

STUDY ON
POLICY IMPLEMENTATION AND
FUNDING PARTNERSHIP STRATEGY
OF SOUTH-SOUTH
AND TRIANGULAR COOPERATION

This report is part of the Capacity Development Project for South-South and Triangular Cooperation (CADEP-SSTC): a cooperation between the Government of Indonesia, through the National Coordination Team on South-South and Triangular Cooperation (NCT-SSTC), and the Government of Japan, through the Japan International Cooperation Agency (JICA) Indonesia Office.

This report is prepared by the Centre for Strategic and International Studies (CSIS). Members of the research team: Shafiah F. Muhibat, Rizal Sukma, and Medelina K. Hendytio.

@ 2014

ISBN 978-979-1295-22-2

Table
of
CONTENTS

| | |
|--|-----------|
| List of Figures, Tables and Boxes | 6 |
| Acronyms and Abbreviations | 8 |
| Executive Summary | 11 |
| CHAPTER 1: Introduction | 13 |
| The Historical Context | 15 |
| Research Objectives and Research Questions | 20 |
| Data Collection and Approach | 21 |
| Outline | 25 |
| Strategy Papers and Policy Papers | 26 |
| CHAPTER 2: A Review of the International Trend of Development Cooperation | 27 |
| Rising Global Trend of SSTC: Actors and Scope | 28 |
| Drivers of SSTC: Benefits and Motives | 30 |
| Challenges and Risks of SSTC | 32 |
| Models of SSTC Mechanism and Strategic Framework | 34 |
| Chapter Conclusion: Lessons learned for Indonesia | 43 |
| CHAPTER 3: Mapping Indonesia's South-South and Triangular Cooperation | 44 |
| Institutionalisation and Coordination Mechanism | 45 |
| Legal Basis and Regulatory Framework | 48 |
| Capacity and Comparative Advantages | 50 |
| Funding Schemes | 52 |
| Monitoring and Evaluation | 55 |
| Key Line Ministries and their Implementation of SSTC Activities | 55 |
| Cooperation with International Development Partners | 65 |
| Chapter Conclusion | 66 |
| CHAPTER 4: Assessment of the Progress and Outcome of SSTC Activities | 68 |
| Significant Achievements since 2010 | 71 |

| | |
|--|------------|
| Constraints and Challenges to Indonesia's SSTC | 73 |
| Benefit Assessment | 84 |
| Next Step: Policy Recommendation for a More Comprehensive SSTC Strategic Framework..... | 86 |
| CHAPTER 5: Preparing for the Next Steps: | |
| Indonesia's SSTC for 2015-2025..... | 88 |
| Target Directions for 2015-2019 and 2020-2025..... | 90 |
| Matching Existing Achievements and Future Targets: The Imperative of Strategic and Operational Adjustments .. | 91 |
| Policy Recommendations..... | 93 |
| Chapter Conclusion | 101 |
| CHAPTER 6: Conclusion and Implementation Plan | 102 |
| Bibliography | 108 |

List of
Figures
Tables
Boxes

Figures

| | |
|---|----|
| Figure 1: The Structure of the National Coordination Team | 46 |
| Figure 2: Role and Function of Line Ministries | 47 |
| Figure 3: Standard Operating Procedure for Triangular Cooperation | 50 |

Tables

| | |
|--|----|
| Table 1: Indonesia's Capacity in Development Cooperation | 52 |
| Table 2: Scholarship Programmes with South-South Cooperation Priority Countries | 57 |
| Table 3: KNB Scholarship: The Cost Projection (in Rupiah) | 57 |
| Table 4: Some SSTC Programmes of the Ministry of Agriculture (2008-2013) | 59 |
| Table 5: Programmes Implemented by the Indonesian Agency for Agricultural Research and Development (IAARD) | 61 |
| Table 6: Programmes under the SSTC Framework in the Ministry of Public Works | 62 |
| Table 7: SSTC Activities Managed by the Ministry of Foreign Affairs | 63 |

Boxes

| | |
|--|----|
| Box 1: What is South-South Cooperation? | 12 |
| Box 2: The Bogota Statement of South-South Cooperation | 16 |
| Box 3: Qualitative Research Interview | 22 |
| Box 4: Four Main Models of Actors in SSTC | 29 |
| Box 5: Benefits of SSTC | 31 |
| Box 6: The Strategic Framework for Thai ODA | 37 |
| Box 7: South Korea's Success | 41 |
| Box 8: Increasing the South-South Cooperation | 69 |
| Box 9: Human Security and Development Cooperation | 94 |

Acronyms and Abbreviations

| | |
|---------------|---|
| APEC | Asia-Pacific Economic Co-operation |
| ASEAN | Association of Southeast Asian Nations |
| Bappenas | National Development Planning Agency |
| CAS | Country Assistance Strategies |
| CIDC | Committee for International Development Cooperation |
| CSR | Corporate Social Responsibility |
| DAC | Development Assistance Committee |
| EDCF | Economic Development Cooperation Fund |
| EXIM Thailand | Export-Import Bank of Thailand |
| FDI | Foreign Direct Investment |
| FGD | Focus Group Discussion |
| FTA | Free Trade Agreement |
| G20 | Group of Twenty |
| G33 | Group of Thirty-Three |
| G-77 | Group of Seventy-Seven |
| GDP | Gross Domestic Product |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GNI | Gross National Income |
| IJEPA | Indonesia-Japan Economic Partnership Agreement |
| ILO | International Labor Organisation |
| JICA | Japan International Cooperation Agency |
| KOICA | Korea International Cooperation Agency |
| LDC | Least Developed Country |
| M&E | Monitoring and Evaluation |
| MDG | Millennium Development Goal |
| MEC | Ministry of Education and Culture |
| MNC | Multinational Corporation |
| MOFAT | Ministry of Foreign Affairs and Trade (Republic of Korea) |
| MOFE | Ministry of Finance and Economy (Republic of Korea) |
| MOSF | Ministry of Strategic Finance (Republic of Korea) |
| MPW | Ministry of Public Works |
| NAASP | New Asian-African Strategic Partnership |
| NAM-CSSTC | Non-Aligned Movement Centre for South-South Technical Cooperation |
| NCT | National Coordination Team |
| ODA | Overseas Development Assistance |

| | |
|-----------|--|
| OECD | Organisation for Economic Co-operation and Development |
| PPP | Public-Private Partnership |
| RPJMN | National Medium-Term Development Plan |
| RPJPN | National Long-Term Development Plan |
| SOP | Standard Operating Procedures |
| SSC | South-South Cooperation |
| SSTC | South-South and Triangular Cooperation |
| TICA | Thailand International Development Cooperation |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UN ECOSOC | United Nations Economic and Social Council |
| UNEP | United Nations Environment Programme |
| UNPF | United Nations Population Fund |
| WTO | World Trade Organization |

Executive Summary

GIVEN INDONESIA'S DEVELOPMENT and its position as a large middle-income country, Indonesia has a strong contribution to make to efforts aimed at improving the international development assistance architecture for all recipients. With such increasingly important role in development cooperation, it is natural for Indonesia to improve the mechanism and implementation of its South-South and Triangular Cooperation (SSTC). Nonetheless, despite its long history of cooperation among Southern countries, Indonesia appears to still lack behind other middle-income countries in terms of the establishment of a solid development cooperation mechanism and institution.

This is a study on the policy implementation and funding partnership strategy of SSTC of the Government of Indonesia. This study aims to: (i) assess and extract lessons learned from the recent policy implementation of SSTC by the Government of the Republic of Indonesia; and (ii) provide analytical exercises through review of targets based on long term policy planning. To do so, this study provides a comprehensive mapping of Indonesia's SSTC, and makes an assessment of the current achievements and existing challenges.

This study found that the current progress in the effort to establish solid SSTC mechanism and institution is far behind the intended target directions. To overcome the existing challenges, this study has put together recommendations for the next steps that the Indonesian government should take in strengthening its role as an active international development partner. These policy recommendations should help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years.

CHAPTER

1

Introduction

THE 21ST CENTURY has given rise to monumental changes in the international development architecture. New poles of growth have emerged and many of them have started to play an important role as providers of development cooperation. The development community has recognised this shift towards multi-polar growth that does not conform to the conventional northern-led development paradigms. South-South Cooperation is an important aspect in supporting and strengthening development cooperation, especially among developing countries in recent years. It has become an important framework for sharing information, experience and knowledge.

Becoming a solid partner in providing effective South-South cooperation is now an objective for Indonesia. The financing mechanisms at Indonesia's disposal are taking new forms, and its development cooperation with other middle-income countries is being further elaborated. Given the country's development success and its position as a large middle-income country, Indonesia has a strong contribution to make to efforts aimed at improving the international development assistance architecture for all recipients.

Together with its implementation of South-South Cooperation, Indonesia also commonly implements "Triangular" Cooperation¹ between three parties: the development partner country or institution, Indonesia, and the beneficiary country. The terminology "South-South and Triangular Cooperation" (hereafter referred to as SSTC) is more commonly used in Indonesia, to refer to all activities of development cooperation, be it bilateral (South-South) or involving a development partner (Triangular).

1 A World Bank Special Report describes Triangular Cooperation as involving "a traditional donor from the ranks of the OECD's Development Assistance Committee (DAC), an emerging donor in the South, and a beneficiary country in the South." Triangular cooperation has occupied an increasingly prominent place on global development agendas and in policy documents such as the Bogota Statement and the 2010 UN Secretary General Report on development cooperation. See Guido Ashoff, "Triangular Cooperation: Opportunities, Risks, and Conditions for Effectiveness," in *Development Outreach*, issue of 10/08/2010 (The World Bank Institute, 2010).

This is a study on the policy implementation and funding partnership strategy of SSTC of the Government of Indonesia. It is a qualitative study based on survey and review of literature and documents, in-depth interview, and focus group discussions, conducted by Centre for Strategic and International Studies (CSIS) Indonesia.

THE HISTORICAL CONTEXT

Even though the philosophy for its development emerged during the 1960s and 1970s, South-South development cooperation has been receiving greater attention lately as developing countries gain increasing weight in the world economy, which can be related to the disappointment with the mainstream models of development cooperation. The United Nations established the Unit for South-South Cooperation to promote South-South trade and collaboration within its agencies, and defines South-South Cooperation as:

“...initiated, organised and managed by developing countries themselves; often, Governments play a lead role, with active participation from public- and private-sector institutions, non-governmental organisations and individuals. It involves different and evolving forms, including the sharing of knowledge and experience, training, technology transfer, financial and monetary cooperation and in-kind contributions. South-South cooperation can include different sectors and be bilateral, multilateral, sub-regional, regional or inter-regional in nature.”²

Nonetheless, an “international accepted definition” of South-South Cooperation is yet to be formulated. Other organisations and individuals in the field have defined it in varied ways, which reflects the broad perspective on the concept and that this has become an international agenda.

Box 1:
What is
South-South
Cooperation?

South-South Cooperation (SSC) is about developing countries working together to find solutions to common development challenges. Linked by commonalities in their history, geography and challenges, the countries of

² United Nations Office for South-South Cooperation, “What is South-South Cooperation?”, http://ssc.undp.org/content/ssc/about/what_is_ssc.html

Source:
UNDP

the South have important lessons to share from which other developing countries can learn. South-South Cooperation promotes closer technical and economic cooperation among developing countries by allowing them to share best practices and to diversify and expand their development options and economic links. It is a powerful tool for building new partnerships and creating more democratic and equitable forms of global interdependence and governance.

Box 2:
The Bogota
Statement of
South-South
Cooperation

The 2010 Bogota Statement on South-South Cooperation and Development identified the following principles and approaches of South-South Cooperation:

- 1. South-South cooperation is a Southern-led process to be seen as a natural expression of collaboration and mutual interest between partner countries, at global, regional and country levels;*
- 2. South-South cooperation is a historical process, with unique characteristics, including that providers are often themselves aid recipients. This can mean that South-South support reflects solidarity, adapts to local contexts and capacities, and promotes mutual benefit and win-win outcomes and horizontal partnerships;*
- 3. Although the practices and modalities may differ from those of traditional aid partnerships, and Southern partners generally do not consider themselves to be donors, the objectives of South-South Cooperation are the same: responding to global and national development challenges and achieving the MDGs;*
- 4. The main areas of support are: sharing of experience and learning, knowledge exchange, and technology and skills transfer;*
- 5. South-South Cooperation is typically demand-driven in nature and is not a substitute for, but a complement to, North-South development cooperation;*
- 6. Triangular cooperation can act as a bridge between South-South and North-South cooperation, promoting synergies between partner countries, Southern partners and donors.*

Source:
“Bogota
Statement-
Towards
Effective and
Inclusive
Development
Partnerships,”
High Level Event
on South-South
Cooperation
and Capacity
Development,
Bogota,
25 March 2010.

From 1978-2012, there were at least six international agreements related to South-South Cooperation. *Accra Agenda for Action (2008)* in paragraph 19, item b states:

“We acknowledge the contributions made by all development actors and in particular the role of middle-income countries as both providers and recipients of aid. We recognize the importance and particularities of South-South Cooperation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular Cooperation.”³

The *Nairobi Outcome Document of the United Nations High Level Conference on South-South Cooperation (2009)*, in paragraph 20 item b states:

“[We] Invite developed countries to support South-South Cooperation through triangular Cooperation, including for capacity development”; Paragraph 20 item d: “[We] Also encourage developing countries to enhance their national coordination mechanism, as appropriate, in order to improve South-South and triangular Cooperation (...).”⁴

The *Bogota Statement Towards Effective and Inclusive Development Partnerships (2010)* in Section 2, item c states:

“There is room to improve complementarities and promote synergies between partner countries and traditional donors, including through triangular Cooperation, by reducing transaction costs and engaging in mixed modalities that combine capacities, know-how, and resources from the North and the South.”⁵

The *Busan Partnership for Effective Development Cooperation (2011)*, in Paragraph 30 states:

3 “Accra Agenda for Action,” 3rd High-Level Forum on Aid Effectiveness, Accra, Ghana, 2-4 September 2008.

4 “Nairobi Outcome Document of the High Level United Nations Conference on South-South Cooperation,” United Nations General Assembly, 21 December 2009.

5 “Bogota Statement: Towards Effective and Inclusive Development Partnerships,” High Level Event on South-South Cooperation and Capacity Development, Bogota, 25 March 2010.

“(...) South-South and triangular Cooperation have the potential to transform developing countries’ policies and approaches to service delivery by bringing effective, locally owned solutions that are appropriate to country contexts.”⁶

The G20 Progress report of The Development Working Group (2012), in Paragraph 54:

“We recognize that to achieve economic growth, action must be taken to help vulnerable populations manage risks and the impact of external shocks, such as economic crises and natural disasters. To that end, we reaffirm our 2011 Cannes commitment to support the implementation or expansion of national social protection floors in LICs, on demand-driven basis, including through coordinated North-South, South-South and Triangular Cooperation, and we welcome the IOs’ efforts to progress this initiative.”⁷

Indonesia has a long history in establishing relationship with fellow developing countries (also often referred to as “Southern countries”). Started by the Asia-African conference in 1955, cooperation among participating countries was triggered by the need for post-colonialism development. The insufficient support from developed countries encouraged developing countries to rely on their own capacities and also support from fellow developing countries. The Non-Aligned Movement Conference in 1961 was the starting point of the development of the principles of solidarity and cooperation as the basis of the South-South cooperation. Cooperation among Southern countries is considered as the right way to solve common issues faced by developing countries by way of transfer of development experience, skills and expertise.

In December 2003, the United Nations (UN) adopted the resolution 58/220 on the establishment of the High Level Committee on South-South Cooperation and designated 19 December as the “South-South Cooperation Day.” The principles of South-South Cooperation were formulated during the annual meeting of Ministers of Foreign Affairs of the G-77 members

6 “Busan Partnership for Effective Development Cooperation,” 4th High Level Forum on Aid Effectiveness, 29 November – 1 December 2011.

7 G20 (Group of 20), “2012 Progress Report of the Development Working Group.”

and China in 2009. Indonesia became one of the eight countries signing the final protocol of "Sao Paulo Round" of the Global System of Trade Preferences in 2010, which is widely considered as a historical achievement of the economic cooperation and integration of developing countries. Also in the same year, the Bogota statement was issued, which formulated the cooperation plan and the importance of policy as well as institutional capacity of the South-South Cooperation. The principles of cooperation are continuously developed based on mutual trust and mutual respect, flexibility to be adopted widely as well as the principle of experience sharing and lessons learned in order to improve development capacity.

As Indonesia's economy grew stronger, the role of Indonesia in SSTC is also becoming more important. For instance, Indonesia was the co-founder of the Non-Aligned Movement Centre for South-South Technical Cooperation (NAM CSSTC).⁸ Indonesia was also the Co-Chair and one of the founders (together with South Africa) of the New African-Asian Strategic Partnership (NAASP), aimed at enhancing cooperation among 106 African and Asian countries in various fields as well as promoting human resource development.⁹

8 Together with Brunei Darussalam, Indonesia took initiative to establish the Non-Aligned Movement Centre for South-South Technical Cooperation (NAM CSSTC) located in Jakarta in 1998 with a range of initiatives and programmes to support development of the Global South. The mission of CSSTC is to "contribute to the acceleration and enhancement of national development by strengthening and expanding South-South Technical Cooperation in the context of international development cooperation". NAM CSSTC acts as a centre for action and pooling resources as well as a forum for dialogue to attain the development objectives of both NAM member and non-member countries. See http://www.insouth.org/index.php?option=com_content&view=article&id=56:indonesia&catid=31:country-windows&Itemid=86

9 The NAASP was formally adopted at the 2005 Asian African Summit celebrating 50 years of Bandung Conference, with the aim to boost economic and technical cooperation among other issues between both continents. The NAASP has a history dating back to the 1955 Asian African Conference (popularly referred to as the Bandung Conference). The Bandung Conference brought together in solidarity the newly independent countries of Asia and Africa to discuss a wide range of issues. The Bandung Conference is sometimes considered to be the initial stage of the Third World movement of newly independent countries that sought to transcend their colonial histories by using the state as a means to freedom, self-determination and modernization that would unite its inhabitancy and carry them forward to development. The NAASP promotes cooperation between member states of the two continents in areas such as trade, industry, investment, finance, tourism, information and communication technology, energy, health, transportation, agriculture, water resources, enhanced capacity building, human resources development among other areas. See http://www.insouth.org/index.php?option=com_content&view=article&id=56:indonesia&catid=31:country-windows&Itemid=86

The increasing importance of SSTC has paved the way for Indonesia to increase its global role, particularly as Indonesia is now in transition to becoming a provider of development cooperation. In 2008, Indonesia was included in the category of middle-income countries, and gained membership in the G-20.

With such increasingly important role in development cooperation, it is natural for Indonesia to improve the mechanism and implementation of its SSTC. Nonetheless, despite its long history of cooperation among Southern countries, a solid development cooperation mechanism and institution is still yet to be established.

RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

This study aims to: (i) assess and extract lessons learned from the recent policy implementation of SSTC by the Government of the Republic of Indonesia, in particular taking into account the National Medium-Term Development Plan (RPJMN) 2010-2014; and (ii) provide analytical exercises through review of targets based on long term policy planning, particularly in projecting the next RPJMN 2015-2019. To do so, this study seeks to provide a holistic view of Indonesia's SSTC activities (2010-2014), review on Indonesia's policy and implementation on International Development Cooperation and assessment of international and regional community trends including the role of development agencies in middle income countries.

Based on those objectives, this study seeks to answer the following research questions:

1. To what extent has the implementation of SSTC programmes from 2010 until present served Indonesia's national interest?
2. Are there still gaps between the implementation and the objectives of SSTC?
3. What are the constraints and challenges in the planning, implementation, and sustaining SSTC activities?
4. What are the benefits of SSTC, both for beneficiary countries and Indonesia?
5. Are Indonesia's SSTC target directions for Period II: 2015-2020 and Period III: 2021-2025 in line with the current achievements?
6. What would be the most comprehensive SSTC strategic

framework for Indonesia, particularly in its transformation to becoming a provider in development cooperation?

DATA COLLECTION AND APPROACH

PRELIMINARY RESEARCH

- During the preliminary research, data and related documents are collected through the following methods:
- Pre-collection activity, which include setting target, source (listing the line ministries and agencies to be contacted), and goals.
- Collection, which may also include preliminary interviews.
- Sorting of data.

IN-DEPTH INTERVIEW

This study undertook in-depth interviews, which is a qualitative method of analysis, and proceed as a confidential conversation with targeted respondents. By means of thorough composed interview guide, the research team aims at gaining insight into individual evaluations of SSTC in Indonesia. In-depth interviews are useful data collection technique to be used in conducting assessment, issue identification, and strategic planning.

The study completed 26 number of interviews with relevant key actors in the line ministries and the Coordination Team, experts, development cooperation agencies, and representatives from beneficiary countries. We developed a specific set of questions, which is tailor-made for each of the interviewee. This is aimed at developing a holistic approach to a wide range of issues that we seek to cover. This study used a modified (adjusted to this research's needs) step-by-step stages of conducting qualitative research interviews by Steinar Kvale.¹⁰

Kvale defines qualitative research interviews as "attempts to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to scientific explanations," and details seven stages of conducting in-depth interviews: thematising, designing, interviewing, transcribing, analyzing, verifying, and reporting.

¹⁰ Steinar Kvale, *InterViews: An Introduction to Qualitative Research Interviewing* (Thousand Oaks: Sage Publications, 1996).

Steinar Kvale's Seven Stages of Qualitative Research Interview

STAGE 1: Thematising. The purpose of the interviews is clarified, for example, whether the interview results would be used for program planning, or to complement other methods of evaluating your program. Once you have decided on your general purpose, then you can pinpoint the key information you want to gather through the in-depth interview process.

STAGE 2: Designing. An interview guide should be designed to help the interviewer focus on topics that are important to explore, maintain consistency across interviews with different respondents, and stay on track during the interview process. The three basic parts of the interview guide are: (1) The face-sheet, which is used to record the time, date, and place of the interview, special conditions or circumstance that may affect the interview, and demographic information about the respondent being interviewed; (2) the interview questions, along with a space for written observations; and (3) the post-interview comment sheet, which should include feelings, interpretations, and other comments that arose during the interview.

STAGE 3: Interviewing. The main responsibility is to listen and observe as you guide the respondent through a conversation until all of the important issues on the interview guide are explored.

STAGE 4: Transcribing. Transcribing involves creating a verbatim text of each interview by writing out each question and response using the audio recording. The interviewer's side notes should also be included in the transcription, and properly labelled.

STAGE 5: Analysing. This involves re-reading the interview transcripts to identify themes emerging from the respondents' answers; which in essence means synthesizing the answers to the questions proposed.

STAGE 6: Verifying. This involves checking the credibility of the information gathered and a method called triangulation is commonly used to achieve this purpose. Triangulation involves using multiple perspectives to interpret a single set of information.

Box 3:
Qualitative
Research
Interview

Source:
Steinar Kvale,
InterViews: An
Introduction
to Qualitative
Research
Interviewing
(Thousand Oaks:
Sage Publication,
1996)

STAGE 7: Reporting. Finally, it is important to share results from the in-depth interviews with internal and external stakeholders through a written or oral report.

FOCUS GROUP DISCUSSIONS

In addition to the in-depth interviews, this study has also completed three Focus Group Discussions (FGDs). The FGDs were designed to gather together people from the line ministries and agencies and other stakeholders to discuss specific aspects of SSTC in Indonesia. The groups were guided by a facilitator, and allowed the participants to discuss freely, agree or disagree on certain issues, so that it provides an insight into how the group thinks about the issue, about the range of opinion and ideas, and their experiences and practices. The FGDs were carefully prepared and designed.

The first FGD was held on 8 November 2013, with the topic “Indonesia’s SSTC and the Trend of International Development Cooperation.” 18 people participated in the FGD, which consisted of participants from members of the National Coordination Team, private sector, think tank, partner institution, and university.

The first FGD was aimed at mapping the practice and implementation of SSTC by the government of Indonesia, and the trend of international development cooperation. It covered, among others:

- a. Implementation, coordination mechanism, institution, and related policy of SSTC by the government of Indonesia;
- b. Assessment of the international trend of development cooperation, including the international and regional community initiative;
- c. Review of other middle-income countries’ development agencies and their practices of SSTC.

We discussed the historical background of SSTC activities in Indonesia, and the significant developments in the last few years with the establishment of the Coordination Team. Many aspects of SSTC activities were elaborated, including the coordination issue between all line ministries, Indonesia’s comparative advantages, the scope of the activities, funding issues, and monitoring and evaluation mechanisms.

The second FGD was held on 18 November 2013, with the topic “Assessment of the Progress and Outcome of Indonesia’s SSTC programmes.” 13 participants from the National Coordination Team, think tank, partner institution, and university attended the FGD.

The second FGD aimed at assessing the implementation of Indonesia’s SSTC activities, with a focus on the period of 2010 until present, and with reference to three parameters: RPJM 2010-2014; SSTC Grand Design (draft); and SSTC Blue Print (draft). It covered, among others:

- a. Assessment of past and current programmes of SSTC (during the period of 2010 until now).
- b. Assessment of existing problems in the implementation of these programmes.
- c. Assessment of impacts the past programmes have had, both for beneficiary countries and Indonesia, but particularly for Indonesia.

The main discussion evolved around the synchronization of Indonesia’s SSTC activities and Indonesia’s national interests and foreign policy. We also discussed about the parameters or indicators that can be used to assess past and ongoing projects, and also the impact assessment for all stakeholders.

The third FGD was held on 11 December 2013, with the topic “Review of Indonesia’s SSTC target direction based on long-term policy vision, including RPJP 2005-2025.” 15 people from the National Coordination Team, partner institutions, think tank and university participated in the FGD.

The third FGD aimed to elaborate on Indonesia’s SSTC target direction and discuss whether such direction needs to be reformulated to improve the implementation of SSTC in the future. It covered, among others:

- a. Review of Indonesia’s SSTC long-term target direction.
- b. Review of Indonesia’s motivations in carrying out SSTC programmes.
- c. Reformulation of policy recommendations for the implementation of SSTC, so that it becomes more effective and efficient in the future.

The main discussion evolved around the existing problems in the implementation of SSTC, and making a list of most significant ones. We discussed about the ways to overcome these problems, and to develop strategies to improve the implementation of SSTC.

APPROACH

This is a qualitative study based on survey and review of literature and documents, in-depth interview, and focus group discussions. There are a number of other studies that have been done on this topic, namely on Indonesia's South-South and Triangular Cooperation. Some very notable ones are the Baseline Survey done by Japan International Cooperation Agency, and another publication of JICA, "Indonesia-Japan: Dynamic Development for Prosperity" (2012). This study differs from previous studies, and to a great extent provides new insight and added values, as we developed an approach designed to provide a holistic view of the SSTC activities in Indonesia. This is done through review and overall assessment on Indonesia's policy and implementation on South-South and Triangular Cooperation, which leads to the formulation of a clear set of recommendations that should help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years.

OUTLINE

Chapter 2 provides a review on the trends in international development cooperation, with the objective to extract some valuable lessons for Indonesia. Chapter 3 provides a comprehensive mapping of Indonesia's SSTC to provide a picture of the concrete measures already taken in connection with legal framework, institutionalisation, funding as well as monitoring and evaluation. Afterwards, in Chapter 4, this study carries out an assessment of the current condition and mechanism of Indonesia's SSTC, with the aim to answer the first four research questions of this study, which are: (1) To what extent has the implementation of SSTC programmes from 2010 until present served Indonesia's national interest?; (2) What are the constraints and challenges in the planning, implementation, and sustaining SSTC activities?; (3) What are the benefits of SSTC, both for beneficiary countries and Indonesia?; and (4) Are Indonesia's SSTC target directions for Period II: 2015-2020 and Period III: 2021-2025 in line with the current achievements?

In Chapter 5, this study puts together recommendations for the next steps that the Indonesian government should take in strengthening its role as an active international development partner within the framework of SSTC. With these

recommendations, this study then provides the answer to the fifth research question: What would be the most comprehensive SSTC strategic framework for Indonesia? Finally, Chapter 6 provides a full summary of this report.

STRATEGY PAPERS AND POLICY PAPERS

The title of this study is “Study on Policy Implementation and Funding Partnership Strategy of South-South and Triangular Cooperation.” This Academic Paper serves as the main report of the study, but will focus mostly on the first half of the topic, which is on policy implementation.

In addition to this Academic Paper, this study has also produced two Strategy Papers and two Policy Papers. The titles of the Strategy Papers are, respectively, “Economic Rationales for South-South and Triangular Cooperation,” and “The Role of Private Sectors in South-South and Triangular Cooperation.” The titles of the Policy Papers are, respectively, “Seeking a New Format in South-South Cooperation and the Benefits for Indonesia,” and “Partnership Strategy with Private Sector in Financing South-South and Triangular Cooperation.”

The second half of this study’s topic, which is on funding partnership strategy, is discussed and analysed in the two strategy papers, and the second policy paper. The strategy papers and policy papers are printed and bound separately.

CHAPTER

2

A Review of the
International Trend
of Development
Cooperation

THERE ARE ARGUMENTS as to where to 'position' SSTC amidst the international development cooperation: some argue it is a complement to the traditional North-South cooperation, and some argue it has the strategic position to respond to global challenges. Others question the effectiveness of SSTC amidst the development assistance system – is it really a new paradigm of development cooperation or is it just the same old game? As the initiatives of SSTC is continuously expanding and their importance acknowledged, the discussion now is on how to transform it to be a more effective development assistance mechanism.

RISING GLOBAL TREND OF SSTC: ACTORS AND SCOPE

There is an increasing tendency for countries to be involved in various SSTC-related initiatives. A large number of provider countries of South-South cooperation are engaged in triangular cooperation, mainly with countries within their own region. In Asia, pivotal countries include India, Malaysia, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam. In Latin America, virtually all countries are providers of South-South cooperation, with Argentina, Brazil, Chile, Colombia and Mexico as the most active. In Africa, the pivotal countries are Egypt, Kenya, Morocco, South Africa and Tunisia. There are also non-OECD contributors, with the biggest ones being Saudi Arabia, China, Venezuela and India. Together these four countries contributed over 76% of the estimated total ODA flows coming from the top 16 Southern contributors in 2008.¹¹

Naturally, most Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee

11 The Reality of Aid Management Committee, "South-South Development Cooperation: A Challenge to the Aid System?" A Special Report on South-South Cooperation (2010).

(OECD DAC) members are involved in triangular cooperation.¹² At least 16 countries have negotiated, implemented and completed projects in partnership with developing countries: Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Community.

Box 4: Four Main
Models of Actors
in SSTC

First, South-South cooperation is seen as the starting point, where a provider of development cooperation supports an existing South-South cooperation. Take for example the project conducted by Mexico and Guatemala with Germany' support on the GIREPOL environmental network.

Second, bilateral cooperation between a provider of development cooperation and pivotal country as the starting point: a provider of development cooperation and a pivotal country sign a partnership agreement to cooperate with a third, beneficiary country. One example of this kind of cooperation is Japan and Brazil's project with Angola to build capacity in the health sector.

Third, bilateral cooperation between a provider of development cooperation and a beneficiary country as the starting point: a pivotal country joins an existing partnership between a provider of development cooperation and a beneficiary country. An example of this kind of cooperation is the Clean Development Mechanism, which was first conducted by Germany and India, and then China joined later.

Fourth, triangular agreement as the starting point: the cooperation is set up to jointly by the three partners (provider of development cooperation, pivotal country and beneficiary country) who identify, negotiate, formulate and implement the activity. An example is the partnership between Spain, Chile and Paraguay for capacity building in the public sector.

Source: OECD,
"Triangular
Cooperation:
What's the
Literature Telling
Us?" Special
Report (2013)

A number of international organisations have adopted Triangular Cooperation in their policies. In March 2012, the governing body of International Labor Organisation (ILO), for

12 Talita Yamashiro Fordelone, "Triangular Cooperation and Aid Effectiveness: Can Triangular Cooperation Make Aid More Effective?" Paper presented at the OECD Policy Dialogue on Development Cooperation, Mexico City, 28-29 September 2009.

example, has adopted a strategy for SSTC that allows ILO to have a greater institutional capacity to identify and implement SSTC with a view to establishing and implementing an initiative on South-South cooperation.¹³ United Nations Development Programme (UNDP), and United Nations Environment Programme (UNEP) have adopted similar policies of South-South and Triangular cooperation. The UNDP strategic plan (2008-2011) provides a results-oriented strategy to promote and accelerate sustainable human development, including the Millennium Development Goals, through South-South and triangular cooperation.¹⁴

DRIVERS OF SSTC: BENEFITS AND MOTIVES

Various literatures have pointed out the benefits of SSTC. The benefits of SSTC can be categorised according to the actors involved, for example as done by a publication by OECD.¹⁵ Another study by Ashoff, et.al¹⁶ saw positive opportunities attributed to SSTC viewed from the objectives of the participants.

13 ILO, "South-South and Triangular Cooperation: the Way Forward," Room document for the 313th Session of the ILO Governing Body, Geneva, 1 February 2012. See also OECD, "Triangular Cooperation: What's the Literature Telling Us?" Special Report (2013).

14 UNDP and UNPF (United Nations Population Fund), "Draft Fourth Cooperation Framework for South-South Cooperation (2009-2011)," Report prepared for the second regular session 2008, Executive Board of the UNDP-UNPF, New York, 8-12 September 2008. See also OECD, "Triangular Cooperation: What's the Literature Telling Us?"

15 OECD, "Triangular Cooperation: What's the Literature Telling Us?" According to this OECD report, for providers, the benefits of SSTC include: (a) promotion of mutual learning among the partners involved; (b) building on and sharing of developing countries experiences and know-how; (c) helping to scale up successful cooperation activities; (d) cost-effective; (e) promoting new forms of partnership more adapted to development challenges and more responsive to increasingly complex development contexts; and (f) strengthening capacities of pivotal countries to provide development cooperation, making relations between 'Northern' and 'Southern' providers more horizontal. For the pivotal countries, the benefits of SSTC are to: (a) provide financial support to South-South cooperation; (b) strengthen technical capacity for implementing South-South cooperation; (c) create opportunities for networking and knowledge sharing with providers of development cooperation. Finally, for the beneficiary countries, the benefits of SSTC are to: (a) facilitate communication and networking with pivotal countries; (b) provide additional technical and financial support from providers of development cooperation to South-South cooperation.

16 Guido Ashoff et al, "Triangular Cooperation: Opportunities, Risks, and Conditions for Effectiveness," World Bank Institute Special Report (2010).

The big question in this case is whether these benefits and opportunities are evidently materialised in the development and implementation of SSTC. One study argues that the drivers of SSTC in Asia Pacific region is much related to fact that emerging countries like Korea, Taiwan, Hong Kong, China, Singapore, India and countries have accumulated considerable expertise and capabilities in their process of development.¹⁷ These emerging countries are making new, more ambitious commitments; and the emergence of new growth poles in different regions in the South is reshaping the economic geography and creating new dynamics in trade, investment and development cooperation from and within the South.¹⁸

Box 5:
Benefits of SSTC

For the traditional development assistance countries:

- a. increase aid effectiveness, by transferring successful aid experiences to third countries (scaling up)
- b. increase aid efficiency, reducing costs by contracting experts from emerging providers of development cooperation
- c. substitute aid programmes in third countries for programmes by emerging providers of development cooperation
- d. phase out development cooperation with emerging countries in an orderly manner
- e. build the capacity of development cooperation agencies in emerging donor countries to increase the capacity of the international development cooperation system
- f. sensitise new donors on the principles and procedures of effective aid.

17 Naagesh Kumar, "South-South and Triangular Cooperation in Asia-Pacific: Towards a new Paradigm in Development Cooperation," UNESCAP Working Paper, Macroeconomic Policy, Development Division, WP/09/05 (2009).

18 Ibid. Kumar also argues that there is a growing proportion of intra-regional trade and investment flows in the region. The proportion of intra-regional trade in Asia has crossed 55 percent and the largest trade partners of most of the Asian countries are now within the region, while intra-regional investments in Asia have also been rising with the emergence of China and India as sources of outward investments besides other established sources, for example Singapore, Malaysia, China, and Korea. In addition, there is also recognition of *regional interdependence and rise of regional cooperation*, as, according to Kumar, the bulk of SSTC is undertaken intra-regionally as the acknowledgement of the importance of regional interdependence. Finally, another driver of SSTC is related to the *growing interest of Northern donors* in supporting SSTC initiatives. as traditional donors acknowledge the potential of triangular development cooperation, which is seen as a win-win approach to meet the ends of both Northern as well as Southern partners.

For the emerging providers of development cooperation:

- a. scale up South-South cooperation by involving traditional development assistance countries and thereby mobilising additional resources
- b. improve the quality of South-South cooperation by involving traditional development assistance countries and transferring successful experience
- c. be a means to use the experience and the support of traditional development countries to build the capacity of their own development cooperation agencies
- d. increase their visibility as emerging donors
- e. promote regional cooperation and integration.

For the beneficiary countries:

- a. increase the value for money of development assistance by contracting less expensive experts from emerging donors instead of experts from traditional donors
- b. show the similarities between emerging donors' experiences and their own needs as they look for more appropriate solutions to development problems
- c. show the linguistic and cultural similarities with the emerging donors
- d. allow contacts with experts from emerging donors after completing the projects (experts from traditional donors could be out of reach once projects are completed)
- e. promote regional cooperation and integration.

Source:
Guido Ashoff et al, "Triangular Cooperation: Opportunities, Risks, and Conditions for Effectiveness," World Bank Institute Special Report (2010).

CHALLENGES AND RISKS OF SSTC

One study identifies some practical challenges for the implementation of SSTC, which include *coordinating* partners, involving beneficiary countries in projects, and enlarging the scale and scope of triangular cooperation projects.¹⁹ The main obstacle to effective triangular cooperation is the issue of coordination among partners, as the presence of multiple stakeholders may hamper harmonisation and increase transaction costs as the result of: (a) Existence of distinct

19 United Nations Economic and Social Council, "Trends and Progress in International Development Cooperation," Report of the Secretary-General on 23 May 2008.

procedures in partner institutions from different countries (for example, organisation of work at field level, performance assessment frameworks, evaluation techniques); (b) Longer negotiations on the operational aspects of the project/programme; (c) Difficulties agreeing on common standards/procedures for monitoring and evaluating projects; (d) Unclear division of roles and responsibilities leading to inefficiencies in implementation.²⁰

Another challenge is related to the *availability of data* of the SSTC, or in other words there is a problem on data collection and reporting as well as information regarding the financial flows of development assistance.²¹ This will in turn hinder the effective evaluation of development assistance. There is also the lack of a coordinated effort at data collection across government ministries and agencies at the country level so that there is no single credible source for data.²² The lack of data of SSTC initiatives revolves around the lack of clear institutional and coordination structure for managing and monitoring development cooperation.²³

20 Ibid. Further challenges of SSTC stress on the coordination and interaction at the country level. *First*, SSTC is subject to relatively little evaluation beyond scrutiny of the timeliness and completion of projects. This reduces missions and studies, lowering the transaction costs of the Government of programme countries. There will be a reduced longer-term perspective on the sustainability or wider development impact of the project. The SSTC is also subject to much less evaluation with respect to environmental and social impact. *Second*, most contributors to SSTC do not participate in formal harmonisation initiatives with other donors, except through some regional and country-led forums. *Third*, because of their rejection of policy conditionality, contributors to SSTC have not been deeply involved in policy dialogue with the implementing country at the national level, although they are participating more regularly in recipient country-led donor coordination meetings. See also United Nations Economic and Social Council, "Trends and Progress in Triangular and South-South Cooperation," Report of the Asia Pacific Regional DCF, Bangkok, 21-22 October 2008.

21 Ibid.

22 Ibid.

23 One important challenge facing Southern development partners is that there is no single government ministry or agency responsible for the country's cooperation programme. In such situation, there is no overarching institutional structure, which enables the Southern partner government to have an overview of its development cooperation in aggregate. For many countries, this means that data are unlikely to be collected and compiled centrally. See more in UN ECOSOC, "South-South and Triangular Cooperation: Improving Information and Data," Report prepared for the UN Development Cooperation Forum 2010, 4 November 2009.

MODELS OF SSTC MECHANISM AND STRATEGIC FRAMEWORK

There are different models of development cooperation in various other developing countries. Understanding development cooperation models, practices and motivations of some of these large emerging economies is a tall order. There are considerable knowledge gaps, particularly due to incomplete data, which makes a wholesome understanding even more difficult.

It should be noted that these “models” vary to a great degree, and are often very situational, i.e. what works in one country might not be applicable to another. Nonetheless, learning about the experiences of other emerging development partners may provide insight and new ideas on how the international development cooperation functions.

Among the various possibilities of case studies, this study chooses to discuss two models of SSTC mechanism, namely that of Thailand and South Korea. The Thai case is considered interesting because: (1) geographic closeness to Indonesia, which gives similarities with regards to regional dynamics; and (2) Thailand’s Overseas Development Assistance has been considered a good practice by UNDP.²⁴ The South Korean case is also considered interesting to be further discussed mainly because it is a very good example of a successful transition from an aid recipient country to a full-fledged donor partner. This study acknowledges the existence of other interesting cases of emerging donors such as Brazil and Mexico; nonetheless, other studies have made detailed elaboration of the other cases, and this study prefers to chose case studies that are closer in terms of characteristic to Indonesia, i.e. a Southeast Asian state and is going through transition to becoming a donor partner.

24 UNDP, “Enhancing South-South And Triangular Cooperation: Study of the Current Situation and Existing Good Practices in Policy, Institution, and Operation of South-South and Triangular Cooperation” (New York: 2009).

LEARNING FROM ANOTHER SOUTH COUNTRY: TICA AND THE THAILAND EXPERIENCE²⁵

Thailand has been a provider of Overseas Development Assistance (ODA) since 1992. Most of Thailand's ODA goes to its neighbouring countries such as Cambodia, Lao PDR and Myanmar. The main Thai government bodies of ODA are the Thailand International Development Cooperation (TICA) of the Ministry of Foreign Affairs, the Export-Import Bank of Thailand (EXIM Thailand) and the Neighbouring Countries Economic Development Cooperation Agency (Public Organisation) (NEDA) which is based in the Ministry of Finance.

The initial step to establish a SSTC mechanism is to create a strategic framework. TICA in 2007 has developed a *Strategic Framework for provision of Thai ODA*, which calls for a fully collaborative pattern of ODA. Prior to formulating this strategic framework, TICA worked together with various stakeholders. The Framework was assessed and approved by the Committee on Technical and Economic Cooperation Policy, chaired by the Ministry of Foreign Affairs which includes key line Ministries of Thai government involved in ODA. TICA also consulted non-governmental organisations representing the Private Sector which include Thai Chamber of Commerce and the Federation of Thai industries. This Framework also reflects the Paris Declaration on Aid Effectiveness.

The structure of the Framework reflects, *first*, the 'mission' of Thailand's ODA, which include among others, to: (a) promote good practices in technical cooperation; (b) promote human resources and capacity development of individuals and institutions; and (c) jointly work under the partnership framework with major funding agencies to support developing countries. *Second*, it explains the 'objectives' of Thailand's ODA, which include, among others: (a) supporting developing countries in reducing poverty by increasing their capabilities for sustainable development; and (b) strengthening cooperation at regional and sub-regional levels to boost social and economic development. *Third*, the Framework also explains about the 'targets': (a) good relationships and strengthened ties with

25 This section derives heavily from the following sources: Thailand International Development Cooperation Agency (TICA) "Thailand Official Development Assistance Report 2007-2008," (2009); Thailand International Development Cooperation Agency (TICA), "Annual Report," (2009); and Mark Miller and Werapong Prabha, "Strategic Review of Thailand's International Development Cooperation," Draft Report for United Nations Joint Team in International Cooperation (2013).

other countries; and (b) promote economic, social, and technical cooperation between Thailand and partners in the region and sub-region. *Fourth*, the Framework elaborates the 'strategies', which include, among others: (a) the promotion of Thailand as centre for international human resource development; (b) promote proactive cooperation; (c) the promotion of regional and sub-regional cooperation and (d) extending partnership for development cooperation.

An important pre-requisite for Thailand's SSTC implementation is maintaining coordination with ministries and agencies that provide Thailand's ODA. In Thailand, grant ODA is provided by four institutions: TICA, the Neighbouring Countries Economic Development Agency (NEDA) in the Ministry of Finance, the Department of International Organisations (DIO) in the Ministry of Foreign Affairs, and the line ministries.

Providing information is an important factor in effective SSTC implementation. In the Thai case, at first there was no centralised collection of information on overall Thai ODA. Some ministries or agencies might have complete information but some did not. UNDP has since assisted in improving the information collection mechanism of Thailand's ODA. As the result of UNDP's efforts, first, there is now a clearer understanding of what constitute ODA according to OECD definition. Second, TICA was given the responsibility for explaining the definition of ODA and for collecting as complete information as possible on all ODA provided by Thai ministries and agencies. TICA in this case became the 'institution in charge' for data collection and disseminating information on Thai ODA's. The data is now computerised and widely accessible within Government and beyond. Finally, to support the data collection, a Sub-Committee on ODA Data Collection was established in 2004 and was chaired by TICA's Director General.²⁶

Learning from the Thai experience, the success of SSTC seems to depend on a number of factors: national policy mechanisms for coordination, sufficient budget allocation, the availability of data and information of SSTC activities, comparative advantage element, and demand-driven factors. In order to have effective SSTC initiatives, each country needs

26 "The Thailand Official Development Assistance Report 2007-2008" further states that, "The members include representatives of the main donors of ODA in the Royal Thai Government. Now the donor Ministries and Agencies are talking to each other. This will eventually lead to better coordination of ODA. In the shorter-term, the information on Thai ODA is now much better, more complete, and more easily available. The first comprehensive report on Thai ODA makes use of the improved information."

to formulate national policy on SSTC and articulated strategies based on the policy. Political will and strong commitment and capacity of the government are also essential.

UNDP considers “The Strategic Framework for Thai ODA” as a good practice for ODA,²⁷ and lists the following factors that contribute to the success of Thai’s comprehensive framework: (1) TICA’s long-standing role as ODA coordinating agency is well understood and accepted by all ODA partners/actors; (2) Conducive policies of the Thai government; and (3) The taskforce and other reviewers/approval committee of the Framework have solid experiences in ODA planning and implementation.

Box 6:
The Strategic
Framework
for Thai ODA

Why is “The Strategic Framework for Thai ODA” considered a significant factor for Thailand’s SSTC success?

First, it was developed through a genuinely participatory process. A task group made up of 15 members from concerned ministries, private organisations, NGOs and CSO was established to prepare the first draft. Several consultative workshops were held with concerned ministries, private organisations and stakeholder representatives at both policy and operational levels. The private sector was also consulted. The draft was then reviewed and approved by the Committee on Economic and Technical Cooperation Policy chaired by the Minister of Foreign affairs, which includes the key line ministries’ involved in Thai ODA.

Second, the Framework provides a clear vision, direction, and strategies for ODA provision among various actors. It also reduces duplication or conflicts in ODA objectives across different projects/programmes.

Third, the Framework incorporates and builds upon the key characteristic of Thai ODA over the years, which include: North-South-South and South-South patterns of cooperation; support for sub-regional and regional integration; and activities that draw on Thai development experience. This is to ensure that Thai technical assistance will be provided through appropriate and well-know channels.

Source: UNDP, “Enhancing South-South And Triangular Cooperation: Study of the Current Situation and Existing Good Practices in Policy, Institution, and Operation of South-South and Triangular Cooperation” (New York: 2009).

27 UNDP, “Enhancing South-South And Triangular Cooperation.”

Fourth, to ensure the application of the Framework, Thai International Cooperation Agency (TICA) together with key lines ministries have developed an ODA Provision Action Plan in core areas, including education and health.

TRANSITIONING FROM A BENEFICIARY COUNTRY TO A DONOR PARTNER: LEARNING FROM THE SOUTH KOREAN EXPERIENCE

South Korea has successfully shifted from a 'heavily' aid recipient country to a donor partner. After the Korean war ended in 1953, South Korea was known as one of the poorest countries in the world with per capita GDP US\$ 67. South Korea received up to US\$ 12.8 billion of aid and loan from the international community. Despite such a huge amount of loan, South Korea has become a shining example of a country that succeeded in avoiding the so-called "foreign aid trap." Instead of falling into chronic dependence on foreign aid, South Korea has used incoming aid as a catalyst for economic and social development, as much of the aid went into building key infrastructure, while other supporting policies concentrate on land distribution and investment in human capital, which laid the foundations for structural change, and economic growth in Korea.²⁸

Between 1965 and 1989, foreign aid in the form of grants fell dramatically in both absolute and relative terms. By the 1980s, aid had fallen to 0.6 per cent of GNP from 9.3 per cent in 1960, which was one of the most impressive improvements in the world at that time. South Korea was delisted from the OECD's aid recipient countries in 2000 and joined OECD DAC in 2010 to become the first nation to reach the donor ranks from the pool of least developed nations. Despite such effort to rebuild and restructure its economy, Korea's overseas aid or we might be able to label it as the 'embryo' of SSTC began in the 1970s with small-scale training programs in other developing countries and supported by USAID. The training was intended to strengthen its diplomatic ties with partner countries.

South Korea further demonstrated its commitment by establishing the Economic Development Cooperation Fund

28 Cho Tae-yui, "Korea's ODA Policy and its Role as a Bridge between Advanced and Developing Countries," available at http://www.koreafocus.or.kr/design2/layout/content_print

(EDCF) in 1987 and the Korea International Cooperation Agency (KOICA) in 1991 to establish the institutional basis for official development assistance. The establishment of the two institutions has supported the increase in Korean overseas aid to other countries. The EDCF has been entrusted to the Export-Import Bank of Korea (EximBank) by the Ministry of Finance and Economy (MOFE) or later known as the Ministry of Strategic Finance (MOSF). Meanwhile KOICA was established under the Ministry of Foreign Affairs and Trade (MOFAT) to provide grants and technical cooperation programs to developing countries.²⁹

Legal framework

EDCF and KOICA were established by two separate Acts, which define the goals of Korea's bilateral ODA as: *first*, the promotion of mutually co-operative relationships; and *second*, the economic and social developments of developing countries.³⁰ Previously, there was no over-arching legal framework for development cooperation in South Korea. This was corrected when South Korea enacted the Framework Act on International Development Cooperation (Framework Act) and the Presidential Decree on International Development Cooperation, which came into force in July 2010 and laid the legal basis for a more effective ODA system.³¹ The Framework Act defines the basic principles, objectives, the role of the Committee for International Development Cooperation (CIDC), formulation of the Mid-term ODA policy, roles and functions of agencies supervising international development cooperation, selection of priority partner countries, evaluation, support for civil organization, and public relations to enhance transparency

29 OECD, "Korea: Development Assistance Committee (DAC) Peer Review," (2012)

30 Ministry of Foreign Affairs and Trade and OECD, "Development Co-operation of the Republic of Korea: DAC Special Review," (2008).

31 See the website of ODA Korea, <http://www.odakorea.go.kr>

and public participation.³² The Presidential Decree stipulates the detailed mandates for the enforcement of the Framework Act.³³

In addition to the Framework Act and the Presidential Decree, there are other regulations related to specific ODA agencies and activities: (1) Act on the Measures for the Admission to International financial Institutions (enacted in 1963), which regulates membership in international financial institutions and measures to discharge the responsibilities as a member prescribed in the agreements; (2) Economic Development Cooperation Fund Act (enacted in 1987) which regulates the establishment, operation and management of the economic development cooperation fund as concessional loan; (3) Korea International Cooperation Agency Act (enacted in 1991), which sets out the foundation of Korea International Cooperation agency (KOICA) and its mandates to carry out grant aid projects and technical cooperation; and (4) Overseas Emergency Relief Act (enacted in 2007), which prescribes the matters for overseas emergency relief.³⁴

Institutional Setting and Mechanism³⁵

There are two main pillars in the South Korean aid architecture. The Ministry of Foreign Affairs and Trade (MOFAT) is responsible for roughly half of all bilateral ODA through grants implemented by its executing agency, KOICA. Ministry of Strategic Finance (MOSF) is responsible for roughly the

32 The Framework Act (Article 3) identifies the following five basic principles of the Korea's International Development Cooperation: (i) reduce poverty in developing countries; (ii) improve the human rights of women and children, and achieve gender equality; (iii) realize sustainable development and humanitarianism; (iv) promote cooperative economic relations with developing partners; and (v) pursue peace and prosperity in the international community. Under these principles, objectives of the Korea's International Development Cooperation are to achieve the following matters: (i) alleviate poverty and improve the quality of life of people in developing countries; (ii) support partner country's development and improve the system and conditions for such development; (iii) reinforce friendly relations with developing countries; (iv) contribute towards the resolution of global problems related to international development cooperation; and (v) other matters deemed necessary for realizing the basic principles. See further details on the website of ODA Korea (<http://www.odakorea.go.kr>)

33 Ibid.

34 Ibid.

35 This section derives heavily from Ministry of Foreign Affairs and Trade and OECD, "Development Co-operation of the Republic of Korea: DAC Special Review," (2008).

other half, overseeing the loan implemented through the Korea EximBank's EDCF. With regards to multilateral aid, MOFAT is responsible for managing fund from UN agencies, while MOSF is responsible for fund from international development banks. Meanwhile, 30 other ministries, agencies and municipalities execute small development assistance projects by using their own budget lines, which are detached from MOFAT and MOSF.

South Korea has also introduced the mid-term Country Assistance Strategies (CAS) for the priority countries. The CAS set out South Korea's strategy and planned activities. Currently KOICA and EDCF produce a separate CAS for a given country. The existing legal framework is complemented by South Korea's Strategic Plan for International Development cooperation and its Mid-term ODA Policy for 2011-2015. The main purpose of Korea's legal and strategic framework is to improve the management of Korea's aid funded grants and loans, particularly by strengthening the CIDC.³⁶

Improved Coordination

Although MOFAT/KOICA and MOSF/EDCF consult each other, they follow separate policies and strategies in the same partner countries. Thus, coordination in providing ODA was a major issue in South Korea. With four main actors and about 30 other ministries, agencies and municipalities with separate aid portfolios, the South Korean system was considered fragmented and there was lack of coordination. To overcome this problem, the Committee for International Development Cooperation (CIDC) was established in 2006. CIDC is led by the Prime Minister and is comprised of ministers and civil society representatives with a mandate to deliberate the key policies and plans of Korea's development assistance.³⁷ The effectiveness of CIDC is currently being reviewed.

Box 7:
South Korea's
Success

According to a report by the Development Assistance Committee (DAC) Peer Review in 2012:

“Korea unified vision for its development assistance is being translated into policy, strategy and programmes under the auspices of its Committee for International Development Cooperation (CIDC), chaired by Korea's Prime Minister. The CIDC's mandate has been strengthened

³⁶ Ibid.

³⁷ OECD, “Korea: Development Assistance Committee (DAC) Peer Review.”

by the Framework Act on International Development Cooperation and the Presidential Decree on International Development Cooperation. This new legislation defines CIDC's role and responsibilities more clearly, which include overseeing ODA policy, strategy, coordination, evaluation and other development related issues. The Prime Minister Office (PMO) shares responsibility for managing Korea's ODA with MOFAT and MOSF and is responsible for coordinating Korea's development cooperation. Korea's development cooperation is carried out largely by two agencies: grants are managed by the Korean International Cooperation Agency (KOICA) under supervision of MOFAT; and loans are the responsibility of the Economic Development Cooperation Fund (EDCF) under the supervision of MOSF."³⁸

"...at the centre of Korea's aid system is the strengthened and high-level Committee for International Development Cooperation (CIDC). CIDC is chaired by the Prime Minister and comprises 15 ministers, the heads of KOICA and Eximbank, and seven civilian experts appointed by the Prime Minister. The CIDC that was established in 2006 as the country's highest decision making body – an ODA control tower- to oversee and strengthen policy and coordination and the strategic aspects of Korean ODA. The Framework Act confirms these responsibilities, and under the chairmanship of the Prime Minister, the CIDC has de facto authority to direct all ministries as decreed by the President....The agenda and the key decisions of the CIDC meetings are made public on the Korea ODA website. At the policy level, the CIDC is supported by a Working Committee chaired by the Vice Minister for Government Policy of PMO that meets at bureau-chief level and includes seven civilian experts as members. The Working Committee is responsible for setting the agenda for deliberations by the CIDC."³⁹

Existing Challenges

Compared to other OECD countries, South Korea's aid is relatively still small. Increasing ODA requires making hard political choices concerning increasing revenues and/or shifting

38 Ibid.

39 Ibid.

spending from other areas.⁴⁰ This involves ensuring a focus on a limited number of sectors to ensure aid effectiveness, as South Korea needs to determine its comparative advantage and focus in real term, limiting itself where possible to two or three sectors in each partner country and in coordination with other donors.⁴¹

Moreover, there is not yet information on budget or supplementary documentation which clearly sets out South Korea's aid expenditure in each country and sector and which is easily accessible to stakeholders even though progress is made through the Korea's ODA website.⁴² There needs to be accessible documentation on Korea's development cooperation policy, strategy, procedures and budget.

CHAPTER CONCLUSION: LESSONS LEARNED FOR INDONESIA

A classic problem faced by all new providers in development cooperation is the domestic coordination issue. This is a complex matter as it relates to procedures, negotiation, and evaluation mechanisms. At the national level, these countries come across problems in defining the work division among key actors and the sharing of responsibility. Such problems consequently hinder good implementation of the programmes.

Learning from the experiences of other countries, it seems that the role of a national-level institution responsible in the planning and implementation of the programmes is imperative. The effectiveness of this national-level institution is supported by clear institutional framework, vision and mission. Tasks are designed through a participatory mechanism in coordination with other relevant institutions. Availability of information is a key feature, and there is ongoing consultation with non-governmental organisations and business sector to allow support and common understanding.

40 Ministry of Foreign Affairs and Trade and OECD, "Development Co-operation of the Republic of Korea: DAC Special Review."

41 Ibid.

42 Ibid.

CHAPTER

3

Mapping Indonesia's
South-South and
Triangular Cooperation

BECOMING A DEPENDABLE partner in providing effective South-South cooperation is now an objective for Indonesia, which is reflected by Indonesia's efforts to improve the mechanism and implementation of its SSTC in recent years. Indeed, the financing mechanisms are taking new forms, and Indonesia's development cooperation with other middle-income countries is being further elaborated. With an increasingly important role in development cooperation, nonetheless, Indonesia appears to still come across various challenges in the establishment of a solid development cooperation mechanism and institution.

To review Indonesia's policy and implementation on South-South and Triangular Cooperation (SSTC), a comprehensive mapping is needed. This chapter provides a picture of the concrete measures already taken in connection with legal framework, institutionalisation, funding as well as monitoring and evaluation.

INSTITUTIONALISATION AND COORDINATION MECHANISM

Indonesia does not have a single entity that oversees its development cooperation activities. Consequently, without a single entity assuming responsibility, coordination is definitely an issue. Nonetheless, Indonesia has the South-South Cooperation Development Coordination Team (hereinafter referred to as the Coordination Team), which was been established by virtue of Decree of the Minister/Head of Bappenas No. 67/M.PPN/HK/05/2011 (later revised and replaced by Decree No. 101/M.PPN/HK/11/2011, and later again by Decree No. 51/M.PPN/HK/03/2013).

The Ministerial Decree serves as the basis for the revitalisation of cooperation between the State Secretariat, Ministry of Foreign Affairs, Bappenas and Ministry of Finance. The involvement of the four institutions is not apart from their respective function. The State Secretariat is much experienced in implementing triangular cooperation and facilitation of development assistance in Indonesia. The Ministry of Foreign Affairs has the function of handling foreign policies and issues related to the diplomatic line. Bappenas is responsible for development planning, while the Ministry of Finance handles the financial planning. Three Working Groups are also formed within the Coordination Team.

The decree also designates the members of the Coordination Team, and the establishment of a Steering Committee, a Technical Committee, and support staffs. The Steering Committee provides direction and approval on the development of the SSTC. The Technical Committee executes operational duties such as perfecting the Grand Design and Blue Print, preparing the implementation schedule and work plan, coordinating activities and preparing draft cooperation policies, including preparing cooperation activity materials. Meanwhile, the function of the support team is to execute the secretariat duties and data collection.

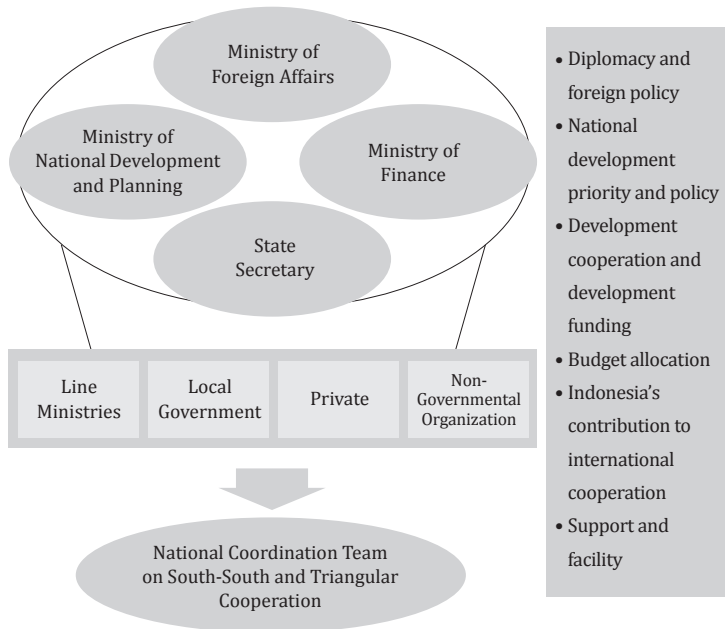


Figure 1:
The Structure
of the National
Coordination
Team

The establishment of the Coordination Team is also aimed at strengthening the pillars of development cooperation, which include the financing of cooperation programmes, resource capacity building and policy development, as well as international cooperation. At the time of writing, the Coordination Team has successfully prepared several key documents, including:

1. Draft of the Grand Design
2. Draft of the Blue Print
3. Preparation of 17 Standard Operating Procedures (SOP) for various work areas
4. Formulation of flagship programmes (in the draft Blue Print)
5. Evaluation Guidelines

Figure 2:
Role and
Function
of Line
Ministries



Coordination meetings have been conducted intensively amid the activities of the respective ministries/institutions. However, the consensus reached during the meeting of the four institutions often does not culminate in follow-up to actual implementation. This study found that the workload of the members of the Coordination Team at their respective

ministries/institution is often blamed for the lack of follow-up endeavours, although it is not the only factor. There are other factors that complicate follow-up measures, such as unclear chain of command and unclear mandates.

A mechanism for request submission is available online on the Coordination Team's website for countries wishing to receive development assistance. They can fill in the template provided and apply the desired assistance. This is an interesting mechanism, which, however, as this study found, has so far not functioned. Requests for assistance from Southern countries are usually submitted through communication between heads of government or between high-ranked officials in the respective ministries. Therefore, the priority for the determination of activities or programmes is established at the individual line ministries. This reflects the fact that the Coordination Team has not functioned as the intended one-door regulator.

LEGAL BASIS AND REGULATORY FRAMEWORK

Adequate legal basis is clearly necessary in order to ensure that SSTC can be implemented effectively with clear accountability mechanism. The draft of the Grand Design (Introduction, section B) and Blue Print (Chapter II, section A) list the legal basis for SSTC activities. This includes Law No. 17 on Long-term Development Plan 2005-2005, Presidential Decree No. 5 Year 2010 on RPJMN 2010-2014, Jakarta Commitment on Aid for Development Assistance, Presidential Decree No. 32 Year 2011 on the Master Plan for the Advancement and Expansion of Indonesia's Economic Development 2011-2015, and 7 other legal references, which are Law No. 37 Year 1999 on Foreign Relations, Law No. 24 Year 2000 on International Treaty, Law No. 17 Year 2003 on State Finance, Law No. 1 Year 2004 on State Treasury, Law No. 25 Year 2004 on the National Development Planning System, Cabinet Presidium Decree No. 81/U/KEP/4/1967 on the coordination for foreign technical assistance, and Presidential Decree No.60 Year 1981 on the structure of the member of the coordinating committee for foreign technical assistance.

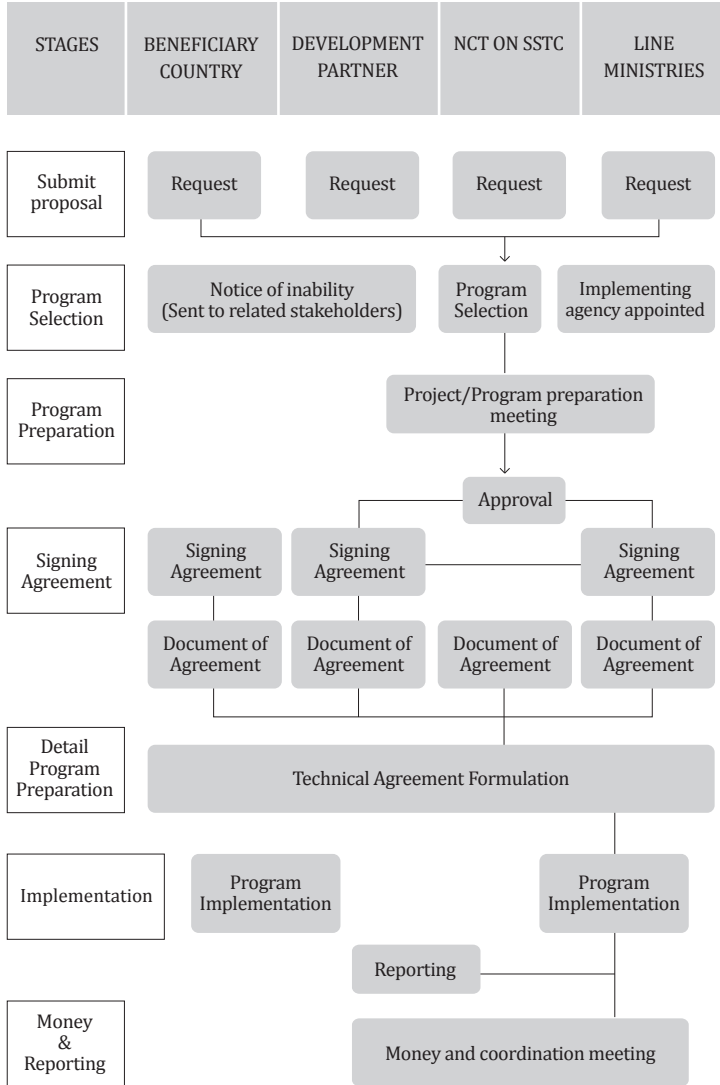
Indonesia's SSTC lacks the legal basis and regulation on two key issues: the implementation and institutionalisation of SSTC. It means that there is no adequate formal legal ground or regulation that regulates how SSTC is implemented, managed

and funded. The only official document, which provides direction, is the National Medium-Term Development Plan of 2010-2014, which sets out a mandate on policy and institutional strengthening. Indeed, a Grand Design is being prepared, which should serve as the basis and direction of policy for enhancing the SSTC to be more planned, integrated and directed in accordance with the global constellation and national interest. At the same time, a Blue Print is also being prepared, which will provide more concrete direction for implementation. Supplementary regulations are also required for providing guarantee that programmes and activities such as planning, activity implementation, institutional organisation, coordination as well as monitoring and evaluation can be implemented based on the legal basis.

New laws and regulations are highly required for supporting Indonesia's new role in the context of the implementation of the SSTC. For instance, the national legal framework related to foreign development assistance management still places Indonesia in the position of foreign development assistance recipient country. Such position should naturally change when Indonesia does not only receive development assistance but also acts as a provider. The existing laws and regulations have not been able to accommodate the integration of financial recording related to grant or development assistance provided by Indonesia to other countries.

It must be praised that the Coordination Team has so far drafted 17 Standard Operating Procedures (SOP). At this moment, SOP for the coordination mechanism and establishment of a coordination forum between the Coordination Team and development partners are being drafted. However, this study found that these drafts can not yet be implemented due to some issues in the Main Tasks and Functions of the relevant ministries and institutions.

Figure 3:
Standard
Operating
Procedure for
Triangular
Cooperation



CAPACITY AND COMPARATIVE ADVANTAGES

The draft Grand Design and Blue Print provide the guideline for the line ministries in planning their programmes by setting out Indonesia’s priorities and comparative advantages. According to the draft Grand Design, programme priorities determined by the SSTC are:

1. Capacity building in democracy and conflict resolution programme
2. Capacity building in the field of trading and export
3. Infrastructure and road construction programme
4. Family planning and reproductive health programme
5. Scholarship for developing countries
6. Capacity building in macro-economy, public finance and micro-economy
7. Capacity building in the field of community empowerment (the National Programme for Community Empowerment).

In the draft Blue Print, Indonesia's comparative advantage are categorised in the following sectors:

1. Poverty reduction
2. Agriculture and food security
3. Infrastructure
4. Disaster and climate change risk management
5. Human resource development
6. Corporate governance and establishment of peace
7. Development of science
8. Socio-cultural development
9. Macro-economy, economic management, public finance
10. Microfinance
11. Trading, service and investment.

Analysing some documents from past programmes carried out in some beneficiary countries listed in the priority list, particularly by correlating the findings to the frequency and scope of areas where the activities are implemented, this study has mapped the capacity of Indonesia in development cooperation (see Table 1). The indicators used in mapping the capacity are:

1. A strong track record that the area has been successfully implemented in Indonesia
2. The amount of budget that has been allocated for SSTC in that area
3. Area of coverage or number of countries where the programmes have been implemented
4. Number of donor or partners that have supported the implementation of program in the receiving countries.

| Sectors/Areas of Expertise | Advance | Moderate | To be Improved |
|--|---------|----------|----------------|
| Community Empowerment/PNPM | | X | |
| Artificial Insemination | X | | |
| Farmer Training | X | | |
| Disaster Risk Reduction and Climate Change | | | X |
| Capacity Building on Democracy and Conflict Resolution | | X | |
| Capacity Building on Trade and Export Program | | | X |
| Infrastructure for Road Program | | X | |
| Population and Family Planning | X | | |
| Scholarship for Developing Countries | X | | |
| Capacity Building on Macro Economics, Public and Micro Finance | | X | |

Table 1:
Indonesia's
Capacity in
Development
Cooperation

Indonesia has strong expertise in the agriculture sector, particularly in two areas: artificial insemination and training for farmers. Indonesia also has the experience and expertise in family planning, which was once a landmark success for Indonesia in the 1990s. Another sector is education, particularly through scholarships to study in Indonesia.

FUNDING SCHEMES

There is no exact data specifying the actual amount of development assistance provided by Indonesia. There are some available documents that state that the approximate total value of cooperation is about US\$ 49 million, but the accuracy of this amount is not exactly known. This is because it is not precisely stated in the budget which expenditures are categorised as expenses for the SSTC and which expenditures are not. In the absence of such exact amount, it is difficult to state the significance of Indonesia as a provider in the international development cooperation and no longer solely as beneficiary country.

STATE BUDGET

Implementing ministries or institutions do not have the obligation or the incentive to report their SSTC activities. As the result, there is no accurate, detailed data available related to the number or form of cooperation entered by Indonesia. There is no way to tell the total amount that originates from the State Budget.

There is no special/assigned budget item (or earmarking) for South-South Cooperation activities at all ministries. There was actually a proposal to create a special earmarking for the budget allocated for the development of the SSTC for the fiscal year 2013, with the purpose of knowing the amount of budget spent by Indonesia. However, this proposal was not implemented.

The Coordination Team has no specifically-assigned budget for SSTC either; therefore, budget for activities is still managed by each ministry or institution. At this moment, the Coordination Team is preparing an SOP for Planning and Funding through the State Budget, SOP for Funds Acquisition, SOP for Trust Funds and SOP for Funds Utilisation. These SOPs will serve as direction in funds management and programme financing by the Coordination Team.

Although there is no earmarking in the State Budget for SSTC activities, in general the existing budget is deemed inadequate. One study suggests that the scale of SSTC activities should be judged from percentage of Gross National Income (GNI) allocated for SSTC.⁴³ Among the Southeast Asian countries, Malaysia, Thailand and Singapore have been in the list of SSTC major developing countries. Indonesia's exclusion from the list reflects its insignificant financial contribution for SSTC activities. Nonetheless, it should be noted that Indonesia's exclusion from such list does not necessarily reflect the significance of its financial contribution. As noted in the previous part, the absence of data regarding Indonesia's SSTC-related activities mean that the actual figure of Indonesia's contribution is not clearly known. Without complete data, it is difficult to measure the percentage of GNI Indonesia has so far allocated for their annual SSTC-related activities.

TRIANGULAR COOPERATION WITH INTERNATIONAL DEVELOPMENT PARTNERS

As Indonesia does not have a centralised, designated funding for SSTC, Indonesia still to a degree relies on external funding, which is through triangular cooperation. However, there is no data regarding the total commitments and fund

43 Kumar Nagesh, "South-South and Triangular Cooperation in Asia Pacific: Toward a New Paradigm in Development Cooperation", paper presented in the Workshop Asia Pacific Development Cooperation Forum: Regional Workshop on Trends and Progress in Triangular and South-South Cooperation, Bangkok, 21-22 October 2008.

disbursement received from development partner countries and other multilateral institutions. The financing pattern of the triangular scheme in the respective ministries and institutions also varies depending on the agreements with providers as well as recipient countries.

For example, this study found that the Ministry of Foreign Affairs manages a list of requests for assistance from beneficiary countries. As funding from the state budget is very limited, this list is put on hold. When there are offers or availability of funding from partner countries and/or institutions, the ministry then contacts the beneficiary countries whether they would be willing if to carry out the programmes in a triangular scheme.

Another example from the State Secretariat is the Technical Cooperation among Developing Countries (TCDC) training, which sent of a delegation of expert staffs and provision of training to Rwanda. As the implementing ministry, the State Secretariat through its Foreign Technical Cooperation granted 15% of funds particularly to pay for the field trips and the expert staff, while Japan International Cooperation Agency (JICA) funded 85%, namely for the purchase of tickets. Other activities in partnership with different development partners may have different arrangement.

Although Indonesia relies on triangular schemes to fund its development cooperation programmes, the scale of SSTC should not be judged in terms of traditional indicators that are employed for evaluating the scale of DAC countries' economic assistance. Given its developing country status, Indonesia has limitations in providing concessional loans or grants, and Indonesia should be noted for its contribution in the form of projects of capacity building and sharing development experiences.

INVOLVEMENT OF THE PRIVATE SECTOR

Although still very limited, the private sector has been encouraged to get involved in international development cooperation through the Public-Private Partnership (PPP). This scheme has so far received very small attention from the business sector; however, as most are still waiting to see what benefits this would bring them.

As found by the Strategy Papers of this study,⁴⁴ the involvement of the private sector in the procurement of goods

44 The Strategy Papers are printed and bound separately from this Academic Paper. See page 26 for explanation.

and services in Indonesia's SSTC programmes have been very limited. On the purchase of services, private sectors involvement is more significant in the education sectors, where government granted equal opportunities for private and public universities in providing services to selected overseas students who studied in Indonesia on Indonesia's government scholarship. There is not yet an example where the private sector involved in the infrastructure development. Most of the time the private sector involvement in the infrastructure development is limited the provision of such services as resource persons in trainings, workshops, seminars and conferences but rarely in the construction of physical infrastructure.

MONITORING AND EVALUATION

Currently, the Coordination Team is also preparing an SOP for Monitoring and an SOP for Evaluation. At present, no regulations regarding monitoring and evaluation are in place, and there are no obligations to report results of SSTC activities to a centralized data collection mechanism. The current practice for triangular cooperation is that monitoring and evaluation are done by the development partners, and mostly are to assess the technical implementation. The line ministries that implement SSTC programmes are generally not well informed about monitoring and evaluation mechanisms.

The draft Grand Design and Blue Print have specific sections on Monitoring and Evaluation. It is also the focus of one of the Working Groups in the Coordination Team for Period I of the Grand Design.

KEY LINE MINISTRIES AND THEIR IMPLEMENTATION OF SSTC ACTIVITIES

SSTC programmes are carried out by many different ministries and institutions. In some ministries, these activities have taken place for decades. Below are four of the active ministries in implementing SSTC programmes.

MINISTRY OF EDUCATION AND CULTURE

There are three major programmes conducted by the Ministry of Education and Culture (MEC) in the framework of

SSTC, all of them are scholarships: Darmasiswa Scholarship, *Beasiswa Unggulan* (Scholarship for Prominent Students), and *Kemitraan Negara Berkembang* (KNB) Scholarship.

The Darmasiswa Scholarship is a non-degree socio-cultural scholarship offered to foreigners interested in learning various aspects socio-cultural sectors in Indonesia, such as art, music, culinary, and the Indonesian language. The programme takes place in 53 institutes of higher education in Indonesia. The programme was first launched in 1974 as an ASEAN initiative. At the start, the programme was intended only for students from ASEAN countries, which has since subsequently expanded and currently covers 64 countries. The programme consists of either 12-months or 6-months programmes. For the last 6 years, the number of students from South (developing) countries is 617, coming from 34 countries. Countries with the largest number of scholarship recipients are Cambodia (108 students) and Madagascar (91 students). Darmasiswa Scholarship is implemented by the Bureau for Overseas Planning and Cooperation of the MEC. The funding component of Darmasiswa Scholarship consists of educational and living costs, which in the last 5 years has a total of IDR 13,8 billion IDR for 617 scholarship recipients.

The second is *Beasiswa Unggulan*, which was first introduced in 2006. It is a special and tailor-made scholarship for Indonesian and foreign students to take undergraduate (Bachelor) and graduate (Master's) degrees. Funding assigned for *Beasiswa Unggulan* can be used for special programmes intended for applicants from specific beneficiary countries.

The third programme is the *Kemitraan Negara Berkembang* (KNB) Scholarship. It was based on the spirit of the 10th Non-Aligned Movement Summit in Bandung, thus designed specially for developing countries. KNB scholarships are available only for degree programmes. It is managed by the Directorate-General of Higher Education in MEC. In 2011 and 2012, there were 167 students from 54 countries receiving KNB Scholarships. The KNB Scholarship is fully funded by the state budget. For countries in the 'least developed' category, Indonesia provides full scholarship.

Table 2:
Scholarship
Programmes
with South-South
Cooperation
Priority
Countries

| No | South-south Cooperation Priority Countries | Number of Scholarship Recipients | | | | | | | | | | | |
|----|---|----------------------------------|-----|----|--------------------------|-----|----|--------------------------|-----|----|--------------------------|-----|----|
| | | Ongoing (2012/2013) | | | Targets for 2013/2014 | | | Targets for 2014/2015 | | | Targets for 2015/2016 | | |
| | | DRI | KNB | BU | DRI | KNB | BU | DRI | KNB | BU | DRI | KNB | BU |
| 1 | Laos | 9 | 5 | | 12 | 5 | 3 | 15 | 5 | | 18 | 5 | |
| 2 | Myanmar | 5 | 2 | | 8 | 2 | 10 | 14 | 2 | | 20 | 2 | |
| 3 | Afghanistan | 16 | 5 | 7 | 20 | 5 | 10 | 23 | 5 | | 26 | 5 | |
| 4 | Samoa | - | 2 | | 2 | 2 | 3 | 3 | 2 | | 4 | 2 | |
| 5 | Papua New Guinea | 1 | 3 | 20 | 3 | 3 | 3 | 4 | 3 | 4 | 5 | 3 | 5 |
| 6 | Timor Leste | 11 | 3 | | 12 | 3 | 2 | 13 | 3 | | 14 | 3 | |
| 7 | Suriname | - | 2 | | 2 | 2 | 5 | 4 | 2 | | 5 | 2 | |
| 8 | Palestine | 1 | 10 | | 3 | 10 | 10 | 5 | 10 | | 8 | 10 | |
| | Total | 43 | 32 | 27 | 62 | 32 | 46 | 81 | 32 | | 100 | 32 | 5 |

Note:

1. DRI: The *Darmasiswa* Scholarship.
2. KNB: The *Kemitraan Negara Berkembang* Scholarship.
3. BU: *Basiswa Unggulan*.

During our interview, this study found that the MEC regularly receives the list of priority countries from the Ministry of Foreign Affairs. This showcases good coordination between both ministries, which ensures that Indonesia's diplomatic considerations and national interest are taken into account when selecting the scholarship recipients. MEC also consults the Ministry of Foreign Affairs regarding quotas or scholarship allocations for specific countries.

Table 3:
KNB Scholarship:
The Cost
Projection
(in Rupiah)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|
| Tuition Fee | 9,027,360,000 | 12,808,800,000 | 14,287,600,000 | 20,081,600,000 | 22,129,600,000 |
| Living Costs | 426,950,000 | 784,500,000 | 866,900,000 | 1,106,400,000 | 1,302,450,000 |
| Airfare tickets (to and from countries of origin) | 1,962,000,000 | 4,086,000,000 | 4,428,000,000 | 5,058,000,000 | 5,850,000,000 |
| Scholarship Cost (subtotal) | 11,416,310,000 | 17,679,300,000 | 19,582,500,000 | 26,246,000,000 | 29,282,050,000 |
| 8% Overhead Costs | 913,304,800 | 1,414,344,000 | 1,566,600,000 | 2,099,680,000 | 2,342,564,000 |
| Total Cost | 12,329,614,800 | 19,093,644,000 | 21,149,100,000 | 28,345,680,000 | 31,624,614,000 |

Source: Bureau
of Planning and
International
Cooperation,
Ministry of
Education and
Culture.

In the context of triangular cooperation in education, Japan International Cooperation Agency (JICA) and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) have

been two important partners. Previous cooperation with GIZ focused on trainings on technical subjects, such as automotive, electronics, machinery, electricity, and infrastructure. There was also a special programme geared towards supporting cooperation programmes between Indonesia and Myanmar, in the form of teacher training. An example of a previous cooperation with JICA is the provision of training for Ethiopian teachers in mathematics and science. JICA also supported a training programme for teachers from Afghanistan.

For triangular schemes, costs of travel are usually covered by the third country (development partner), while Indonesia covers educational and living costs. One example is the training of Ethiopian teachers in the Indonesian University of Education (Universitas Pendidikan Indonesia/UPI) in Bandung. MEC covered the companion costs, UPI covered accommodation, local transportation, and facilities costs, while JICA covered the tickets, study tours, books, teaching tools, and honorarium for external teachers/lecturers.

MINISTRY OF AGRICULTURE

Ministry of Agriculture (MoA) has carried out SSTC-related activities since the 1980s. Generally, the format of these activities depends on the demands from the beneficiary country as well as support agreement from development partners in the case of triangular scheme. There are no rigid mechanism for requests for assistance. The requests can be conveyed, for example, during state visits from Indonesia to the relevant country or vice versa.

Table 4:
Some SSTC
Programmes
of the Ministry
of Agriculture
(2008-2013)

| Programs | Beneficiary Countries | Number of Participants | Costs | Note |
|---|---|---|---|---|
| TCDC Program (Technical Cooperation Among Developing Countries) | 38 Southern countries | 755 | | |
| Training and internship program in various fields of agriculture and livestock, including management, production innovation, irrigation, and post-harvest management. | 10 countries | 270 | Training costs were around 30 to 70 million per person. | The program was conducted in Indonesia. |
| The dispatch of technical experts | Madagascar, Cambodia, East Timor, Tanzania, Myanmar, Papua New Guinea and Fiji. | 34 | | Technical experts from Indonesia were sent to other countries |
| Assistance in tractors and other agricultural machinery (e.g. rice grinder machines) | East Timor, Cambodia, Myanmar, Vanuatu, Papua New Guinea, Fiji, Namibia | Each country received around 5 to 15 tractors and other machinery | | |

Note:

- This list does not include programmes conducted by Higher Education and Other Training Institutions such as the Indonesian Agency for Agricultural Research and Development.
- Not all programs disclosed its beneficiary countries and number of participants.

MoA's SSTC-related activities can be observed in Table 4. The general topic offered in trainings is capacity building to increase productivity in agriculture. MoA generally views training to be very effective in increasing the cooperation between countries because of its people-to-people communication.

In the last 5 years, MoA has been involved in technical development cooperation with at least 38 countries with 755 participants from Africa, Asia, Pacific Islands, Latin America, and the Middle East. Training and internship programmes have

been conducted at least with 10 countries and provided to 270 participants. The training material include, among others, livestock management, rural agriculture, artificial insemination, pre-harvest and post-harvest management, water management, women participation, production innovation, farming internship, and training of quarantine workers. The venues for the training were centralised in Java (Central Java, East Java, and West Java). MoA has also dispatched Indonesian technical experts to beneficiary countries.

MoA has also carried out procurement activities. One notable example in the recent years is the provision of tractors produced in Indonesia to a number of Pacific countries (among them are Vanuatu, Papua New Guinea, and Fiji), Myanmar, Cambodia, East Timor, and a number of countries in Africa (among them is Namibia). Interestingly, the provision of 5 tractors to Namibia was subsequently followed by Namibia's procurement of 50 tractors from Indonesia.

With regards to programme evaluation, bilateral mechanism between involved countries is usually agreed upon in the memorandum of understanding (MoU) of the project. One example that this study found during our interview is the project in Sudan, where the Sudanese government reported the programme development to the Indonesian embassy, which then conveyed the report to MoA. This example reflects a one-directional reporting. There has been generally no monitoring and evaluation done by the ministry, for example in the Sudan project, by dispatching officials to Sudan to conduct independent assessment. This study found that the ministry are not well-informed of the benefits and impacts of such programme towards the beneficiary country.

In addition to programmes conducted independently by MoA, this study found that there are also SSTC-related programmes implemented by the Indonesian Agency for Agricultural Research and Development (IAARD). The numbers may not be as big as the projects carried out independently by MoA, but nonetheless these have been important programmes (see Table 5).

Table 5:
Programmes
Implemented by
the Indonesian
Agency for
Agricultural
Research and
Development
(IAARD)

| Name of Programme | Year | No. of Participants | Cost (in Rupiah) |
|---|------|---------------------|------------------|
| Comparative Study for Farmer Agriculture Rural Training Center (FARTC) from Tanzania in Indonesia | 2008 | 3 | 200,000,000 |
| Expert dispatch to Cambodia, 1 Farm Machinery Technician | 2009 | 1 | |
| Expert Dispatch to Madagascar in Trilateral Cooperation between Indonesia-Madagascar-JICA) | 2009 | 11 | |
| Expert dispatch to Madagaskar 2009 | 2009 | 4 | |
| Apprenticeship of Myanmar farmers in Indonesia for 2 months. | 2009 | 3 | |
| Apprenticeship of farmers in Indonesia 2009. | 2009 | 2 | |
| Expert dispatch to Madagaskar 2010, 1 Farm Machinery Expert | 2009 | 1 | |
| TOT for Participatory Training Program on Agricultural Extension Methodology | 2009 | 19 | |
| Farm Machinery Technician dispatch to Papua New Guinea | 2010 | 1 | |
| Training of Trainers for Participatory Training Program on Agricultural Extension Methodology (Batch 3) | 2010 | 16 | |
| Training of Trainers for Participatory Training Program on Agricultural Extension Methodology (Batch 3) | 2010 | 3 | 100,000,000 |
| Agricultural Expert Dispatch to PNG and Fiji for 2 month | 2011 | | 300,000,000 |

MINISTRY OF PUBLIC WORKS

The Ministry of Public Works (MPW) is active in carrying out SSTC-related programmes. Their activities are mostly trainings and visits, which are organised together with the Ministry of Foreign Affairs, and mostly in a triangular scheme. During the in-depth interview, this study found that the ministry believes that there are important benefits that they can gain from these programmes, which include increasing the capacity and quality of human resources, and increasing technical cooperation between developing countries.

The trainings are mostly given on topics of spatial planning. More specifically, there are three main areas of focus: roads and bridges; water resources; and housing and sanitation. The ministry has a research and development division, which supports the ministry in providing the required preparation for training.

The training programmes are provided based on requests from beneficiary countries, and in coordination with the State Secretariat and Ministry of Foreign Affairs. The

initiatives may come from the Ministry of Foreign Affairs or the State Secretariat. In this regard, MPW places itself as “only” an implementing ministry, which means that it is not involved too much in, for example, the selection of the beneficiary country.

The triangular programme in Timor Leste, in cooperation with JICA is the biggest SSTC programme of MPW in recent years. This programme consists of a series of trainings, among them is on the topic of low-cost housing. Through its Education and Training Centre, the ministry contributed around 20% of the total project.

| Name of Programme | Countries | No. of Participants | Details |
|---|--------------------------------------|--|---|
| Training in Construction and Area and Bridge I-IV Rehabilitation (2011-2012) | East Timor | 39 | JICA and State Secretariat. The training was followed by a follow-up team to evaluate training results and gain feedback. |
| Training on Low-Cost Housing, International Training on Housing and Settlement (2011) | Cambodia, Laos, Vietnam, and Myanmar | 12 (Each country sent 3 representatives) | Conducted under the cooperation of <i>Badan Kejuruan Teknik Lingkungan</i> (BKTL), State Secretariat, and Research and Training Center on Settlements. |
| Planning Appraisal and Management of Infrastructure Project, 5 times (2009-2013) | Palestine | 82 | This program was a follow-up from the commitment of the President of the Republic of Indonesia in the New Asian-African Strategic Partnership (NAASP) conference in 2008. |
| Technical Exchange Program for Strengthening Solid Waste Management | Bangladesh | 6 | Supported by JICA. |
| Visit of Ministry of Public Works officials from Afghanistan to Indonesia | Afghanistan | 4 | Cooperation between Ministry of Public Works and Ministry of Foreign Affairs. |
| Workshop in Infrastructure (2012) | Afghanistan | 50 | Cooperation between Ministry of Public Works and Ministry of Foreign Affairs. Indonesia sent 3 experts as speakers. |
| International Training on Developing and Maintaining Roads (2013) | Afghanistan | 10 from Afghanistan and 3 from Indonesia | Cooperation between Ministry of Public Works and Ministry of Foreign Affairs. |
| Comparative Study with Nigerian Officials in Irrigation and Agriculture | Nigeria | 13 | Supported by IDB. |

Table 6: Programmes under the SSTC Framework in the Ministry of Public Works

MPW has a standard module that it uses for its training programmes, both for domestic participants and international trainings. In triangular schemes, MPW designs a specific Terms of Reference based on the standard module. The standard module can be adjusted to the needs of the beneficiary countries, and also, for long-term or continuous programmes, it can be modified according to the progress (or sometimes setback when new hindrances are come across) that occur.

MINISTRY OF FOREIGN AFFAIRS

Together with Bappenas, Ministry of Foreign Affairs (MoFA) are co-chairs of the National Coordination Team. MoFA regularly manages SSTC programmes, for which it has annual budget. This study found that MoFA manages a list of requests for assistance from beneficiary countries. Based on this list, MoFA contacts relevant ministries or institutions to become technical executioners. This means that MoFA's SSTC activities as in cooperation with implementing ministries.

Although a lot of the demands are compatible with Indonesia's capabilities, not all demands can be fulfilled, because of limited resources. The involvement of a development partner in a triangular scheme, especially to support funding, has thus been pivotal. This study found that MoFA has a budget of around IDR 5,3 trillion for SSTC programmes in 2014.

MoFA's SSTC activities are very much influenced by the dynamic changes in Indonesia's international relations. Several SSTC programmes were designed in line with the annual priority programmes conducted of the ministry. For example, in 2011, SSTC programmes were designed based on Indonesia's chairmanship of Association of Southeast Asian Nations (ASEAN). In 2013, they were planned accordingly with the activities and planning of Indonesia's chairmanship in the Asia Pacific Economic Cooperation (APEC).

Table 7:
SSTC Activities
Managed by
the Ministry of
Foreign Affairs

| No | Activity | Year | No. of Participants | Cost (in Rupiah) |
|----|---|------|---------------------|--------------------|
| 1 | Apprenticeship Program for Gambian Farmers | 2008 | 5 | Data not available |
| 2 | International Training Programme on Operational Management of Microfinance for Cambodia, Lao PDR, Myanmar, Vietnam, Papua New Guinea, and Timor Leste | 2008 | 16 | Data not available |
| 3 | Business Incubator to Develop the Palestinian SMEs | 2008 | 8 | Data not available |

| No | Activity | Year | No. of Participants | Cost (in Rupiah) |
|----|--|------|---------------------|--------------------|
| 4 | International Workshop on Women empowerment in Economic Development: Promoting Women's Productivity | 2008 | 18 | |
| 5 | International Training on Development of Renewable Energy: Its role in Rural Socioeconomic Development | 2008 | 13 | Data not available |
| 6 | International Training Program on Microfinance for Asian - African Countries: Establishing and Managing Microfinance Institution | 2008 | 11 | Data not available |
| 7 | International Training on TV Documentary Program Production | 2008 | 10 | Data not available |
| 8 | International Workshop on Enhancing South-South Cooperation Roles on Disaster Risk Management in Asia-Pacific: Focusing on Climate Change Adaptation | 2008 | 28 | Data not available |
| 9 | International Training Workshop on Democratization and Good Governance | 2008 | 16 | Data not available |
| 10 | International Training Workshop on Women Empowerment on Information Technology | 2009 | 22 | 595,165,000 |
| 11 | International Training Program on Disaster Risk Management Focusing on Forest Rehabilitation for Timor Leste | 2009 | 32 | 475,025,000 |
| 12 | International Training Program on Intensive Shrimp Culture for Asian Countries | 2009 | 10 | Data not available |
| 13 | International Training Programme on Grouper Nursery for Asian and African Countries | 2009 | 10 | Data not available |
| 14 | International Training Workshop on Renewable Energy: Micro Hydro Energy End-Use Productivity for Rural Economic Development for Asian, African and the Pacific Countries | 2009 | 18 | Data not available |
| 15 | International Workshop on Disaster Risk Management Focusing on Strategic Planning on South-South Cooperation | 2009 | 17 | Data not available |
| 16 | International Training Program on Fishing Technology and Navigation for Pacific Countries | 2009 | 9 | Data not available |

| No | Activity | Year | No. of Participants | Cost (in Rupiah) |
|----|--|------|---------------------|--------------------|
| 17 | International Training on Appropriate Mechanization and Water Management for Dry Land Agriculture in African Countries | 2009 | 6 | Data not available |
| 18 | Apprenticeship Program for Timor Leste in SME Development | 2009 | 15 | Data not available |
| 19 | International Training Program on Handling Pests and Fish Diseases for Asian and Pacific Countries | 2010 | 11 | 495,095,000 |
| 20 | International Training Workshop on Micro Hydro Development to Empowerment of Rural Economy in Remote Areas | 2010 | 23 | 774,425,000 |
| 21 | International Training Program for Timor Leste on Forest Rehabilitation | 2010 | 20 | 657,444,000 |
| 22 | International Training Workshop on Poverty Reduction | 2010 | 11 | 570,403,000 |
| 23 | International Training Workshop on Local Economic Development | 2010 | 13 | 570,000,000 |
| 24 | International Training on TV Documentary Program Production | 2010 | 14 | 1,116,060,000 |
| 25 | International Training Program on Business Incubator to Develop SMEs: Focusing on Creative Industry | 2010 | 11 | 664,930,000 |

Coordination among directorates is nonetheless a challenge. The Directorate of Technical Cooperation is relatively new, and does not yet oversee all SSTC-related activities that have long been carried out by various other directorates. This consequently also results in another challenge, which is the lack of centralised information system that would be useful to review or monitor programmes on a real-time basis. The third challenge is the inability to verify situation on the ground to clarify whether the demands are real. In the future, MoFA plans to assign an officer in Indonesian embassies to carry out this function.

COOPERATION WITH INTERNATIONAL DEVELOPMENT PARTNERS

As Indonesia takes a more significant position as an emerging economy and a member of the G20, while expanding its role in development cooperation, international development

partners are eager to also increase the level of cooperation with Indonesia. Nonetheless, as improvement efforts are still ongoing, for example the establishment of the legal frameworks, institutionalisation and standards of procedures, this study found that international partners prefer to take the position of “wait-and-see” until all necessary requirements are fulfilled by the government of Indonesia.

International partners are, nonetheless, very active in assisting Indonesia, particularly the National Coordination Team, in the improvement of Indonesia’s SSTC. These partners include, among others, JICA, GIZ, United States Agency for International Development, UNDP, World Bank, and government of Norway. JICA, for example, is actively involved in the capacity building development of the National Coordination Team, and have supported various studies on Indonesia’s SSTC. Germany also has a policy to foster co-operation on global development issues with G20 partners. As part of this strategy, Germany’s GIZ has conducted a study with the goal is to build a network of “Global Development Partners” where responsibilities and knowledge are shared between the partners. Other partners work together with the National Coordination Team, or the 4 key ministries individually, to have a share of contribution to the improvement of Indonesia’s SSTC.

The active contributions of international partners have produced fruitful exercise and findings. Nonetheless, it is difficult to measure to what extent these exercises have been taken into account in the actual process of improvement by the Indonesian government. It has to be applauded, however, that the spirit of working together with international partners have been nurtured and considered a significant element of Indonesia’s SSTC.

CHAPTER CONCLUSION

This chapter has provided a comprehensive mapping of Indonesia’s SSTC to provide a picture of the concrete measures already taken in connection with legal framework, institutionalisation, funding, as well as monitoring and evaluation. Many of these institutional matters have only been recently put into place; therefore, a portrayal of the current mechanism may not be sufficient to understand fully what is taking place on the ground. This chapter has also given four case studies of the implementing ministries to give a rough picture of

the actual activities that are being carried out.

From the mapping done in this chapter, the next chapter will assess the current condition and mechanism to identify problems that hinder the success and effectiveness of Indonesia's SSTC activities. Such assessment should complete this mapping, as it would give a weight to measure to what extent these have activities have been meaningful.

CHAPTER

4

Assessment
of the Progress
and Outcome
of SSTC Activities

THE TARGETS AND timeframe of Indonesia's SSTC Grand Design are divided into three periods: (1) 2010-2014 for consolidation of Indonesia's SSTC through, among others, the formation of the legal framework and the strengthening of the institutional coordination; (2) 2015-2019 for the strengthening and expansion of SSTC by enhancing the involvement of all stakeholders, including the private sector, NGOs, and universities; and (3) 2020-2025 for further strengthening and expansion of SSTC.

For the first period, referring to the official document of the National Medium Term Plan 2010-2014, Book II Chapter 6 on Politics (Section 6.2 on Foreign Politics) some general issues have actually been acknowledged, and the strategy and general policy direction have been formulated.

Box 8:
Increasing the
South-South
Cooperation

National Medium-Term Plan 2010-2014

Book II, Chapter 6, Section 6.2. on Foreign Politics
"Increasing the South-South Cooperation"

General Issue

- *Indonesia still doesn't have a comprehensive national policy design to make the synergy of SSC that are being implemented by each government institution.*
- *Indonesia still doesn't have a strong institutional entity to manage SSC comprehensively and integratedly.*
- *Future challenges are the importance of identifying the potency of Indonesian competitive advantage as basic reference for selecting priority area for SSC with other developing countries*
- *The existent of NAM CSSTC has not been fully optimized as "south-south centre of excellent" for Indonesian SSC*
- *As current global trend and change orientation of relationship between the developed countries (north) and the developing countries (south) move from donor-recipient to the partnership, so that Indonesia is expected to be give a bigger contribution in developing a triangular cooperation then Indonesia need to find an innovative way in designing SSC so that could meet all interest of the stakeholders.*

Target of Development

- "The increase of south-south cooperation activities by the rising of the signal on stronger support of the

south-south countries towards Indonesian policy on foreign politics”

Strategy and General Policy Direction

- SSC should be developed to support for self-reliant, accelerate of development, and fostering solidarity among developing countries
- SSC could be used as bargaining position for developing countries in making a better relationship with the developed countries
- Indonesia and other developing countries should actively identify varieties of their competitive advantage for making synergy as a collective power for all developing countries
- Indonesia will make stronger efforts to build a technical assistance as “a tool for diplomacy” especially for building a better relationship with developing countries in the Pacific and African Regions.
- In the field of technical assistance, Indonesia could share its competitive advantage in the field of agriculture through improvement training capacity, providing equipment, and transfer of skills and knowledge.
- As for supporting and smooth development of SSC’s activities, Indonesia need to strengthen institutional entity so that has strong capacity in making coordination for the implementation of SSC with more integrated and has capacity in facilitating the effort in identifying the potency of Indonesian competitive advantage that can be shared with other developing countries through the SSC’s framework.

Note: As provisionally translated and summarised by JICA

Referring to the draft of the Grand Design (Chapter IV, Section A), the focus of the first period is on:

1. Strengthening the coordination framework (including the formulation of the legal framework and institutional strengthening);
2. Funding mechanism;
3. Development of programmes;
4. Development of knowledge management and information system;

5. Development of promotion and publication strategies;
6. Establishing the monitoring and evaluation system.

At the time of writing this report, which is in March 2014, the Grand Design should be nearing the completion of first period. The question now is, have these objectives been fulfilled? This chapter seeks to answer the first four research questions of this study, which are: (1) To what extent has the implementation of SSTC programmes from 2010 until present fulfilled Indonesia's national interest?; (2) What are the constraints and challenges in the planning, implementation, and sustaining SSTC activities?; (3) What are the benefits, both for beneficiary countries and Indonesia?; (4) Are the Indonesia's SSTC target directions for Period II: 2015-2020 and Period III: 2021-2025 in line with the current achievements?

SIGNIFICANT ACHIEVEMENTS SINCE 2010

2010 was a significant take off point for Indonesia's SSTC, as it SSTC became part of foreign policy under Indonesia's Medium-Term Development Plan (RPJMN) 2010-2014, which mandates a comprehensive policy and the strengthening of related institutions on Indonesia's development cooperation. This is the *first* of a list of most significant achievements of Indonesia's SSTC.

The *second* significant achievement was the establishment of the Coordination Team, which is by far a significant factor in Indonesia's promotion of SSTC. The Coordination Team is now functioning, in particular, to coordinate the core institutions (Bappenas, Ministry of Foreign Affairs, Ministry of Finance, and the State Secretariat) and serves as a contact point for prospective South-South and Triangular Cooperation. It provides guidance in the formulation of the activities of SSTC.

The *Third*, the Coordination Team was strategically organised into three Working Groups. The first Working Group focuses on the institutional framework, and is co-chaired by the Director for Politics and Communication, Bappenas, and the Head of Regional and Bilateral Policy, Ministry of Finance. The second Working Group focuses on Program and Funding, and is co-chaired by the Director for Multilateral Foreign Funding, Bappenas, and the Director for Technical Cooperation, Ministry of Foreign Affairs. The third Working Group focuses on Monitoring,

Evaluation, Publication, and Knowledge Management, and is co-chaired by the Head of Technical Cooperation Bureau, State Secretariat, and the Director of Socio-Cultural and International Organization of Developing Countries, Minister of Foreign Affairs.

The *fourth* significant achievement is the drafting of a Grand Design and a Blue Print. Under the framework of National Medium-Term Development Plan 2010-2014, the Coordination Team drafted the Grand Design” and “Blue Print I” of SSTC as the foundation, direction and action plan of the implementation of SSTC policy. These are two separate but very much related policy documents: (1) the Grand Design is a long-term policy direction targeted from 2011 until 2025; and (2) the Blue Print is a detailed plan of policy implementation in medium-term period, in synchronization with the National Medium-Term Development Plan. These two documents are widely circulated among the Coordination Team, all relevant ministries and other stakeholders, but are still awaiting legal ratification from the President.

The *fifth* significant achievement was the formulation of flagship programmes. The flagship programmes are defined based on the need, the global challenges and the ability to contribute to national development target achievement. General criteria for flagship programs are: (i) programs and activities that are in line with Indonesia’s potential and initiative and have been well-implemented in Indonesia (best practices); (ii) programs and activities that have been conducted with other Southern countries and have been successfully adopted, using an approach that makes wide adoption possible; (iii) programs and activities that have replication scheme and knowledge-and-technology sharing mechanism (or program and activities with technological contents); and (iv) programs and activities with wide impact and contribution to the future development of SSTC.

The *sixth* significant achievement is the effort to measure and assign (although still in its early phase) Indonesia’s comparative advantages, and the formulation of priority mapping. The draft Grand Design and Blue Print provide the guideline for the line ministries in planning their programmes by setting out Indonesia’s priorities and comparative advantages.⁴⁵

The *seventh* significant achievement is the Preparation of 17 Standard Operating Procedures (SOP) for various work areas, and the stipulation of work mechanism. The SOPs are still being finished, but this marks a significant step towards

45 More details have been discussed in Chapter 3, pages 50-52.

clarifying the “rules of the game,” which in turn would clarify the steps needed to be taken in designing, implementing, and monitoring SSTC programmes.

CONSTRAINTS AND CHALLENGES TO INDONESIA’S SSTC

Despite many significant achievements, the overall assessment of Indonesia’s implementation of SSTC is that it has generally been fragmented, not having maximum benefit, and some have tended to be one-off projects. The question is, why exactly is it in such a condition? This study has found a number of constraints and challenges to the mechanism and implementation of Indonesia’s SSTC. Interestingly, different stakeholders may come across different constraints and/or challenges, thus they may prioritise on different issues to focus in terms of improvement. This study highlights eight key constraints to Indonesia’s SSTC.

UNCLEAR OBJECTIVES/MOTIVATION AS TO WHAT INDONESIA’S SSTC PROGRAMMES ARE ACTUALLY INTENDED FOR

Indonesia is in transition from being a beneficiary to becoming a provider in international development cooperation. There is, however, still confusion regarding the objectives of such transition. This study found that there is still lack of synergy between the new initiatives of development cooperation and the country’s national interests and foreign policy, which results in having only demand-driven and one-off programmes. The repetition of the word “solidarity” in various documents shows how Indonesia is still looking back at the historical objectives without carefully reflecting upon its current national interests and the modern mechanisms of development cooperation.

The alignment of SSTC programmes with national interests naturally falls to the domain of the MoFA, and indeed, MoFA claims that Indonesia’s national interests are elaborated in both the Grand Design and the Blueprint. Nonetheless, there seems to be still confusion what Indonesia’s national interests are, and how are they incorporated into the objectives of SSTC activities. On the one side, there is this “conceptual” understanding of national interest, which is interpreted that national interests should be conceptually accommodated by the

key actors of SSTC as the key driver of all SSTC-related activities. On the other hand, there is a “concrete” understanding of national interest, which is interpreted that SSTC activities are done as an act of contribution by Indonesia in the international community. In other words, this is to “concretely” establishing good relations with other countries, or as a diplomatic tool.

From the in-depth interviews of this study, during which we asked the question “what is the motivation for Indonesia to carry out South-South Cooperation?” to different key resource persons, there seems to be general perspectives. On the one hand, there is this strong traditional opinion that it is embedded in the core values of Indonesia to maintain solidarity with other developing countries; thus it is natural, and in fact an obligation, for Indonesia to be more “generous” with other developing countries. There is a strong urgency to maintain good relations with these countries, particularly in the context of being a friendly member of a global community.

On the other hand, there is the view that cooperation and partnership with developing countries would be the main force for improving Indonesia’s international trade, and that development cooperation will be “important instrument in building up relationships.” In other words, there are other dimensions to be included in South-South cooperation, which is related to economic (and to a large extent also political) benefits.

Clearly, there is also the need to synchronise two paradigms in international development cooperation: diplomacy or foreign policy directions, and development effectiveness. Indeed, this is an issue for most countries that provide development cooperation, as they contemplate the relation between their foreign policy and their development policy. As elaborated in one study:

“Most bilateral government donors ... are rethinking the relation between their foreign policy and their development policy. Implicit in that rethinking are the organizational forms they take and the relations between them. How independent should development be from foreign policy? Should they have separate organizations? If so, what should the relations be between the foreign ministry and the development ministry or agency?”⁴⁶

46 Gerald F. Hyman, “Foreign Policy and Development: Structure, Process, Policy, and the Drip-by-drip Erosion of USAID,” Center of Strategic and International Studies Publication (2010), p. 1.

This study argues that one of the basic factors of unclear objectives for Indonesia in SSTC is the confusion about the relation between development policy and foreign policy, as stated in the quote above.

If the achievement of national interests by SSTC activities are to be measured by “effectiveness” and “sustainable impacts” as indicators, then SSTC activities have so far not been targeted in this direction. This is the biggest problem in the “direction-less” SSTC policies. Certain programmes have had only ad-hoc and limited objectives, for example targeting the position of the Director General of United Nations Food and Agricultural Organisation and key roles in the Initiatives for ASEAN Integration.

NO STRATEGIC APPROACH TO THE PLANNING AND IMPLEMENTATION OF PROGRAMMES/ACTIVITIES

As a consequence of unclear objectives, Indonesia has no strategic approach in SSTC. All of the programmes and activities are demand-driven, without clear mechanism nor holistic approach on how they should be selected and planned. All of the activities are ad-hoc, therefore no sustainability of the activities. Initiatives of past and existing projects have so far depended on requests from beneficiary countries and/or partner countries. Some of these requests have been results of official visits of heads of states, both head of state of Indonesia to a partner/beneficiary country and vice versa. This means that there is very little strategic planning done to design what programmes to carry out for a certain period and for which objectives.⁴⁷

Therefore, strategic planning is imperative, and needs to be understood in a national context by all implementing ministries. This study found that implementing ministries may

47 Interestingly, there are arguments for a demand-driven approach, as this study found from our interview with the Foreign Minister. A demand-driven approach would mean carrying out activities specifically based on the needs of the beneficiary countries. This means that: (1) There is a higher degree of certainty regarding the needs of the beneficiary countries, because the activities or technical assistance are requested by the beneficiary countries based on their needs; and (2) This would avoid practices of having a “hidden agenda” in international development cooperation, i.e. designing and imposing certain programmes on beneficiary countries based on the interests of Indonesia, without prioritising the needs of the beneficiary countries. Learning from the experiences of many traditional development assistance countries, it is obvious that very few countries would be willing to cooperate with countries that perceptibly showcase their economic and political interests as the main motives for cooperation.

have different interpretation of what is categorised by “SSTC activities,” to the common understanding of MoFA, Bappenas, State Secretariat, and MoF. There is also lack of understanding on how the line ministries can make their programmes in line with foreign policy agenda.

Specifically regarding the sectors of SSTC activities, during our interview, the Minister of Bappenas explained that the current main activities revolve around “knowledge sharing,” which focuses mainly on sharing of experiences and best practices from Indonesia. The main activities of knowledge sharing are naturally related to training programmes, which is also the majority of SSTC activities of implementing ministries/institutions. The main argument for this is that this is “easier” to conduct in the transition period (of Indonesia becoming a provider in international development cooperation) and also considered a lot more effective. This study found from the interview that there is currently no plan to expand the type of activities to engage more grandiose projects, which is disadvantageous for Indonesia, as it seems that Indonesia sets very low targets to what it can actually achieve from this activity.

In this regard, it is important to address development effectiveness in formulating the objectives or targets of SSTC programmes. Strategic planning is needed to ensure development effectiveness. Indonesia is currently the co-chair of Global Partnership for Effective Development Cooperation (GPEDC), which is a forum for advice, shared accountability and shared learning and experiences to support the implementation of principles that form the foundation of effective development co-operation.

It has to be applauded, nonetheless, that the Coordination Team has put efforts into making a “priority mapping” of beneficiary countries and sectors of activities, which are supposedly in line with foreign policy agenda. This study found that this “list” is dynamic; meaning that it changes according to factors such as the assessment of demands and the focus of foreign policy at that particular period. Priority mapping means that there is awareness that there needs to be a strategy to planning and implementation of programmes.

The design of flagship programmes is also a good progress towards more strategic planning. Nonetheless, further assessment is needed to measure Indonesia’s real comparative advantages. For example, agriculture has been one of the “favourite” sector for SSTC programmes, and there needs to be assessment whether Indonesia has the capacity for other sectors as well.

LACK OF STANDARD OPERATING PROCEDURES AND REGULATIONS

The draft of the Grand Design (Introduction, section B) and Blue Print (Chapter II, section A) list the legal basis for SSTC activities.⁴⁸ However, the “legal basis” listed in the document have, in practice, not resolved the main issues of SSTC, and have in fact not been useful references.

What is most important and pressing is that, so far, there is no rigid legal basis for Indonesia to regulate two issues, namely the implementation of SSTC activities and the institutionalisation of SSTC. This means that there is not yet any formal legal guidelines nor regulation on the implementation, management, and funding of SSTC. The only available guideline is the Long-Term National Plan 2010-2014, which gives the mandate for policy and institutional building.

Unclear regulations have created confusions for all stakeholders: implementing ministries, partner countries, and beneficiary countries. Each ministry seem to have their own Standard Operating Procedures to plan and carry out SSTC projects and activities. The lack of regulatory frameworks, and consequently lack of legitimate mandates for the key ministries and the Coordination Team, contributes to the already severe coordination issues.

Lack of Standard Operating Procedures also results in no centralised information system. Information regarding activities and projects are not made available, or reported, to the relevant ministries or the Coordination Team. Ministries that implement SSTC activities, including those within the 4 legs of the coordination team, come up with their own modules and terms of reference on various issues related to SSTC. There may or may not be coordination with the Coordination Team. For example, the Ministry of Public Works has their own standard module that they use for all SSTC (usually training) activities, both domestic and abroad. In the cases of triangular projects,

48 This includes Law No. 17 on Long-term Development Plan 2005-2005, Presidential Decree No. 5 Year 2010 on RPJMN 2010-2014, Jakarta Commitment on Aid for Development Assistance, Presidential Decree No. 32 Year 2011 on the Master Plan for the Advancement and Expansion of Indonesia’s Economic Development 2011-2015, and 7 other legal references, which are Law No. 37 Year 1999 on Foreign Relations, Law No. 24 Year 2000 on International Treaty, Law No. 17 Year 2003 on State Finance, Law No. 1 Year 2004 on State Treasury, Law No. 25 Year 2004 on the National Development Planning System, Cabinet Presidium Decree No. 81/U/KEP/4/1967 on the coordination for foreign technical assistance, and Presidential Decree No. 60 Year 1981 on the structure of the member of the coordinating committee for foreign technical assistance.

the ministry would create specific terms of reference for the partner country/institution to provide them with the necessary information about the project. The existing module is flexible, and can be suited to the kind of assistance required by the beneficiary countries. The initiative for these projects can come from outside the ministry, for example the State Secretariat, the Ministry of Foreign Affairs, or the beneficiary countries.

There is no rigid regulation regarding the reporting of the activities. Information regarding certain programmes being carried out is mostly shared among ministries in ways other than standardised reporting mechanism. For example, the State Secretariat would normally learn about certain SSTC activities because ministries have to report the sending of experts to give trainings in another country.

This study highly commends the drafting for 17 Standards of Procedures, which, when approved and put into practice, would be a great progress towards clearer regulations. Nonetheless, the question that needs to be answered is how we can assure that these drafts of SOPs would incorporate all remaining obstacles.

SEVERE INSTITUTIONAL PROBLEMS, INCLUDING LACK OF COORDINATION AMONG THE LINE MINISTRIES

At the current state, the Coordination Team is still very limited in carrying out its assigned functions. The Coordination Team has 4 legs, and so far many inter-institutional meetings among the four legs have not resulted in concrete outcomes. The technical committee is generally in function; however, it is difficult to carry out real actions when they are not fully supported (or given clear instructions) by the higher hierarchy.

Coordination problems, on the other hand, result in the bad management and implementation of Indonesia's SSTC programmes. The Coordination Team was established to resolve exactly this issue, and all stakeholders look forward to the accomplishment of its objectives; yet, at the current state, the Coordination Team is still very limited in carrying out its assigned functions.

Technical committee meetings are regularly held amidst the workload of the members, and most of these meetings are to discuss matters related to projects and implementation of projects. Nonetheless, these meetings have so far not resolved coordination problems, again due to the workload of the team members, as many of the discussions regarding the improvement

of the coordination mechanism have not been followed up.

Similar to the issue of lack of Standard Operating Procedures, coordination problems also result in no centralised information system, as ministries do not coordinate to share information on ongoing or completed projects. Data remain at respective ministries, instead of centrally collected, for example at the secretariat of the Coordination Team.

Partner countries and/or institutions are also burdened by the existing coordination problems. Generally, they would come across two biggest coordination-related hurdles. First, there is often miss-communication among the line ministries, as they do not communicate enough to coordinate. There are confusions as to who is responsible for what, and as a result, partner countries/institutions do not know who to contact. Second, there seems to be no initiatives from the ministries that are members of the coordination team to make sure that SSTC activities are carried out properly. Again, this is due to unclear sharing of tasks and coordination.

As coordination problems exist among the line ministries and within the Coordination Team, it is only logical that there are bigger coordination issues externally, for example to with extended stakeholders, such as the private sectors, non-governmental organisations, and other groups.

Discourses regarding the need to establish a special agency for SSTC exist, although not to the extent of there being obvious efforts to push for the establishment. There are still disagreements among the line ministries in terms of who does what function, which continues to be a great challenge for the coordination mechanism. When Indonesia was fully a beneficiary country, Bappenas had the authority to manage the incoming development assistance. Now, in the framework of SSTC, these incoming fund need to be managed and disbursed to other beneficiary countries. The design of the programmes and the selection of beneficiary countries should be done in accordance with foreign policy directions, which then falls into the authority of the Foreign Ministry. There is a tendency to view that the Foreign Ministry should have more responsibility and authority over development cooperation, as there is an apparent shift towards triangular framework. On the other hand, Bappenas views that they have traditionally been the ministry that manages development cooperation issues. In this regard, coordination would actually function better when there are clearer mandates.

CAPACITY ISSUES

As Indonesia does not have a special agency with an institutional structure that is clearly mandated to oversee various duties related to the implementation of SSTC, there are obvious problems related to the capacity of the people that are responsible for those tasks. The members of the Coordination Team are employees of the four line ministries, which means handling the day-to-day issues of SSTC is “only” one of their many tasks. All of those assigned to the Coordination Team are already burdened with other tasks within their respective ministries. Limited human resources and limited funding are two of the main factors that constrain the Coordination Team from functioning.

Moreover, none in the Coordination Team, or in most of the relevant ministries, are real development cooperation experts. This is actually a significant issue, because to be key players in development cooperation issues, those working on this issue should know by heart the acknowledged rules and norms of development workers. This is one of the critiques conveyed by one of the partner institutions, that most of those responsible for SSTC in Indonesia are not aware of this.

This study acknowledges that there have been efforts to develop human resources. For example, a number of Indonesian government officials responsible for development cooperation have participated in a training course in Japan in 2010 on “Strengthening for Implementation Capability of Development Training under South-South Cooperation.” Japan also provides support with the programme called Capacity Development Project for South-South and Triangular Cooperation with the aim to strengthen coordination and revitalise institutional framework. However, looking at the current state of affairs, this study finds that the problems are still complex as they are both quality and quantity problems.

Still in relation to the lack of awareness and expertise, the general impression is that the key ministries of SSTC in Indonesia seem to lack the sense of belonging to the SSTC activities that they carry out. Particularly in triangular projects, the impression is that the Indonesian counterpart seem to act like they are there to “do a favour” instead of carrying out programmes on the basis of Indonesia’s national interests.

FUNDING ISSUES

There is only limited funding available from the state budget. SSTC activities require significantly more funding, not only to fund projects, but equally importantly to support and fund the Coordination Team. The current solution to the limited state budget is through triangular cooperation with international development partners. Although this is functioning well for the time being, in the long run Indonesia would want to diminish its dependency on external funding. Indeed, the draft Blue Print has indeed identified funding as an issue, and included the expansion of funding sources to include not only triangular mechanism but also cost-sharing with private sector.

Another problem, and this is the more crucial issue, is that matters related to funding are not centralised. There is a general claim that Indonesia will have spent US\$ 49.8 million to manage the country's South-South Cooperation. However, where this exact amount is taken from is not clear, as no specific source is given every time this number is cited. It is almost impossible to trace the exact number of money that has been spent, as many (if not most) of the bilateral and triangular activities are conducted independently by the implementing ministries, using funds that are already in their annual budget, without having to specify in the budget that the fund is used for "South-South development cooperation" or any other specific budget item. Each implementing ministry keeps their own record of any related activities, and these records are not compiled nationally, as there is no monitoring and evaluation mechanism applied to these activities. The same difficulty arises when trying to find the total amount of fund that has been spent in Indonesia's triangular activities, as, again, they are not recorded properly. Each of the development partners/countries would keep their own records of these activities, but the government of Indonesia does not keep a compiled record of them.

The third problem related to non-centralised funding is the confusion, or to be more blunt "resistance" to make one central funding for all SSTC activities. The big question here is that, if there is a central fund, "Where to put it?" If one institution or ministry is assigned as the holder or treasurer for this fund, then there is this tendency to view it as fund belonging to that particular institution, and there would be hesitation (or even problem) for other ministries to use the fund.

LACK OF DOMESTIC SUPPORT

There is clearly lack of support from important segments of domestic constituencies, especially the parliament, political parties, private sector, civil society and the community at large. There has been very minimum socialisation regarding SSTC, therefore it is only natural that there is great confusion and consequently lack of acceptance.

It is natural that there is a tendency for objection when a country spends its dime on another country's needs. Particularly for a country like Indonesia, where a high percentage of its population still lives in poverty, there bound to be cynical points of view on exactly why Indonesia needs to carry out solidarity programmes as well. This is actually a common problem that exists in all countries, even developed countries that have been carrying out development assistance programmes for decades.

What is evidently a problem is that there is no synergic paradigm from the parliament regarding the reasons and objectives for Indonesia to become a provider of international development cooperation. This means that SSTC is not yet a national commitment. There are only words going around that Indonesia should carry out SSTC activities, but never a clear commitment. Lack of support from the parliament means that funding issues, in particular related to the state budget, will continue to exist. This is one of the reasons why the earmarking of SSTC activities in the state budget is still difficult to do, as the ministries would want to avoid unnecessary questions from the parliament as to why there are SSTC-related items in the state budget proposal.

This of course relates also to the issue of national interest. The question of "What's in it for Indonesia or Indonesia people?" should be dealt with very carefully not only because the policy will need broad-based supports domestically (including those of the parliament) if it is to be expanded, but considering the many development challenges that Indonesia itself is still facing domestically, this question is indeed genuine and deserves attention in Indonesia's SSTC policy and strategy. National interests, for example, can be served through expanding socio-economic and cultural cooperation. National interests can also be served by having more Indonesians who are experts in broader/international development issues through meaningful involvement of Indonesians in the SSTC implementation abroad, and then creating mechanisms of how such knowledge would then benefits the development within Indonesia.

NO CLEAR MECHANISM FOR MONITORING AND EVALUATION

This study is aware of the Government Regulation Number 39 year 2006 on the Monitoring and Evaluation Procedures of the Implementation of Development Plan. According to this regulation, evaluation is a series of activities to compare the realisation of inputs, outputs, and outcome of the plan(s). Evaluation should give accountable and beneficial information, to provide inputs the process of decision- or policy-making. Ideally, this regulation should suffice in providing the basis for monitoring and evaluation procedures for SSTC programmes. However, from our interviews with key implementing ministries, no reference to this Presidential Regulation was made. The general explanation that this study gathered from our interviews and FGDs is that monitoring and evaluation, when exist, are done on an ad hoc basis according the programme. In a lot of cases, no such procedures are taken.

This study found that past SSTC activities have had very minimum follow-up to monitor and evaluate the programmes. This is also related to the fact that the objectives of past programmes are not clear, which consequently makes it impossible to evaluate the achievement of non-existing objectives. Bilateral projects held individually by implementing ministries with their budget are rarely ever centrally monitored, as they do not go through reporting procedures. Triangular projects usually go through monitoring and evaluation procedures designed by the partner countries/institutions, and reporting goes to them. Therefore, there are no standardised indicators of effectiveness of all SSTC programmes, which would also imply difficulty to manage the sustainability

Ideally, monitoring and evaluation are not only done to projects and activities, but also to the institution and institutional capacity. This is required to improve the work and capacity of the institutions, and in this regard also the Coordination Team.

The establishment of a monitoring and evaluation system is supposedly done within the First Period of the Grand Design of SSTC implementation, as stated in the draft. The draft of the Blue Print (Chapter II, Section G) has also included a specific section on the strengthening of monitoring and evaluation, complete with the action plans. Yet, to what extent these measures have been done is not clear.

BENEFIT ASSESSMENT

FOR INDONESIA

What are the benefits of carrying out SSTC programmes for Indonesia? “What’s in it for us?” These are the burning questions to be discussed in this section. For sure, international development cooperation has to benefit all stakeholders, both in bilateral and triangular cooperation.

As has been discussed, unclear objectives has been one of the most significant challenges for Indonesia’s SSTC. Indonesia does not have a “grand strategy” in foreign policy, so there is no clear definition of national interest. If the achievement of national interests by SSTC activities is to be measured by “effectiveness” and “sustainable impacts” as indicators, then SSTC activities have so far been not targeted in this direction. This is the biggest problem in the “direction-less” SSTC policies. Certain programmes have had only ad-hoc and limited objectives.

Nonetheless, it is important to keep in mind that benefits of international development cooperation are usually long-term, and that SSTC is very normative in essence, including in terms of the impacts intended. It is thus difficult to see, let alone measure, benefits of certain projects shortly after they are completed. This study has held a number of interviews with key figures in the Ministry of Foreign Affairs, and it is apparent that one of the significant objectives evolves around making sure of Indonesia’s global presence. During the in-depth interview, the Foreign Minister acknowledges that the budget for SSTC is low; nonetheless there are significant results in terms of show of goodwill and Indonesia’s global presence. Of course, both of these results are intangible. If we use these objectives to measure in terms of the effectiveness of SSTC activities, it is impossible to measure the tangible impact.

So, on the one hand, there are these intangible benefits for Indonesia that circles around good will, solidarity, and presence. The second category of benefit for Indonesia that this study found is that there are lessons that Indonesia can also learn from cooperating with other developing countries. Indonesia may be the provider country in a particular South-South Cooperation programme, however, as suggested by the Foreign Minister, Indonesia can learn from the experiences that the beneficiary countries go through.

The third category of benefit for Indonesia relate to a broader economic and political interests and strategies. The Foreign Minister, during the interview, repeatedly emphasised the need to avoid imposing Indonesia's interests and agenda on SSTC programmes and to be more subtle when dealing with this. He explained that there needs to be a good synergy between solidarity efforts and the broader national interests, as to maintain Indonesia's high acceptability among developing countries.

The three categories of benefit for Indonesia are viewed from the macro level, which is by generalizing all SSTC activities at the national level. Nonetheless, this study came across some interesting findings at the micro level, which are benefits by sectors of activities or ministries. For example, the Ministry of Education and Culture, which annually provides a large number of scholarships in the SSTC framework (see Chapter 3 for details of the scholarship programmes), claims that there are a lot of benefits that the education and cultural sectors can gain from the scholarship programmes. First, the enrolment of international students encourages the improvement of the academic culture in Indonesia. Second, it also promotes and pushes for the improvement of the quality of Indonesian universities, in particular to keep up with international standards of higher education. Third, the scholarship programmes can serve as an "advertisement" for studying in Indonesia. And fourth, the large number of foreign students that have experienced education in Indonesia since the 1970s have endorsed more interests about Indonesia and its culture internationally, which can be seen from the opening of Indonesian studies in a number of universities abroad. Another example is our finding in the Ministry of Public Works. The ministry claims that training given by MPW in cooperation with MoFA in Timor Leste has resulted in the building of trust for Indonesia. Many contractors from Indonesia gained contracts work the Timor Leste's government projects to build roads. Roads built are also directed towards Indonesia, so that in the future, interaction between the two bordering countries will be smoother.

In this regard, specific sectors or ministries may claim positive outcomes from their activities. Thus, at the micro level, there are actually more tangible outcomes.

FOR BENEFICIARY COUNTRIES

We have discussed about the problem of monitoring and evaluation, and the difficulty in measuring impacts for beneficiary countries is of course related to this. There is no standard mechanism for feedback from beneficiary countries. Moreover, this study found that there is no standard indicator that can be used to measure the impacts for the beneficiary countries.

Nonetheless, the Ministry of Foreign Affairs has a list of prioritised beneficiary countries, with certain factors why they are prioritised. Therefore, there are specific objectives when SSTC is done to benefit these countries, and we can then assess whether or not these specific objectives are fulfilled after the projects are completed. Such impacts, however, are generally accessible at the level of individual or institutions that take part in the SSTC activities, for example training participants; thus, generally not at the country-level. From our interview with two people from Myanmar who participated in a training programme on community development in Kendari (organised by MoFA), we found that they claimed it useful for their individual knowledge and capacity building. However, since the participants of this programme are not at the decision-making level, there are very limited (if not none at all) that they can do to influence the policies in their institution, let alone their country.

Learning from a number of past SSTC projects, there are problems with certain projects or activities that are at the end found not suitable or matched to the actual needs of the beneficiary countries. This implies there is a problem with the planning and designing of the activities. When such problems still occur, positive impacts for the beneficiary countries becomes very limited, and in some cases do not exist. Another thing that is important to note is that, similar to measuring impacts for Indonesia, impacts for beneficiary countries are also more long-term intended and normative.

NEXT STEP: POLICY RECOMMENDATION FOR A MORE COMPREHENSIVE SSTC STRATEGIC FRAMEWORK

The fourth research question of this study is: Are the Indonesia's SSTC target directions for Period II: 2015-2020 and Period III: 2021-2025 in line with the current achievements?

Judging from the aforementioned constraints and challenges, particularly those related to the institutional strengthening, this study views that the current progress is far behind the intended targets. By the time of the finalisation of this report, which is in March 2014, nearly all of the targets of Period I (see draft of Grand Design Chapter IV, Section A) have not been fulfilled: there is not yet legal framework; the strengthening of the institution, in particular coordination framework, is still very limited; there is not yet an established monitoring and evaluation system; there are still funding issues; and there is not yet clear promotion and publication strategies. All of these ongoing problems have been discussed above. Up to the end of 2014, the Coordination Team will still be focused on the strengthening of institutional framework, preparation of work bases and SOPs, and it has not reached any consensus on the synchronisation of activities of the four institutions. In addition to that, the activities of the SSTC are still implemented by various ministries individually, apart from the Coordination Team. Each institution has its own activities related to the SSTC, and implements priority programmes which may differ from the priority stipulated by the SSTC.

If by now many of these targets, particularly the institutional targets, have not been fulfilled, then it would be very difficult to embark on the next period. The targets of Period II, during which Indonesia plans to already declare itself as a “new emerging partner in innovative South-South and Triangular Cooperation for development” (see draft of Grand Design Chapter IV, Section B) may have to be adjusted as all stakeholders continue to work on resolving the existing constraints and challenges. Period II is set to enhance the involvement of all stakeholders, including the private sector, NGOs, and universities, which will be very difficult to begin if the foundations of SSTC is not yet well established.

This study has put together recommendations for the next steps that the Indonesian government should take in strengthening its role as an active international development partner within the framework of SSTC. The recommendations, which are elaborated in the next chapter, are expected to help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years. With these recommendations, the next chapter will seek to answer the fifth research question of this study: What would be the most comprehensive SSTC strategic framework for Indonesia?

CHAPTER

5

Preparing for
the Next Steps:
Indonesia's SSTC
for 2015-2025

THIS CHAPTER, BASED on the assessment of progress and outcomes of Indonesia's SSTC during the period of 2010-2013 provided in Chapter 4, will elaborate Indonesia's SSTC target directions for 2015-2019 and 2020-2025 with special emphasis on whether they are in line with what Indonesia has accomplished so far. This chapter also provides policy recommendations on how Indonesia's SSTC can be better implemented in the next ten years.

The analysis must be based on the assumption that the works of National Coordination Team for SSTC have at the general level been guided by the Law No. 17/2007 the RPJPN 2005-2025 and Presidential Regulations No 5/2010 on RPJMN 2010-2014. While the RPJPN 2005-2025 provides general guidelines on Indonesia's long-term development plan including in the area of foreign policy, the RPJM 2010-2014 incorporates more specific reference on the general policy frameworks for Indonesia's SSTC. Two other documents have also guided the NCT: the drafts of Grand Design on the South-South and Triangular Cooperation of Indonesia 2011-2025 and the Blue Print for Indonesia's South-South Cooperation 2011-2014.

Even though these two documents have yet to be officially promulgated by the Government of Indonesia through presidential decrees, the two documents clearly serve as important guidelines for the implementation of Indonesia's SSTC programmes during the period under review (2010-2013). In this regard, the National Coordination Team is to be commended for its commitment and seriousness in carrying out the SSTC in the absence of official policy frameworks for implementation. As the previous assessment of progress and outcomes has demonstrated, steps taken by the Coordination Team during the period of 2010-2013 reflected the priorities and activities laid out in the two draft documents.

Therefore, in the absence of official policy frameworks for implementation, the following analysis will use the two draft documents –Grand Design and Blueprint– as the basis for (1) evaluating the extent to which the existing achievements will meet Indonesia's SSTC future targets and (2) suggesting recommendations for the next steps that the Indonesian government could take in strengthening its role as an active international development partner within the framework of SSTC. The recommendations are expected to help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years.

TARGET DIRECTIONS FOR 2015-2019 AND 2020-2025

According to the draft Grand Design, for the next five years (2015-2019) Indonesia would seek to become “a new emerging partner in innovative South-South and Triangular Cooperation for development.” In order to achieve that objective, Indonesia plans to further develop and implement its SSTC programmes by focusing on five priority areas:

1. ***Institution Building***, which seeks a better coordination among agencies involved in SSTC, will focus on the development of institutional capacity (human resources, facilities and methodology).
2. ***Strengthening and Expanding Cooperation***. While maintaining existing programmes in countries of priority regions, Indonesia will also seek to expand its activities to include new partners.
3. ***Developing New Programmes***. Indonesia will continue to develop new programmes in innovative ways in order to meet new demands and needs of development cooperation. It will continue to identify areas of cooperation with partner countries.
4. ***Engaging Non-governmental Actors***. During this period, Indonesia’s government plans to further develop and strengthen the participation by non-state actors, especially private sectors, non-governmental organisation (NGOs), and universities.
5. ***Evaluation***. At the end of 2015-2019 period, the government will undertake a comprehensive evaluation of Indonesia’s SSTC programmes and activities, to be used as the basis for further improvement.

For the period of 2020-2025, Indonesia’s SSTC programme is aimed at forging “a stronger partnership within innovative and inclusive South-South and Triangular Cooperation.” In terms of priority areas, however, the Grand Design does not provide any significant change from those of the period of 2015-2019. It stresses the need to continue building on the works and priority areas of the 2015-2019 period, namely (1) strengthening and expanding cooperation, (2) developing new programmes, (3) engaging non-governmental actors, and (4) evaluation. The only difference is, the directions for SSTC programmes for 2020-2025 expects that the task of institution building will be completed during the 2015-2019 period and therefore will no longer be a priority area. In other words, by 2025 Indonesia expects to

consolidate its role and position as an active and significant player in international development cooperation, especially within the SSTC framework.

The ability of Indonesia to carry out SSTC programmes and achieve all targets during the periods of 2015-2019 and 2020-2025 will to a considerable degree depend on the progress and outcomes of the implementation of programmes during the period of 2010-2014, which focuses on seven key targets:

1. The strengthening of regulatory frameworks that would guide the implementation of SSTC,
2. The strengthening of institutional coordination and institutional capacity,
3. Establishing funding mechanism,
4. Strengthening programmes for cooperation,
5. Promotion and Publication,
6. Knowledge management and Information system, and
7. Establishing Monitoring and Evaluation system

As discussed in Chapter 3 and 4, the National Coordination Team, with the significant support from key development partners and providers, has been putting tremendous efforts to achieve the seven targets of SSTC 2010-2014 work plan.

MATCHING EXISTING ACHIEVEMENTS AND FUTURE TARGETS: THE IMPERATIVE OF STRATEGIC AND OPERATIONAL ADJUSTMENTS

The key question, however, is whether the outcomes and progress of the implementation of Indonesia's SSTC work-plan have so far provided a stronger foundation that would enable Indonesia to achieve its future targets as laid out in the Grand Design. As the analysis in Chapter 3 has demonstrated, the implementation of Indonesia's SSTC still faces serious challenges in terms of fulfilling its most important agenda of institution-building. The analysis specifically found that Indonesia's SSTC is still constrained by the problem of coordination (among the four key ministries within the Coordination Team and among the line ministries tasked with implementing specific SSTC programmes), unclear Standard Operating Procedures and regulations for implementation and evaluation, and the lack of fund. And, underlining these problems has been the absence of strategic vision and objectives that would guide the overall SSTC programming and implementation.

However, it is also important to recognise that important progress has also been made over the period of 2010-2013. In other words, the outcomes of the implementation of SSTC programmes during 2010-2013 provide a mixed picture: while some constraints and problems persist, the existing achievements also provide a stronger foundation for Indonesia to further develop and strengthen its role in implementing and promoting SSTC. In this regard, Indonesia's SSTC policies and strategies need to undergo strategic and operational adjustments that would align future targets and existing advancements.

The necessity to undertake strategic and operational adjustments is self-evident. For Indonesia to be able to play a credible and respectable role in SSTC, it needs to have greater capacity to implement and promote SSTC policies and programmes in a clear, effective, sustainable, flexible and legitimate manner. These five key elements of capacity – clarity, efficacy, sustainability, flexibility and legitimacy – should guide Indonesia's overall approach to SSTC. This will also require Indonesia to design and carry out SSTC policies, strategy and programmes in line with the internationally recognised principles of SSTC such as mutual respect, demand-driven, non-conditionality, equality, mutual benefits, transparency, and sustainability.

Strategic Clarity. First and foremost, Indonesia's credible role as a respectable actor in SSTC requires a set of clearly articulated vision, well-defined strategic objectives, and robust regulatory/legal frameworks. Strategic clarity in these three areas is of paramount importance not only for actors in charge of SSTC at national level, but also for providers and development partners/beneficiary countries. The attainment of vision and strategic objectives SSTC must be based on a set of clear regulatory frameworks, which among others define specifically roles and responsibilities of institutions responsible for the formulation and implementation of SSTC policies, strategies and programmes.

Efficacy. Whether Indonesia can implement its SSTC programmes in an effective way or not will, to a considerable degree, depends on robust and coherent institutional frameworks, centralised and accessible knowledge inventory/bank, adequate monitoring and evaluation tools, and highly professional human resources.

Sustainability. Indonesia's SSTC will not be credible unless it can ensure and convince partners of the sustainability of its role. This requires the mainstreaming of SSTC policies across the board within government institutions national policies, the

availability of adequate funding, and good programme planning and design.

Flexibility. While Indonesia's SSTC needs to be based on comprehensive work plan or blue print, but at the same time it should also reserve the space for a degree of flexibility, taking into account the condition and views of beneficiary countries and development partners, but without necessarily sacrificing national interests.

Legitimacy. Indonesia will not be able to carry out a credible SSTC unless it receives significant support from important segments of domestic constituencies, especially the parliament, political parties, private sector, civil society and the community at large. The domestic legitimacy stemming from domestic support needs to be complemented also by a high degree of external acceptance, especially among the beneficiary countries, development partners and providers.

Based on the evaluation of the outcomes of SSTC implementation during the period 2010-2013, this study concludes that Indonesia's capacity to undertake SSTC still lacks the five elements discussed above. This study argues that without refining and improving these five key elements of capacity, it would be difficult for Indonesia to achieve the long-term targets of SSTC policies outlined in the Grand Design. Therefore, the following section provides some policy recommendations on how Indonesia's SSTC can be improved in the future.

POLICY RECOMMENDATIONS

The recommendations in this study is primarily meant to provide the practitioners of SSTC within Indonesian government agencies with some suggestions on how the strategic and operational mechanism of Indonesia's SSTC can be enhanced and made more coherent and systematic. At the same time, however, they are also expected to contribute to the larger discussion on the future of Indonesia's role in development cooperation, especially in promoting and implementing SSTC, among all stakeholders and interested parties. The recommendations address the imperative of strategic and operational adjustments in eight key areas:

STRATEGIC VISION AND OBJECTIVES

Indonesia's SSTC needs to have a clearly articulated vision

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

This study proposes that Indonesia adopts human security as the key strategic value of its national policy on SSTC. A human security approach would endorse some key principles of development cooperation such as partnership, and actually implies more assistance for development, as human development is a vital component of human security.⁴⁹

- Human security can be a useful means to identify priorities for development assistance.
- The concept of human security can be applied as a powerful tool for defining development goals jointly with the local population and thus empowering people.
- Human security can serve as a political leitmotif and

Box 9 : Human Security and Development Cooperation

Source: Tobias Debiel, "Mainstreaming Human Security? Concepts and Implications for Development Assistance," paper presented at the Conference on Human Security and Development Assistance, in Berlin, 28 April 2005.

49 The human security approach was introduced in the 1994 global Human Development Report (HDR), which led to a range of literature and initiatives building on the idea. The connection between human security and development cooperation has been discussed in various research and analysis for quite some time. See, among others, Keith Griffin, "Global Prospects for Development and Human Security," *Canadian Journal of Development Studies*, Vol. 16 No. 3 (1995); OECD Study, "Security Issues and Development Cooperation: A Conceptual Framework for Enhancing Policy Coherence," *DAC Journal*, Vol. 2 No. 3 (2001); Agnes Hurwitz and Gordon Peake, "Strengthening the Security Nexus: Assessing International Policy and Practice since the 1990s," Conference Report of the International Peace Academy (New York: 2004); Tobias Debiel, "Mainstreaming Human Security? Concepts and Implications for Development Assistance," paper presented at the Conference on *Human Security and Development Assistance*, in Berlin, 28 April 2005; and Robert Picciotto, Funmi Olonisakin, and Michael Clarke, *Development and Human Security* (New Brunswick: Transaction Publishers, 2010). In the Millennium Report 2000, the international community is urged to take action to achieve "freedom from want" (the development agenda) and "freedom from fear" (the security agenda).

as a benchmark in new areas where development and security policy meet and require cooperation.

In this regard, Indonesia as a development partner should be more aware of the human security implications of its SSTC programmes. Indonesia, along with other development partners, should make full use of the tools of human security policy such as the Human Security Development Index, Human Security Mapping and Human Security Impact Assessment to make their programmes more effective.

Indonesia's SSTC must be guided by well-defined strategic objectives

Indonesia's SSTC should be guided by a set of strategic objectives which is not only in line with the interests and needs of beneficiary countries but also in line with Indonesia's own development goals. Alignment between the needs of beneficiary countries and Indonesia's own development goals is of paramount importance for fostering a sense of ownership and the commitment to the success of SSTC programmes. In this regards, Indonesia should articulate clearly that its SSTC is meant to achieve, among others, the following strategic objectives:

- i) to promote global development cooperation among nations, especially between developed and developing countries,
- ii) to develop an equal partnership and cooperation between Southern countries (beneficiary countries) and developed countries (provider countries), and between developed countries and the emerging providers of development cooperation among the Southern countries (also referred to as pivot countries in the SSTC framework),
- iii) to ensure human security through development,
- iv) to transfer best practices in order to develop good governance in development,
- v) to facilitate self-reliance, accelerate development, and strengthen solidarity among the Southern countries, and
- vi) to strengthen Indonesia's own national development through mutual learning process.

STRATEGY FOR PROGRAMMING AND IMPLEMENTATION

Indonesia needs to devise an effective strategy for programming and implementing its triangular policy that

creates a synergy not only between the needs of beneficiary countries, provider of development assistance, and Indonesia's own development goals but also between Indonesia's capacity and the objectives of its SSTC. Such a strategy should include at least four elements:

- a. Integrate the implementation of SSTC into the global development cooperation frameworks, especially within the UN development system. In this regard, Indonesia should play its role in promoting SSTC as a manifestation of its commitment to realise the Millennium Development Goals (MDGs) and Post-MDG global development agenda.
- b. Establish intra-regional caucus of SSTC within Southeast Asia, including within the framework of the Association of Southeast Asian Nations (ASEAN), which would be one way to loosen the resource constraint. A number of Southeast Asian states, particularly Thailand, Malaysia, and Singapore, are also emerging donors, and are looking to play a greater role in the architecture of international development assistance. The formation of such a group would be, among others: (1) to identify specific emerging donor issues that the states have in common; (2) to pool resources, in particular expertise; and (3) to work together on international development cooperation that involves states directly in the region, for example Myanmar.
- c. Expand and strengthen the communication with Indonesia's partner countries, in order to increase awareness about common challenges.
- d. Strengthen partnership with private sectors and civil society organisations within Indonesia and the region, by devising an institutionalised mechanism for regular interaction and consultation between the Coordination Team, private sectors and civil society organisations.

REGULATORY FRAMEWORKS

Indonesia's SSTC should be based on clear regulatory/legal frameworks that define not only role and function of implementing agencies involved in SSTC but also specific rules, procedures and monitoring mechanism of policy implementation. Therefore, this study proposes:

- a. Revise Law No 37/1999 on Foreign Relations, to include a provision defining the principles of Indonesia's commitment to international development cooperation that, in turn, serves as the basis for Indonesia's role in SSTC as an emerging provider country.

- b. Pass a law or, at least, a presidential decree, on the management of foreign assistance, which reflects Indonesia's status as both recipient and provider country. The law should stipulate functions, role and institutional relationship among agencies engaged in SSTC, and regulates the mechanism and operational frameworks for receiving and providing foreign assistance, including within the frameworks of SSTC. This new law is to replace Presidential Decree No. 60/1981 on the management of foreign technical assistance, which only places Indonesia as the recipient country.
- c. Ensure early completion of Presidential Decree on Indonesia's SSTC Grand Design and Blue Print, with necessary adjustments, in conjunction with a Presidential Decree on RPJM 2014-2019. This is imperative for providing SSTC with legal certainty so it can function in a coherent manner.
- d. Replace the Ministerial Decree No. 51/M.PPN/HK/03/2013 on the Establishment of Coordination Team for South-South and Triangular Cooperation issued by Minister for National Development Plan with a Joint-Ministerial Decree among Minister of Bappenas, Minister of Foreign Affairs, Minister of Finance, and Minister for State Secretariat. The new joint-ministerial decree should also define clearly the tasks, responsibility and functions of each institutional involved in SSTC. The existing Ministerial Decree No. 51/M.PPN/HK/03/2013 only provides general outlines of responsibilities of the Coordination Team but short of detailed elaboration on tasks and responsibilities of each institution involved in the Coordination Team.

This study acknowledges the difficulty with regards to the revisions of law; nonetheless, to achieve the goals of Indonesia's SSTC programmes, this study emphasises on the importance of the above recommendations.

INSTITUTIONAL RESTRUCTURING

A central issue regarding SSTC institutional framework has been the question whether Indonesia should establish a separate entity for SSTC or continue with the existing inter-ministerial body of coordination known as the National Coordination Team. Each option has its own merits. However, this study argues that while a separate entity option is desirable, the current status of Indonesia's SSTC has not yet warranted such an option to be pursued as a feasible path. Therefore, this study proposes that for the next ten years, Indonesia keeps

the existing institutional arrangements, with a view to the establishment of a single SSTC institution in the future. In the meantime, in order to address the problems and hurdles facing the implementation of Indonesia's SSTC, the following measures need to be considered:

- a. The Coordination Team needs to be reformed. While the chairmanship of the Steering Committee of the Coordination Team should continue to be chaired jointly between the Minister of Foreign Affairs and the Minister of Bappenas, this study proposes that the responsibility for the overall implementation of SSTC should rest with one single institution, which should consequently also chair the Executing Committee. The three working groups within the Coordination Team should be replaced with five permanent divisions which cover: (a) planning, programming and programme evaluation, (b) budgeting, (c) programme implementation and coordination, (d) knowledge management and publication, and (e) secretariat.
- b. The Directorate for Technical Cooperation of Indonesia's Ministry of Foreign Affairs should preferably be put under the Directorate-General for Multilateral Affairs, not under the Directorate General for Information and Public Diplomacy as it is now. By moving the Directorate for SSTC into Directorate-General for Multilateral Affairs, which oversees global development agendas such as MDG and post-MDG, the function of the Directorate for SSTC would be in line with such agendas. SSTC is not, and should not be, an instrument of public diplomacy.
- c. Regarding procedural matters, the mechanism or procedure for selecting beneficiary countries and partners/providers should be centralised, and carried out by the Division B of the National Coordination Team. This is meant to match demands with priorities and supply capacity, and also to ensure the alignment between SSTC and foreign policy.
- d. The Coordination Team needs full-time and permanent staffs tasked to undertake SSTC programmes for a period of at least 3 years. All staffs from the four core ministries attached to the Coordination Team should be given full time responsibility to manage SSTC programmes and relieved from other duties at their respective ministries. That way, they can all focus on SSTC.

CAPACITY BUILDING

This study finds that there is an expertise gap within the staffs of the Coordination Team. Those from the Ministry of Foreign Affairs, for example, are not necessarily experts on development. Those from other ministries lack foreign policy outlook in formulating and implementing SSTC. The capacity-building programmes within the Coordination Team should focus on (a) creating synergy between foreign policy and development and (b) improving the understanding on the linkages between SSTC and foreign policy priorities. For example, there is the need to run training courses or briefing sessions on foreign policy and developments for the staffs.

It is also important for the NCT to start collecting data and information at the stage of needs-matching and encourage participation of beneficiary countries in program or project development. In order to do this, it is imperative for the NTC to develop methodology for needs assessment and program/project development.

Capacity building should also take into account the prospect of establishing a single entity for SSTC in the future. Therefore, there is a need for the Coordination Team to start recruiting its own core staffs in addition to the existing staffs drawn from the four core ministries. This core permanent staffs should be the focus of capacity-building programmes aimed at creating a pool of expertise in development cooperation within the Coordination Team. For the next five years, however, the number of this "in-house" staffs should not be too large.

FUNDING MECHANISM

Fund, either from Indonesia's own budget or a triangular mechanism, should be centralised. For this to be possible, the Coordination Team should be able to draw annual SSTC programme in conjunction with the formulation of annual national budget. However, due to the unique nature of SSTC, which involves funding from third party (international development partners), programming and budgeting should allow a degree of flexibility.

As analysed in the Strategy Papers of this study,⁵⁰ the private sector should be more involved in financing SSTC. The private sector can involve in SSTC in a few different ways. First,

50 The Strategy Papers are printed and bound separately from this Academic Paper. See Chapter 1, page 26 for explanation.

private sector can be the source of funds, either as the main source of funds or secondary source of funds. It can be as part of its global or regional corporate social responsibility (CSR) funds or part of their core business activities. Second, private sector can be the implementer of SSTC program. This is common in infrastructure development and procurement of goods and services components in a number of Overseas Development Assistancess. As an implementer, private sectors can also be an equal partner for the government in delivering the program in a Public Private Partnership scheme. Third, private sectors can be the dialogue partners for government in designing and implementing programs. Private sector' perspectives is often valuable in the design and implementation of development assistance.

How Indonesia can increase private sector's involvement in the implementation of development assistance of SSTC is highly dependent on two important aspects. The first aspect is the government's understanding and ability to match STTC objective and the nature of business entities: pro-profit and business sustainability. SSTC programs need to be designed by taking into account private sector's interest without sacrificing the main objective of development cooperation. The second aspect is the legal framework needs to be supportive for effective involvement of private sector in SSTC. This would include procurement procedure and tax incentives system.

DOMESTIC ACCEPTANCE AND SUPPORT

SSTC cannot succeed, and will not be sustainable, without strong acceptance and support from domestic constituencies. This study proposes that the Coordination Team should intensify its efforts to socialise the importance of SSTC and its programmes through public outreach programmes, wider dissemination, and public awareness/education programmes targeting members of Parliament, political parties, media, private sector, civil society, and the general public. These activities should clearly demonstrate the benefits of Indonesia's SSTC both for the country and the wider international community. In order to do this, the NCT needs to regularly provide the public with information about on-going programs and projects undertaken by Indonesia within the framework of SSTC (for example through website and newsletter) and information about NCT's achievements. The NCT might also consider the publication of a white paper on Indonesia's SSTC.

MONITORING AND EVALUATION

Monitoring and evaluation holds the key to successful planning and implementation of SSTC, improve the capacity of project management, and assess the impacts of the programmes. There is the need to build monitoring and evaluation into all SSTC projects, by drawing on the existing systems and indicators for national projects within Indonesia. The existing Government Regulation Number 39 Year 2006 on the Monitoring and Evaluation Procedures of the Implementation of Development Plan can be the basis of a more specific framework for SSTC programmes.

Monitoring and evaluation procedure can also draw upon the existing indicators at international level, such as those used to monitor and evaluate MDGs achievements. The on-going efforts by the Coordination Team to formulate monitoring and evaluation frameworks and instruments also need to continue.

CHAPTER CONCLUSION

This chapter has elaborated Indonesia's SSTC target directions for 2015-2019 and 2020-2025 with special emphasis on whether they are in line with what Indonesia has accomplished so far, and provided policy recommendations on how Indonesia's SSTC can be better implemented in the next ten years. The recommendations are meant to strengthen the legal, institutional, and operational basis for Indonesia's SSTC. The proposed measures would help boost Indonesia's capacity to implement SSTC based on strategic clarity, efficacy, sustainability, flexibility and legitimacy. They are expected to help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years.

The proposed measures provided by this study can be incorporated into the next 2015-2019 National Medium-Term Development Plan (RPJMN 2015-2019). The Government of Indonesia should emphasise the need for further strengthening the frameworks for legal, institutional, operational and M&E basis for better implementation of SSTC policies. At the same time, it should begin prioritizing areas of SSTC activities by taking into account Indonesia's national development priorities and capacities, development partners' participation, and the needs of beneficiary countries.

CHAPTER

6

Conclusion
and
Implementation
Plan

AS EXPLAINED IN the beginning of this report, this study aims to:

- (i) assess and extract lessons learned from the recent policy implementation of SSTC by the Government of the Republic of Indonesia, in particular taking into account the National Medium-Term Development Plan (RPJMN) 2010-2014;
- (ii) provide analytical exercises through review of targets based on long term policy planning, particularly in projecting the next RPJMN 2015-2019;
- (iii) provide policy recommendations to the improvement the management, mechanism, and implementation of Indonesia's SSTC.

Having completed the 5-month study, this academic paper serves as the main research result, through which this study has completed the above-mentioned objectives.

From the comprehensive mapping that this study elaborates in Chapter 3, our main findings are the key constraints and challenges to Indonesia's SSTC, which we put into eight categories and elaborated in Chapter 4. Judging from these existing constraints and challenges, particularly those related to the institutional strengthening, this study concluded that the current progress is far behind Indonesia's SSTC target directions for Period II: 2015-2020 and Period III: 2021-2025. By the time of the finalisation of this report, which is in March 2014, nearly all of the targets of Period I have not been fulfilled: there is not yet legal framework; the strengthening of the institution, in particular coordination framework, is still very limited; there is not yet an established monitoring and evaluation system; there are still funding issues; and there is not yet clear promotion and publication strategies. Up to the end of 2014, the Coordination Team will still be focused on the strengthening of institutional framework, preparation of work bases and SOPs, and it has not reached any consensus on the synchronisation of activities of the four institutions.

This study has put together recommendations for the next steps that the Indonesian government should take in strengthening its role as an active international development partner within the framework of SSTC, which are elaborated in Chapter 5. At the policy level, all SSTC key actors needs to undergo strategic and operational adjustments that would align future targets and existing advancements. Indonesia needs to have greater capacity to implement and promote SSTC policies and programs in a clear, effective, sustainable, flexible and legitimate manner. These five key elements, namely capacity,

clarity, efficacy, sustainability, flexibility and legitimacy, should guide Indonesia's overall approach to SSTC.

IMPLEMENTATION PLAN

The proposed measures provided by this study can be incorporated into the next 2015-2019 National Medium-Term Development Plan (RPJMN 2015-2019). The recommendations are meant to strengthen the legal, institutional, and operational basis for Indonesia's SSTC, which should help Indonesia in designing, planning, implementing and evaluating its SSTC policies and strategies for the next ten years, particularly as Indonesia keeps the existing institutional arrangements with a view to the establishment of a single SSTC institution in the future. As Indonesia's economy grows stronger, with GDP estimated to reach US\$ 4.5 trillion by 2025, Indonesia would be in a better position to allocate more resources for SSTC programs. This, in turn, will require a separate institution tasked with the management of Indonesia's SSTC.

To put this study's policy recommendations in a more strategic plan for the next ten years, this study also proposes the following implementation plan, organised according to the levels of priorities.

Short-term Implementation Plan

Within the next two years, the priorities are on reforming the Coordination Team and the basic principles of Indonesia's SSTC:

1. Designing a clearly articulated vision, particularly by adopting human security as the key strategic value of Indonesia's national policy of SSTC.
2. Designing well-defined strategic objectives.
3. Pass a law or, at least, a presidential decree, on the management of foreign assistance, which reflects Indonesia's status as both recipient and provider country. The law should stipulate functions, role and institutional relationship among agencies engaged in SSTC, and regulates the mechanism and operational frameworks for receiving and providing foreign assistance, including within the frameworks of SSTC. This new law is to replace Presidential Decree No. 60/1981 on the management of foreign technical assistance, which only places Indonesia as the recipient country.
4. Ensure early completion of Presidential Decree on

Indonesia's SSTC Grand Design and Blue Print, with necessary adjustments, in conjunction with a Presidential Decree on RPJM 2014-2019. This is imperative for providing SSTC with legal certainty so it can function in a coherent manner.

5. Replace the Ministerial Decree No. 51/M.PPN/HK/03/2013 on the Establishment of Coordination Team for South-South and Triangular Cooperation issued by Minister for National Development Plan with a Joint-Ministerial Decree among Minister of Bappenas, Minister of Foreign Affairs, Minister of Finance, and Minister for State Secretariat. The new joint-ministerial decree should also define clearly the tasks, responsibility and functions of each institutional involved in SSTC. The existing Ministerial Decree No. 51/M.PPN/HK/03/2013 only provides general outlines of responsibilities of the Coordination Team but short of detailed elaboration on tasks and responsibilities of each institution involved in the Coordination Team.
6. Reforming the Coordination Team by shifting the responsibility for the overall implementation of SSTC with one single institution, which should consequently also chair the Executing Committee. The three working groups within the Coordination Team should be replaced with five permanent divisions which cover: (a) planning, programming and programme evaluation, (b) budgeting, (c) programme implementation and coordination, (d) knowledge management and publication, and (e) secretariat.
7. The mechanism or procedure for selecting beneficiary countries and partners/providers should be centralised, to match demands with priorities and supply capacity, and also to ensure the alignment between SSTC and foreign policy.
8. The Coordination Team needs full-time and permanent staffs tasked to undertake SSTC programmes for a period of at least 3 years. All staffs from the four core ministries attached to the Coordination Team should be given full time responsibility to manage SSTC programmes and relieved from other duties at their respective ministries. This core permanent staffs should be the focus of capacity-building programmes aimed at creating a pool of expertise in development cooperation within the Coordination Team. For the short term, the number should not be too large.
9. The capacity-building programmes within the Coordination Team should focus on (a) creating synergy between foreign policy and development and (b) improving the understanding on the linkages between SSTC and foreign policy priorities.

There should be training courses or briefing sessions on foreign policy and developments for the staffs.

10. Intensifying efforts to socialise the importance of SSTC and its programmes through public outreach programmes, wider dissemination, and public awareness/education programmes targeting members of Parliament, political parties, media, private sector, civil society, and the general public.
11. Establishing a solid monitoring and evaluation mechanism for SSTC programmes.

Medium-term Implementation Plan

Within the next five years, the priorities are:

1. Revise Law No 37/1999 on Foreign Relations, to include a provision defining the principles of Indonesia's commitment to international development cooperation that, in turn, serves as the basis for Indonesia's role in SSTC as an emerging provider country.
2. Integrating the implementation of SSTC into the global development cooperation frameworks, especially within the UN development system.
3. Establishing an intra-regional caucus of SSTC within ASEAN (especially among Indonesia, Thailand, Malaysia and Singapore).
4. Expanding and strengthening the communication with Indonesia's partner countries, in order to increase awareness about common challenges.
5. Strengthening partnership with private sectors and civil society organisations within Indonesia and the region, by devising an institutionalised mechanism for regular interaction and consultation between National Coordination Team, private sectors and civil society organisations.
6. Moving the Directorate for Technical Cooperation of Indonesia's Ministry of Foreign Affairs to be under the Directorate-General for Multilateral Affairs.

Long-term Implementation Plan

Within the next ten years, the priorities are:

1. Fund, either from Indonesia's own budget or a triangular mechanism, should be integrated. For this to be possible, the Coordination Team should be able to draw annual SSTC programme in conjunction with the formulation of annual national budget.
2. Increasing the private sector's involvement in the

implementation of development assistance of SSTC is highly dependent on two important aspects: (1) the government's understanding and ability to match STTC objective and the nature of business entities: pro-profit and business sustainability, which means that SSTC programs need to be designed by taking into account private sector's interest without sacrificing the main objective of development cooperation; and (2) the legal framework needs to be supportive for effective involvement of private sector in SSTC.

Bibliography

Books and Published Articles

- Cho Tae-yui, "Korea's ODA Policy and its Role as a Bridge between Advanced and Developing Countries," available at http://www.koreafocus.or.kr/design2/layout/content_print
- Guido Ashoff, "Triangular Cooperation: Opportunities, Risks, and Conditions for Effectiveness," in *Development Outreach*, issue of 10/08/2010 (The World Bank Institute, 2010).
- Mark Miller and Werapong Prabha, "Strategic Review of Thailand's International Development Cooperation," Draft Report for United Nations Joint Team in International Cooperation (2013).
- Ministry of Foreign Affairs and Trade of South Korea and OECD, "Development Co-operation of the Republic of Korea: DAC Special Review,"
- Ministry of Foreign Affairs and Trade of South Korea and OECD, "Development Co-operation of the Republic of Korea: DAC Special Review," (2008).
- OECD, "Korea: Development Assistance Committee (DAC) Peer Review," (2012)
- OECD, "Triangular Cooperation: What's the Literature Telling Us?" Special Report (2013).
- OECD, A Special Report on South-South Cooperation (2010).
- Steinar Kvale, *InterViews: An Introduction to Qualitative Research Interviewing* (Thousand Oaks: Sage Publications, 1996).
- UNDP, "Enhancing South-South And Triangular Cooperation: Study of the Current Situation and Existing Good Practices in Policy, Institution, and Operation of South-South and Triangular Cooperation" (New York: 2009).

Official Documents

- "Diplomasi Indonesia," Ministry of Foreign Affairs, Indonesia (2011).
- "Draft Blue Print of the South-South and Triangular Cooperation," The National Coordination Team for SSTC, Indonesia (2011).
- "Draft Grand Design of the South-South and Triangular Cooperation," The National Coordination Team for SSTC, Indonesia (2011).
- "The Jakarta Commitment," (2009)
- 4th High Level Forum on Aid Effectiveness, Busan Documents (2011)
- Accra Agenda for Action, 3rd High-Level Forum on Aid Effectiveness, Accra, Ghana, 2-4 September 2008.

Bogota Statement-Towards Effective and Inclusive Development Partnerships.

Busan Partnership for Effective Development Cooperation," 4th High Level Forum on Aid Effectiveness, 29 November - 1 December 2011.

Cabinet Presidium Decree No. 81/U/KEP/4/1967 on the coordination for foreign technical assistance.

Evaluasi Paruh Waktu RPJMN 2010-2014, Bappenas.

G20 (Group of 20), (2012), '2012 Progress Report of the Development Working Group".

Keputusan Menteri PPN/Kepala Bappenas Nomor Kep 51/M. PPN/HK/03/2013

Law No. 1 Year 2004 on State Treasury.

Law No. 17 on Long-term Development Plan 2005-2005.

Law No. 17 Year 2003 on State Finance

Law No. 24 Year 2000 on International Treaty.

Law No. 25 Year 2004 on the National Development Planning System

Law No. 37 Year 1999 on Foreign Relations.

Nairobi Outcome Document of the High Level United Nations Conference on South-South Cooperation, United Nations General Assembly, 21 December 2009.

Pagu RKAKL/Dipadan Realisasi Tahun Anggaran 2013, Kementerian Keuangan.

Presidential Decree No. 32 Year 2011 on the Master Plan for the Advancement and Expansion of Indonesia's Economic Development 2011-2015.

Presidential Decree No. 5 Year 2010 on RPJMN 2010-2014.

Presidential Decree No. 60 Year 1981 on the structure of the member of the coordinating committee for foreign technical assistance.

Presidential Decree No.5 Year 2010 on RJP MN 2010 - 2014

Thailand International Development Cooperation Agency (TICA) "Thailand Official Development Assistance Report 2007-2008," (2009).

Thailand International Development Cooperation Agency (TICA), "Annual Report," (2009).

Conference Papers and Meeting Documents

ILO, "South-South and Triangular Cooperation: the Way Forward," Room document for the 313th Session of the ILO Governing Body, Geneva, 1 February 2012.

Kumar Nagesh, "South-South and Triangular Cooperation in Asia Pacific: Toward a New Paradigm in Development

- Cooperation", paper presented in the Workshop Asia Pacific Development Cooperation Forum: Regional Workshop on Trends and Progress in Triangular and South-South Cooperation, Bangkok, 21-22 October 2008.
- Minister of Foreign Affairs speech on the launching of South-South and Triangular Cooperation Project, 9 April 2012
- UN ECOSOC, "South-South and Triangular Cooperation: Improving Information and Data," Report prepared for the UN Development Cooperation Forum 2010, 4 November 2009.
- UNDP and UNPF (United Nations Population Fund), "Draft Fourth Cooperation Framework for South-South Cooperation (2009-2011)," Report prepared for the second regular session 2008, Executive Board of the UNDP-UNPF, New York, 8-12 September 2008.
- United Nations Economic and Social Council, "Trends and Progress in International Development Cooperation," Report of the Secretary-General on 23 May 2008.
- United Nations Economic and Social Council, "Trends and Progress in Triangular and South-South Cooperation," Report of the Asia Pacific Regional DCF, Bangkok, 21-22 October 2008.
- Talita Yamashiro Fordelone, "Triangular Cooperation and Aid Effectiveness: Can Triangular Cooperation Make Aid More Effective?" Paper presented at the OECD Policy Dialogue on Development Cooperation, Mexico City, 28-29 September 2009.

Online Sources

- The website of In-South, <http://www.insouth.org>
- The website of ODA Korea, <http://www.odakorea.go.kr>
- The website of the National Coordination Team on South-South and Triangular Cooperation, Government of Indonesia, http://www.ssc-indonesia.org/menu_desc_pc.php?menu_id=5&gid=7
- The website of United Nations Office for South-South Cooperation, <http://ssc.undp.org>

