and 57.4

²⁹⁰ Margit Molnar and Molly Leshner, "Indonesia", in *Globalisation and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa* (OECD, 2008), p. 355

percent of ASEAN exports addressed to the US, European Union, and Japan. Thus, if ones try to expand her trade, it will come at the expense of the others. This is evident in the production of textiles and garment products. It is predicted that China's economic expansion will increase the share of these countries in global production from 20 percent to 47 percent. This situation not only will send shock waves to the ASEAN countries, but also to other textile-producing countries, like India and Mexico. Furthermore, a competitive relationship is also shown in the search for FDI. Each country competes for FDI, where China continues to gain high share, while the share earned by ASEAN continues is keep declining.²⁹¹

Accordingly, the government needs to conduct an identification of Indonesia's main product to be exported to Africa, Asia, Middle East and the Pacific countries. The identification is required to increase trading volume and open new market access in the region. In this identification, it is also hoped that the government will work collaboratively with private sectors. With a good coordination mechanism, the government is expected to be able to optimally provide assistance and facilities for private sector export promotion to other developing countries.

²⁹¹ John Wong and Sarah Chan, "China-ASEAN Free Trade Agreement: Shaping Future Economic Relations", in *Asian Survey*, Vol. 43, Num. 3 (May-June 2003), p. 512-523

Chapter VII

CONCLUSION AND RECOMMENDATION

VII.1 Conclusion

South-South Cooperation is very important to develop more cooperation between developing countries. Based on historical context as well as contribution from ministries, government agencies, institutions, and non-governmental organizations, Indonesia has been playing a significant role in South-South Cooperation. From historical point of view, it can be observed that the dynamics of Indonesia's role in South-South Cooperation had experienced its ups and downs from time to time.

During Soekarno presidency, Indonesia had established political foundation for South-South Cooperation by holding the Asia-Africa Conference in Bandung, 1955. Indonesia also initiated the Non-Aligned Movement in 1961. Meanwhile, during the Soeharto presidency, South-South cooperation was not considered as a top priority. It was caused by Indonesia's interest in exercising more cooperation with developed countries in order to attract foreign investment. South-South Cooperation during this era captured more attention when Indonesia became the host and chairman of NAM 1992, which was resulted in the establishment of *NAM Center of South-South Technical Cooperation* (NAM-CSSTC).

During Abdurrahman Wahid (Gus Dur) presidency, foreign policy vision was not fully implemented because the government was distracted by domestic political agenda. Meanwhile, bigger tendency towards cooperation with developed countries during Megawati Soekarnoputri presidency had resulted in the lack of priority on South-South Cooperation. During Susilo Bambang Yudhoyono presidency, there had been numerous activities related to South-South cooperation, such as the holding of the 50 years Asia-Africa

Conference commemoration in 2005; the signing of “*Jakarta Commitment*” in 2009, and the inclusion of South-South cooperation in RPJMN 2010-2014.

Indonesia’s increasing role in South-South Cooperation is an implementation of national development missions, which is stated in Law Num.17/2007 on Long-term Development Plan (*Rencana Pembangunan Jangka Panjang/ RPJP*) 2005-2025. As stated in those development mission, it is Indonesia’s desire to play a prominent role in international world as well as to realize a competent nation.

There are some national interests in politics, economy, and socio-culture sector that can be attained through South-South Cooperation. Those political interests are: 1) to promote Indonesia’s positive image in international world; 2) to built togetherness in various multilateral forums; and 3) to reduce the expansion of separatist movement in Indonesia. Economic interests comprise of: 1) increasing trade relations with developing countries; 2) increasing cooperation in investment; and 3) increasing cooperation in small and medium enterprises (SMEs) between developing countries. Meanwhile, social and cultural interests comprise of: 1) promoting education in Indonesia; and 2) promoting culture and tourism.

Indonesia has many opportunities to increase its role in South-South Cooperation. Indonesia’s increasing status as a lower middle income country is going to give enormous opportunity for Indonesia to play a bigger role in world development. In current time, Indonesia’s role is not only limited as a recipient countries but also a donor countries towards developing countries. Besides that, Indonesia’s membership in G-20 will also give opportunities to determine the direction of global economy in which Indonesia could act as a representative of developing nations. This position will grow stronger in years to come when Indonesia becomes the Chairman of ASEAN in 2011 and Chairman of G-20 in 2013. Thus it is important for Indonesia to strengthen its role in developing the South-South Cooperation.

On the other side, the inclusion of South-South Cooperation in Medium-term National Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/ RPJMN*) 2010-2014 indicates that South-South Cooperation has become one of the priorities in Indonesian foreign policy. Moreover, the signing of *Jakarta Commitment 2009* has also given more foundation to create South-South Cooperation with triangular mechanism.

Indonesia itself was recorded as a country with active role in providing technical assistance through South-South Cooperation. This support was mainly contributed by ministries/ government agency comprised of the Ministry of Foreign Affairs, the Bappenas (*Badan Perencanaan Pembangunan Nasional/ National Development Planning Board*), the Ministry of Agriculture, the Ministry of Trade, the Ministry of Forestry, the BKKBN (*Badan Koordinasi Keluarga Berencana Nasional* or National Family Planning Coordinating Board), the Ministry of Public Works, the Ministry of Communications and Information Technology, the Ministry of National Education, the Ministry of Health, and the State Secretariat. Amongst those ministries, the State Secretariat, the Ministry of Foreign Affairs, and the Bappenas are central coordinators in South-South Cooperation where these three ministries give general policy and funding to be implemented by technical ministries. Thus technical assistances given by these three ministries are cross-sectoral that involved coordination with other ministries. State Secretariat, for example, actively involves in distributing aid in eradicating poverty, disabled people rehabilitation, family planning, television documentary program, and micro-finance. Meanwhile, the Ministry of Foreign Affairs involves in executing training and workshop in the field of women emancipation, elevating agriculture productivity, mitigating natural disaster, managing renewable resources, fishing technology, forestry, and development of SMEs.

Moreover, other ministries exercise South-South Cooperation in accordance with their expertise. The Ministry of Agriculture is recorded as one

of the most active ministry through exercising training, workshop, internship, as well as providing agriculture, fishery, animal husbandry, and pedestrian development. Implementing agency of this ministry also actively involves in distributing technical assistance, especially from the Center for Artificial Insemination (*Balai Besar inseminasi Buatan/ BBIB*) Singosari with its focus in animal husbandry. Other ministries that also involve their implementing agency in South-South Cooperation are the Ministry of Public Works and the Ministry of Communications and Information Technology. The Ministry of Public Works mostly involves the Sabo Technical Center to give sabo technical support to handle the erosion and sedimentation problem which often caused natural disasters. Meanwhile, the Ministry of Communications and Information Technology involves the Multimedia Training Center (MMTC) to give training in the field of broadcasting, both in TV and documentary program. On the other side, the Ministry of Trade mostly focuses on cooperation to increase trading volume, such as preferential and non-preferential arrangements. Some cooperation include the Global System of Trade Preferences UNCTAD, Preferential Trade Agreement Among D-8 Members, Trade Preferential System Among OIC Members, and its active involvement in raw materials producing countries association, such as the Association of Natural Rubber Producing Countries, International Pepper Community, Asia and Pacific Coconut Community, and Tripartite on Rubber Cooperation among Thailand, Indonesia, and Malaysia.

The Ministry of Forestry gives more focus on sustainable development cooperation, responsible development in forestry sector management, forest rehabilitation and reforestation, environment protection and management, and also exploration and irrigation management. This ministry also carries out research and development cooperation to increase forest database. On the other side, the Ministry of National Education also exercises education cooperation

which focuses on awarding scholarship for foreign participants so that they can enroll their study at Indonesian universities.

The BKKBN as a government agency in demography also actively involves in South-South Cooperation with its main focus in family planning sector. Various training which are held by this agency have their own uniqueness because participants are directed to make plan of action to be implemented in their respective countries. Last but not least, the Ministry of Health is also considered as a competent actor in international world in the issue of avian flu mitigation (H5N1 and H1N1 virus). This ministry is also active in exercising training to decrease the number of mother mortality, to handle cholera, tuberculosis, and malaria disease, as well as to distribute medical expert. Lastly, the Ministry of Industry exercises cooperation with important bureaus in Africa and industrial engineering training for participants from Palestine.

Indonesia's South-South Cooperation also invites participation from non-governmental actors. The NAM-CSSTC brings in a lot of cross-sectoral support, such as conflict resolution, carved training, sharia financial organization development, as well as business development and women empowerment. In the other side, some non-government organizations (NGOs) which actively involves in South-South Cooperation are the Dian Desa Foundation, Yogyakarta and the People-Centered Economic and Business Institute (*Institut Bisnis dan Ekonomi Kerakyatan* or IBEKA). Dian Desa Foundation mostly focuses its activity in village development by giving training in the field of clean water, small industry, biomass industry, and waste management. Meanwhile, IBEKA focuses its activity in rural energy field, such as micro-hydro development. On the other side, university which actively involves in South-South Cooperation is the Electronic Engineering Polytechnic Institute of Surabaya (*Politeknik Energi Surabaya/ PENS*). Aside from giving technical support in information and communication, PENS also becomes one of the

institutions that have been sending its expert abroad. Private sectors are also actively involved in creating economic and trading relations with Southern Countries. The Indonesian Chamber of Commerce and Industry (*Kamar Dagang dan Industri Indonesia/ KADIN*) is a private sector which had a critical role in formulating MoU with Namibia and Zimbabwe.

Indonesia's competitive advantages in agriculture, artificial insemination, and natural disaster mitigation have given an enormous opportunity for Indonesia to play a bigger role in South-South Cooperation as well as to elevate its image in international world. Through South-South Cooperation, Indonesia also has the opportunity to increase its trade with developing countries where some of these countries have a potential market opportunity, such as paper products, palm products, soap products, and light machines tools that have potential prospects in Africa.

Aside from mentioned opportunity, Indonesia also faces some challenges in South-South Cooperation. There has been no common reference in the implementation of South-South Cooperation caused by the absence of binding rules and regulations towards the institutions and ministries. On the other side, countries like Malaysia and Thailand have already formed their own institution to implement South-South Cooperation, such as the Malaysian Technical Cooperation Program (MTCP) for Malaysia and the Thailand International Development Cooperation Agency (TICA) for Thailand. Malaysia has intertwined smart partnership with other countries through MTCP. Besides that, Thailand also has exercised various forms of project cooperation and developing countries' export development program support through TICA. These facts indicate that South-South Cooperation have become a prominent agenda for both countries.

In funding aspect, there has been a problem in South-South Cooperation funding allocation regarding limited source of the state budget (*Anggaran Pendapatan dan Belanja Nasional/ APBN*). On the other side,

Indonesia faces the challenge to convince developed countries to fund technical cooperation through triangular scheme. Besides that, in the field of trade with developing countries, Indonesia needs to increase its trading facilities such as *Letter of Credit* (L/C) and banking cooperation with those countries. Meanwhile on monitoring and evaluation, Indonesia need a fix mechanism able to capture a comprehensive view on reception, continuity, and benefits both for program participant and for Indonesia's interest. This mechanisme should also be developed with an easy access and up-to-date database operated through internet.

VII.2. Recommendation

From elaboration above, Researcher Team recommends as follow:

1. To review the legal basis of Indonesia's South-South Cooperation in order to harmonize the cooperation with Indonesia's needs and external dynamics;
2. Related to the first point, to draft rules and regulations as the foundation of Indonesia's South-South Cooperation so that it can accommodate current developments;
3. To draft a blue print on the future of Indonesia's South-South Cooperation which comprises of vision, mission, and targeted national interests;
4. To create coherency between the implementation of South-South Cooperation exercised by ministries/ government institutions with national interests targets which are expected to be achieved;
5. To have an intensive coordination mechanism between ministries/ government agency, local governments, development partners, as well as private parties to implement Indonesia's South-South Cooperation;

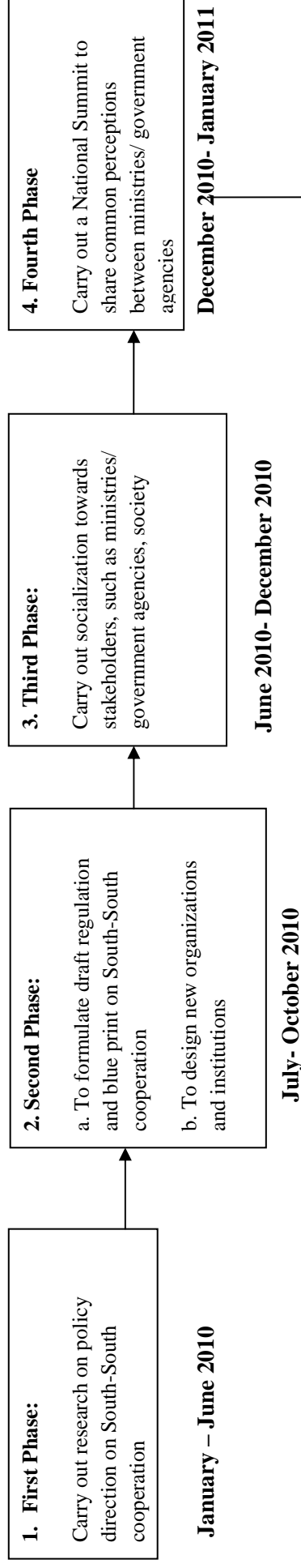
6. To have an adequate funding from APBN by allocating a specific South-South Cooperation component;
7. To encourage the funding of South-South Cooperation through triangular mechanism which goes in line with related international agreement;
8. To strengthen a transparent and accountable financial management related to South-South cooperation;
9. To have a better archive of all data about South-South Cooperation in every ministries/ government agencies which should also be integrated on inter-ministries/ agency basis.
10. To have a better evaluation and monitoring mechanism to support the improvement of Indonesia's South-South Cooperation;
11. To have synergy between technical and economic cooperation within the framework of South-South Cooperation to maximize the national interests attainment;
12. To encourage the involvement of private parties and non-governmental organization in South-South Cooperation's partnership program through *Public-Private Partnership* schemes;
13. To intertwine South-South Cooperation with the effort to export Indonesian products to developing countries;
14. Related to the previous point, the improvement of Indonesian Export's Funding Institution (*Lembaga Pembiayaan Ekspor*) role towards developing countries is needed;
15. To arrange promotion program and socialization to increase the understanding and knowledge on South-South Cooperation, both in government circle and general public;
16. To have mapping on Indonesia's regions which are potential to become a conducive environment to implement South-South Cooperation;

17. To form an ad-hoc committee to coordinate the required efforts in composing regulations and blue print of Indonesia's South-South Cooperation.

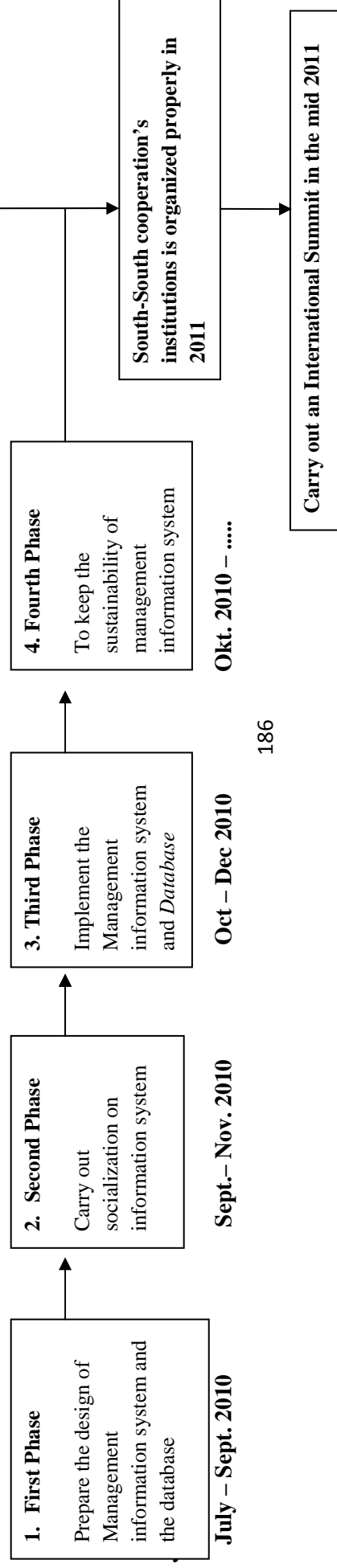
Related to the listed recommendations above, some steps are needed so that Indonesia can play a bigger role in South-South Cooperation. Those steps are a roadmap which comprises of all recommendation aspects above and are executed within the following timeline:

Diagram VII.1. Indonesia's South-South Cooperation Roadmap

A. EFFORTS TO INCREASE INDONESIA'S CAPACITY ON SOUTH-SOUTH COOPERATION



B. THE MAKING OF MANAGEMENT INFORMATION SYSTEM



From the above diagram, it can be concluded that there are two parts which have to be accomplished in the roadmap. The first part is related to institutional framework which includes these following phases: 1) research on policy direction on South-South Cooperation; 2) the formulation on regulation draft and blue print of South-South Cooperation, the formulation of new organizational, institutional plan, and also competitive sector identification; 3) socialization towards related stakeholders; and 4) National Summit. Meanwhile the second part is related to the establishment of *Management Information System* (MIS) and database system. Through this roadmap, it is expected that institutional framework for Indonesia's South-South cooperation will be organized in 2011.

Related to institutional framework, Researcher Team gives three alternatives of Indonesian institutional framework in South-South Cooperation, which comprises of:

- 1) **The empowerment and reinforcement of the existing South-South Cooperation institution.** The first alternative is based on status quo condition where every ministry/ government agency has been implementing various South-South Cooperation activities without optimal coordination between them. Hence, even though the first alternative do not include the establishment of a new specialized agency which focuses on handling the South-South Cooperation, it still needs empowerment and reinforcement towards existing institution dealing with such Cooperation.
- 2) **The establishment of South-South Cooperation committee.** This second alternative focuses more on the establishment of committee which comprises of some ministries/ government agencies, such as the State Secretariat, the Ministry of Foreign Affairs, the Ministry of Finance, the Bappenas, the Ministry of Trade, the Ministry of Industry, the Kadin, and representatives of NGOs. This committee itself is some kind of association among stakeholders involved in South-South Cooperation. Thus, it is expected that representative aspect could be fulfilled through this committee.

- 3) **The establishment of an agency with two options.** *First*, agency that is positioned in one of these institutions (the State Secretariat, the Ministry of Foreign Affairs, or the Bappenas). *Second*, agency that is positioned beyond State Secretariat, the Ministry of Foreign Affairs, or the Bappenas (independent).

The following table describes three institutional alternatives as well as their challenges and opportunities:

Table VII.1.
Institutional Plan Alternatives

No	Institutional Plan	Opportunities	Challenges
1	<p>Empowerment and enforcement of the existing South-South Cooperation institutions.</p> <p>Coordination mechanism revitalization which includes the State Secretariat, the Bappenas, the Ministry of Finance, and the Ministry of Foreign Affairs (Presidential Decree Num.60/M year 1981) to be carried out through a new Presidential Decree.</p>	<ul style="list-style-type: none"> • It doesn't require a new mechanism, but only a stronger existing mechanism with periodic meeting which will discuss these following agendas: 1) determining the policy direction; 2) the program selection and decision; 3) the selection and decision of targeted countries or region; 4) the decision of funding allocation. • The administration of South-South Cooperation will use existing mechanism. • South-South Cooperation activity can be integrated so that to avoid policy dualism in South-South Cooperation implementation. 	<ul style="list-style-type: none"> • The changing of Presidential Decree Num.60/M Year 1981 needs further research because it is related to various aspects and adjustment with the current condition. • Ministries/ government agencies which in current time are executing South-South Cooperation need to undergo some adjustments which will affect their organization and job description.
2	<p>The establishment of South-South Cooperation committee.</p>	<ul style="list-style-type: none"> • It can gather and synchronize various South-South Cooperation activities (technical and economic 	<ul style="list-style-type: none"> • Coordination between the committee members. • The limited funding allocation and its

	<p>The committee will be established through Presidential Decree to strengthen South-South Cooperation which includes both technical and economic cooperation.</p> <p>The committee could be consisted of:</p> <ol style="list-style-type: none"> 1. State Secretariat 2. Ministry of Foreign Affairs 3. Ministry of Finance 4. The Bappenas 5. Ministry of Trade 6. Ministry of Industry 7. The Kadin 8. Representatives of NGOs. 	<p>cooperation) in accordance with RPJMN and Strategic Plan of each ministry/ government agencies.</p> <ul style="list-style-type: none"> • A more integrated funding resource in national level. 	<p>management in each ministry/ government agencies</p>
3	<p>The establishment of agency/institution (with two options):</p> <p>a. Positioned in one of these institutions: the State Secretariat, the Ministry of Foreign Affairs, or the Bappenas</p> <p>b. Positioned beyond State Secretariat, the Ministry of</p>	<ul style="list-style-type: none"> • It can utilize existing resources and facilities in those respective institutions. • The mechanism can be implemented based on existing South-South Cooperation activity. • A more integrated funding resource in national level. • The drafting and synchronizing South-South cooperation program can be maximized. • It can facilitate the drafting and synchronizing of South-South Cooperation activity 	<ul style="list-style-type: none"> • It has to be strengthened by resources and coordination mechanism. • Authority sensitivity in the implementation of South-South Cooperation. • The institutional establishment needs a long process and

	Foreign Affairs, or the Bappenas (independent).	<p>from various ministries/ government agencies, NGOs, and private sector in much easier way.</p> <ul style="list-style-type: none"> • The utilization and the in-depth search of funding source, both domestically and internationally, can be more optimized. • Easy coordination with various institutions/ministries • It can facilitate the implementation of South-South Cooperation which involves ministries/ government agencies in regional and international level in an easier way. 	expensive funding (facility and human resources).
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Besides roadmap and institutional alternatives, a plan of action in South-South Cooperation is also needed. Plan of Action is the elaboration of strategic plan which is listed in the roadmap. Plan of action is divided into three parts, which are Plan of Action on institutional framework, the establishment of South-South Cooperation's management information system (MIS), and the execution of summits. This plan of action is going to be implemented from 2010 until 2011. The following part is the figure of plan of action:

A. South-South Cooperation Institutional Framework

Strategic Plan	Year								Output
	2010 (quarter)				2011 (quarter)				
	I	II	III	IV	I	II	III	IV	
A. Study on policy direction on South-South Cooperation									Policy Paper
B. Study on regulation and blue print of South-South Cooperation:									Regulation draft
1. Study on rules and regulation related to South-South Cooperation									
2. Formulation of rules and regulation draft on South-South Cooperation									Regulation draft
3. Formulation of blue print plan on South-South Cooperation									Blue print draft
4. Submission and ratification of rules and regulation on South-South Cooperation									SSC's rules and regulation
C. Institutional and organizational framework on South-South Cooperation:									Basic institutional concept, Implementing & Technical guidelines plan
1. Plan of organizational form on South-South Cooperation									
2. Formulation on coordination mechanism, Funding, monitoring, and evaluation plan									Implementing & Technical guidelines plan
3. Formulation on implementing guidelines (the <i>Petunjuk Pelaksanaan</i>) and Technical guidelines (the <i>Petunjuk Teknis</i>) plan									
D. Identification of Indonesia's excellence in South-South Cooperation									
E. Socialization of institutional framework and Indonesia's excellence in South-South Cooperation to ministries/ government agencies, local government, private sectors, banking institutions, and NGOs									
F. Institutional framework and other matters related to South-south Cooperation have been organized Properly									Organized SSC institution

B. The making of *Management Information System (MIS)* and *Database*

Strategic Plan	Year								Output
	2010 (quarter)				2011 (quarter)				
	I	II	III	IV	I	II	III	IV	
A. Execution of <i>National Summit on South-South Cooperation</i> : 1. Preparation 2. Implementation									
B. <i>International Summit on South-South Cooperation</i> : 1. Preparation 2. Implementation									

C. The Execution of *South-South Cooperation Summit*

Strategic Plan	Year								Output
	2010 (quarter)				2011 (quarter)				
	I	II	III	IV	I	II	III	IV	
MIS and database formulation on Indonesia’s South-south Cooperation									South-South Cooperation’s MIS and database
1. The making of Management Information System’s database									
2. Socialization on the South-South Cooperation’s Database utilization									
3. Implementation of Management Information System and database									
4. To keep on the sustainability of Management Information System									

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NATIONAL SEMINAR ON SOUTH-SOUTH COOPERATION
THE POLICY OF THE GOVERNMENT OF INDONESIA TO DEVELOP SOUTH-
SOUTH COOPERATION
MINUTES OF MEETING

The “National Seminar on South-South Cooperation: The Policy of the Government of Indonesia to Develop South-South Cooperation” was held in National Development Planning Office (*Kantor Badan Perencanaan Pembangunan Nasional* or Bappenas office), Jakarta. The seminar was conducted at July 29th 2010 from 09.00 A.M. to 04.00 P.M. The seminar put together various stakeholders on Indonesia’s South-South Cooperation, from central to regional level. Amongst the participants were Ministry of Foreign Affairs, Ministry of State Secretariat, Ministry of Trade, Ministry of Finance, Regional Government (*Pemerintah Daerah* or *Pemda*), implementing agency of Indonesia’s South-South Cooperation, donor institution and international organization such as Japan International Cooperation Agency (JICA) United Nations Development Program (UNDP), *The Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ), and various non-governmental organization, etc. The seminar itself was aimed to create shared perspectives among these various actors in order to formulate Indonesia’s policy on South-South Cooperation in the future.

The seminar was divided into three parts. First part was the introductory session presenting a report by Head of Steering Committee Aid for Development Effectiveness (A4DES), delivered by Deputy on Development Funding, Bappenas, Mr. Lukita D. Tuo. Introductory session also included two keynote speeches from Mrs. Armida Alisjahbana, Head of Bappenas, and Mr. Triyono Wibowo, Deputy Minister of Foreign Affairs.

In his report, Mr. Lukita D. Tuo highlighted Indonesia’s increasing role in South-South Cooperation, especially on Indonesia’s new status as a middle income country expected to play more roles in the cooperation. In this regards, the Government of Indonesia has already had a working group consisting of various ministries designed as the policy maker of Indonesia’s future involvement in the South-South Cooperation.

Meanwhile, Mrs. Armida Alisjahbana in her keynote speech elaborated more on Indonesia’s role in the South-South Cooperation so far. Indonesia has various opportunities in this cooperation, such as there are a lot of ministries actively helped Southern Countries on technical assistance (such as the Ministry of Foreign Affairs,

Ministry of National Education, Ministry of Agriculture, etc.), Indonesia's increasing status as a middle income country, and Indonesia's strategic position as upcoming chairman of various international institution (ASEAN, G20, host of APEC and East Asia Summit). Indonesia has also shown her commitment by her participation in the Jakarta Commitment and the inclusion of South-South Cooperation on the Medium-Term National Development Planning (*Rencana Pembangunan Jangka Menengah Nasional* or RPJMN) 2010-2025. Nevertheless, Mrs. Armida also stated the need to increase domestic capacities and capabilities so that Indonesia can utilize her role maximally, especially to create more coordination between ministries and institution, to increase the quality of assistance, and to identify competitive sectors and potentials.

Furthermore, Mr. Triyono Wibowo highlighted more in the global context of South-South Cooperation, specifically on its first appearance and some challenges ahead. The South-South Cooperation was firstly a response to the stagnation of the North-South Cooperation due to its continuous violation of developed countries commitment. It could be seen from the failure of developed countries to materialize their Official Development Assistance (ODA) commitment to developing countries as much as 0,7 percent of their Gross Domestic Products (GDP). Consequently, the South-South Cooperation came into existence to answer this need. Nevertheless, Mrs. Wibowo admitted that such cooperation has some weaknesses. South-South Cooperation is a consensus-based cooperation, resulting in its slow and limited development due to the need to incorporate all states approval, beside the cooperation needs to deepen itself to include more economic sectors, so that it isn't limited only to technical ones. At last, Mr. Wibowo expressed Indonesia's important position on the cooperation, especially to dynamize the process as can be seen from Indonesia's suggestion to start to implement the cooperation on the already-prepared states and the idea of Partnership for Development.

The introductory session was then followed by the Presentation Session I. This session was moderated by Mr. Dewo Broto Joko Putranto, Director of Multilateral Funding of Bappenas, and presented 5 speaker. They are Mr. Lukita D. Tuo (Deputy Minister of Bappenas) who discussed about policies to develop Indonesia's South-South Cooperation; Mr. Ibnu Purna (State Secretariat) who discussed about Indonesia's Technical Cooperation policies); Mr. Andin Hadiyanto (Fiscal Coordination Body, Ministry of Finance) who discussed about economic cooperation on the South-South Cooperation; and Mr. Syamsul and Mr. Adik Bantarso (Center for East Asian Cooperation Studies, University of Indonesia) who discussed about the result of policy research on South-

South Cooperation. This session was then closed by questions and answers (Q&A session) by participants.

In his presentation, Mr. Lukita D. Tuo gave some suggestions on policies to develop Indonesia's South-South Cooperation. In his view, Indonesia's South-South Cooperation should be directed to empower three factors: synergy between diplomacy and economy, sufficient legal basis, and institutional framework. Indonesia's South-South Cooperation in the future mustn't include technical cooperation only, but to synergize it with national economic development, especially to find new market access and investment abroad. Legal basis is needed since so far Indonesia has no specific rules and regulation on the South-South Cooperation, while on the institutional framework Indonesia needs to revitalize the Coordinating Committee for Overseas Technical Cooperation (*Panitia Kerjasama Teknik Luar Negeri* or PKTLN). Mr. Lukita also concerned funding aspect, stating that Indonesia's funding strategy will use various sources from the national state budget (*Anggaran Pendapatan dan Belanja Negara* or APBN), private sector, development partners such as donor countries and international organization, and recipient countries.

On the second presentation, Mr. Ibnu Putra Muchtar from the State Secretariat emphasized more to Indonesia's technical cooperation. Indonesia has delivered much technical assistance to fellow developing countries, such as conducting training or seminar attended by foreign participants, sending Indonesian expert abroad, and scholarship granting. Indonesia's assistance is pretty much varied, ranging from agriculture, micro finance, demography, socio-economy, health to disaster mitigation & rehabilitation and women empowerment. Mr. Muchtar also states some challenges to Indonesia's future technical cooperation, such as highly distributed program and assistance among various ministries and state agencies, no integrated data, no standard mechanism for evaluation and monitoring, uncoordinated development planning, and the limited amount of funding.

Mr. Andin Hadiyanto from the Ministry of Finance highlighted specifically to economic sector of the South-South Cooperation. He stated that developing countries are now of strategic importance to global economy; it can be seen from their contribution to half of global economic growth and one third of global trade. Thus, the South-South Cooperation is very potential to address problems in developing countries, such as poverty alleviation, trade facilitation, and small and medium enterprises (SMEs) development. Amongst the potential programs are capital market cooperation,

international development funding flow, market access cooperation, free trade agreement, etc.

The last presentation on this session was delivered by Mr. Syamsul Hadi and Mr. Adik Bantarso from the Researcher Team of CEACoS UI. On the last six months, Team has conducted a research on Policy Direction on Indonesia's South-South Cooperation. The research showed that South-South has yet become priority on Indonesia's foreign policy, besides revealed some challenges hampering the development of Indonesia's South-South Cooperation so far. Indonesia has no specific rules and regulation on South-South Cooperation and has no shared vision, mission, and blueprint to develop such cooperation. The research produced roadmap to develop Indonesia's South-South Cooperation and institutional alternatives that can be adopted to implement the cooperation.

Presentation session II was conducted after lunch and it presented 6 speaker. Moderated by Mrs. Siti Nugraha Mauludiah (Direktor of Technical Cooperation, Ministry of Foreign Affairs), this session put heavyweight on Indonesia's best practices and the prospect to develop the South-South Cooperation in the future. This session was opened by Mr. Sumadi Brotohadiningrat (South-South Cooperation practitioner) discussing on Indonesia's South-South Cooperation prospects. It was then followed consecutively by Mrs. Yusni Emilia Harahap (International Cooperation Bureau, Ministry of Agriculture) discussing on Indonesia's South-South Cooperation implementation on the agricultural sector; Mr. Dodi Nandika (Ministry of National Education) who discussed about Indonesia's South-South best practices on education sector; Mr. Dirhamasya (Director of Tsunami and Disaster Mitigation Research Center, *Universitas Syiah Kuala*, Banda Aceh); and Mrs. Dinur Krismasari (JICA Indonesia) who discussed about JICA's expertise to support Indonesia's South-South Cooperation. The last speaker was Mr. Mintardjo Halim (Indonesian Chamber of Commerce and Industry) who discussed about opportunities and challenges to invest and trade in Southern Countries.

Mr. Brotohadiningrat emphasized his presentation on various challenges on South-South Cooperation. The Technical Cooperation among Developing Countries (TCDC), in his view, has problems on limited amount of funding and facilities, besides psychological problem of developing countries who prefer developed countries much to be their development model. Meanwhile, the Economic Cooperation among Developing Countries (ECDC) has problems on its heavy accentuation to political aspects than economic ones, so it can't answer acute problem in developing countries. The ECDC has

also been mostly conducted only by the Government while the private sectors seemed reluctant to participate more as well as huge economic interests gap among developing countries. It was why the G-77 has no advance progress until now.

Meanwhile, Mrs. Yusni Emilia Harahap discussed Indonesia's agricultural best practices. It can be said that Indonesia's capacities in this sector is much progressive than others, given international recognition to Indonesia's food sector. So far, there are 800 participants from Asia to join various technical workshop and seminar in agriculture, 270 come from Africa, and 75 from Pacific. Indonesia's assistance covered training, internship, expert sending abroad, tools and equipment, cooperation on research and development, and the establishment of Center on Rural Self-Help Agricultural Training (*Pusat Pelatihan Pertanian Pedesaan Swadaya* or P4S) in Tanzania and Gambia.

Furthermore, Indonesia's best practices on education was elaborated by Mr. Dodi Nandika (Ministry of National Education). Indonesia's assistance accrued on various scholarship, such as *Darmasiswa* Scholarship, Partnership to Developing Countries (*Kemitraan Negara Berkembang*), and Special Support for Palestine (*Beasiswa Dukungan Khusus bagi Palestina*). These scholarships provided participants to join education in undergraduate and postgraduate level, with sectors ranging from humanities, agricultural science, natural science, technics, and pedagogy. The ministry has also actively participated to give training to teachers, student exchange, international headmaster forum, and *pesantren*-based education model.

On the next presentation, Mr. Dirhamsya pointed out Indonesia's salient role on Disaster Risk Reduction (DRR). Indonesia has been continuously asked to share her experience in dealing with natural disaster, given Indonesia's natural position as one of the most vulnerable countries to natural disaster. In 2008, Indonesia conducted a workshop entitled "Enhancing South-South Cooperation on Disaster Risk Management in Asia Pacific" attended by participants from Thailand, Bangladesh, Vietnam, Lao PDR, The Phillippines, Timor Leste, Papua New Guinea, Fiji, Sri Lanka, and Maldives. In 2009, another workshop was held in Jakarta entitled, "International Workshop on Disaster Risk Management Focusing on: Strategic Planning on South-South Cooperation".

Dinur Krismasari from JICA Indonesia focused her presentation on Japan's historical involvement in the South-South Cooperation. Japan's international assistance has been started since Japan's reconstruction era after her collapse during the World War II. This is why Japan has been attracted with triangular cooperation approach, mechanism of which enables one developing country helps her fellow developing

countries which has lower development level. This approach has been adopted by Japan since 1954, as seen from “War Reparation Program” which was delivered to Myanmar, The Phillippines, Indonesia, and South Vietnam. In relations to Indonesia, The Government of Japan considers the country has huge potential to play bigger roles in the South-South Cooperation. Currently, Indonesia is the biggest economy of ASEAN and becomes the only country in Southeast Asia able to participate as G20 member. Japan also seed Indonesia’s solid development pace which has been predicted that in 2020 Indonesia’s GDP per capita will reach US\$ 6.600 (high-growth scenario) or US\$ 5.260 (low-growth scenario).

Last presentation was delivered by Mr. Mintardjo Halim from Kadin who focused on opportunities and threat to trade and invest to Southern Countries. Indonesia’s opportunies mainly comes from thhe global financial crisis which has decreased European role in Africa and Indone’s inceasing export volume to African countries. Meanwhile, threats come from African market which has yet to know Indonesian products, long distances separating Indonesia from Africa, transportation problem, insufficient funding mechanism, and political instability in Africa. Another challenge comes from the ‘underdeveloped’ General System of Trade Preferences (GSTP) due to its insignificant amount of products and tarriff offered by member countries.