

International Development Cooperation as A Foreign Policy Tool? A Review of Indonesia's Endeavor during the SBY Administration

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DEVELOPMENT COOPERATION IS AN important dimension of international relations, thus has become an integral part of the foreign policy of many countries. The concept was better-known “foreign aid” during the peak of its development after the Second World War. The developed states in the world have used transfers of goods, services, and funds as a means of interacting with other countries. Over time, increasing numbers of states have given increasing amounts of resources to other states. Aid has come in the form both of loans, often at reduced interest rates, and outright grants of resources. Furthermore, countries have employed aid to address a variety of different policy goals: some aid is military assistance, some

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provides humanitarian and disaster relief and some is geared toward economic development and long term change.

The 21st century has seen major changes in the global architecture. New poles of growth have emerged and many of them have begun to assume importance as providers of development cooperation. The development community has recognized this shift towards a paradigm of multi-polar growth that does not conform to the conventional Northern-led development model. In recent years, development cooperation no longer takes the form of only North-South cooperation; rather, cooperation among the Global South has become a significant element in supporting and strengthening development cooperation. It plays an important role, particularly in reducing the gap related to the reduction in the amount of aid originating from developed countries compared to the increasingly more complex demands of the developing countries.

After ten years in office (2004-2014), Susilo Bambang Yudhoyono (SBY)'s efforts to expand its economy and accelerate its growth have brought about substantial gains across a variety of measures, albeit with much more room for improvement. During his tenure, Indonesia embarked on a more serious effort to become an active player in international development cooperation. Indeed, Indonesia has always aspired to be a global player, despite of its limitations. This was more obvious during SBY's presidency, as he has always shown keen interest in foreign policy. In his first term, he introduced his foreign policy concept "a thousand friends and zero enemies, which later on in his 2009 inauguration speech was coined as "a million friends, zero enemies." These policies were part of an approach to diplomacy that prioritized the promotion of Indonesia's profile overseas ahead of progress on thorny issues in world affairs.

This article discusses the efforts taken by the Government of Indonesia to advance its role in the international development cooperation architecture during the SBY presidency, in particular in the context of development cooperation being carried out as a tool for foreign policy.

International Development Cooperation: A Foreign Policy Tool?

Today, almost every country is engaged in development cooperation in one way or in another. Problems of development cooperation have been studied first and foremost as an issue of development studies. However,

the development problematic cannot alone explain the dynamics of development cooperation, as it is “inevitably laden with political and moral aspects.”¹ Because resources for development cooperation are often fungible, it is hard to pinpoint which goals it actually achieves. But, as argued by Milner and Tingley “foreign aid” has always had geopolitical ramifications.²

Webber and Smith define foreign policy as “composed of the goals sought, values set, decisions made, and actions taken by states, and national governments acting on their behalf, in the context of the external relations of national societies.”³ Hence, those states, which have considerable power, i.e. through their size, status, resources, or population, may attempt “to design, manage, and control the foreign relations of national societies, specifically their external economic relations.”⁴

The question now is whether providing development cooperation to another country can be a tool of foreign policy. It is definitely a form of diplomacy. It can be considered is tool to “to design, manage, and control the foreign relations of national societies,” as foreign policy is defined by Webber and Smith, by viewing it from the perspective of the “soft power” concept.⁵

Developed countries have distributed “foreign aid” as a means to gain soft power since the end of World War II. Lancaster, for example, says that “Foreign aid... While it is not a policy, it is a tool for foreign policy and it also serves as a very strong symbol and signal to the international community.”⁶ In reality, development cooperation has never stopped serving the interests of donor countries, either directly or indirectly. Although a few donors still focus on poverty reduction and consider aid primarily as a soft power tool to enhance their international credibility and build long-term partnerships, most states also employ it to advance their

1 Lauri Sütönen, “Political Theories of Development Cooperation: A Study of Theories of International Cooperation,” United Nations University UNU-WIDER Working Paper No. 86 (1990).

2 See Helen V. Milner and Dustin Tingley (Eds), *Geopolitics of Foreign Aid* (Cheltenham: Edward Elgar, 2013).

3 Mark Webber and Michael Smith, “Introduction,” in Mark Webber and Michael Smith (Eds.), *Foreign Policy in A Transformed World* (New York: Routledge, 2002), p. 2.

4 Mark Webber and Michael Smith, “Problems and Issues in Foreign Policy Analysis,” in Webber and Smith, *Foreign Policy in a Transformed World*, pp. 9-14.

5 Joseph Nye coined the term in a 1990 book, *Bound to Lead: The Changing Nature of American Power*. He further developed the concept in his 2004 book, *Soft Power: The Means to Success in World Politics*. The concept describes the ability to attract and co-opt rather than coerce, use force or give money as a means of persuasion. It is important to note that today Nye prefers the term ‘smart power’, to express an idea of synthesis between the hard and soft versions that states may deploy in given situations.

6 Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics* (Chicago: University of Chicago Press, 2009), pp 9 and 11.

hard interests (strategic, economic, or security).⁷

During recent years a growing discussion has emerged around the dynamics caused by so called regional, emerging or rising powers that have sought to assume new positions within their respective regional contexts as well as within the international system in general, looking for new partners for cooperation and forming alliances within the global South. De la Fontaine and Seifert differentiate between a traditional and a new type of South-South Cooperation. While traditional South-South Cooperation focuses on bi- and multilateral cooperation with the countries of the region, the new South-South Cooperation expands to other developing nations outside the continent, which can be grouped by: (a) system affecting states such as India, China, South Africa, etc. whose main aim is to gain influence at the international level; and (b) extra-regional developing nations, concentrating on political cooperation, trade and delivery of technical expertise.⁸ Considering the expansion of technical cooperation, the main aim seems to be not only to strengthen the bonds with other developing countries and to let them benefit from donor's know-how, but also to establish its profile as an "emerging donor" and in this sense also as a "rising power."⁹ In this sense, the use of development cooperation as a foreign policy tool is obvious.

Indonesia and International Development Cooperation: The Historical Context

Although Indonesia has been a recipient of external support and development cooperation virtually since its inception as a post-colonial, sovereign state in 1949, outward development cooperation has been a long-running national policy, as it has a long history in establishing relationship with fellow developing countries (also often referred to as the Global South). Started by the Asia-African conference in 1955,

7 See Patryk Kugiel, "Development Cooperation as a Smart-Power Tool: Lessons for Poland," *The Polish Institute for International Affairs Bulletin* No. 132/585 (2013). Kugiel gives some examples. For some countries, such as Japan and Germany, provision of aid is a useful way to enhance export and promotion of business links with developing countries. Other countries, such as the United States, use it as an additional means of supporting military missions abroad. Through increased conditionality of aid and support for democracy, donors such as the EU and Sweden tend to influence political systems in different countries.

8 Dana de la Fontaine and Jurek Seifert, "The Role of South-South Cooperation in Present Brazilian Foreign Policy: Actors, Interests and Functions," *Stockholm Papers in Latin American Studies* (2010), http://www.lai.su.se/gallery/bilagor/STCHLM_PAPERS_LatAm_2010_dana%20et%20al.pdf

9 Ibid.

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. Later on, 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.

Indonesia's further involvement was later strengthened by the founding of the loose coalition of developing nations that came to be called G-77, with its 1978 Buenos Aires Plan of Action in and 1981 Caracas Program of Action, each of which marked a milestone in Technical Cooperation among Developing Countries (TCDC). The formation of the D-8 (a group of developing countries with large Muslim populations) and the G-15 grouping of Latin American, African and Asian nations, has also brought to the fore the part played by developing countries in the global community.

Indonesia was the co-founder of the Non-Aligned Movement Centre for South-South Technical Cooperation (NAM CSSTC).¹⁰ Together with Brunei Darussalam, Indonesia took initiative to establish NAM CSSTC located in Jakarta in 1998 with a range of initiatives and programs 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.

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.¹¹ The NAASP was formally adopted at the 2005 Asian African Summit celebrating 50 years of Bandung Conference, with the aim

10 For more details on NAM CSSTC See http://www.insouth.org/index.php?option=com_content&view=article&id=56:indonesia&catid=31:country-windows&Itemid=86

11 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. See http://www.insouth.org/index.php?option=com_content&view=article&id=56:indonesia&catid=31:country-windows&Itemid=86

to boost economic and technical cooperation among other issues between both continents, and 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.

The State Secretariat recorded that the Government of Indonesia has started implementing South-South Cooperation since 1981 in the form of providing training programmes.¹²

Indonesia and International Development Cooperation: The SBY Years

SBY's foreign policy is generally characterized by his doctrine "a million friends, zero enemy," as was mentioned in the beginning of this article. While various explanation can be found to what this doctrine really translates to, plus the various critics that have been put forward, it is generally understood as Indonesia "facing a strategic environment where no country perceives Indonesia as an enemy and there is no country which Indonesia considers an enemy."

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. Particularly during the past decade, the financing mechanisms at Indonesia's disposal are taking new forms, and its development cooperation with other middle-income countries is being further elaborated.

During the early years of SBY's presidency, Indonesia's active role as a partner in international development cooperation was still following the old mechanism that was very much fragmented. There were a large number of programs conducted, but mostly were managed separately by line ministries or agencies. For example, the Ministry of Education and Culture has for quite some years managed three programs that relate to South-South Cooperation, 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

¹² State Secretariat, "National Seminar on South-South Cooperation," <http://isstc.setneg.go.id/index.php/news/1-news-1/91-national-seminar-on-south-south-cooperation>

offered to foreigners interested in learning various aspects socio-cultural sectors in Indonesia, such as art, music, culinary, and the Indonesian language. The program takes place in 53 institutes of higher education in Indonesia, and consists of either 12-months or 6-months programs. The second type of scholarship 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 programs intended for applicants from specific beneficiary countries. The third scholarship 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 programs. The KNB Scholarship is fully funded by the state budget. For countries in the 'least developed' category, Indonesia provides full scholarship.

Ministry of Agriculture and Ministry of Public Works have also carried out technical cooperation with countries from the Global South 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.

In 2006, the Directorate for Technical Cooperation was established in the Ministry of Foreign Affairs. The Directorate is responsible for "running programs that assist in improving the capacities of other developing countries, developing partnerships between countries, understanding the culture and traditions of Indonesia and promoting Indonesia," and "aims at strengthening and developing the Indonesian technical cooperation within the framework of development and international cooperation."¹³

Adequate legal basis is clearly necessary in order to ensure that development cooperation initiatives can be effectively implemented. In 2007, the Law No. 17 on National Long Term Development Plan (2005-2025) was issued, which clearly includes the realization of Indonesia's role in the international community. This was then translated into a more active role in the international development cooperation architecture.

In 2008, Indonesia was included in the category of middle-income countries which is growing as a new economic power and included as

13 Ministry of Foreign Affairs, "Kerjasama Teknik," <http://www.kemlu.go.id/Pages/IIssueDisplay.aspx?IDP=1&l=id>

one of G-20 members. This is an important achievement in Indonesia's international position, which brings the consequence of having more significant global role and responsibilities.

2010 was a significant take off point for Indonesia's development cooperation mechanism. The terminology South-South and Triangular Cooperation (SSTC) was formally introduced, and 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.

In 2011, the *second* significant achievement was made, in the form of the establishment of the National Coordination Team on South-South and Triangular Cooperation (NCT SSTC). The Coordination Team was testablished by virtue of the Decree of the Minister/Head of *Bappenas*¹⁴ 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 programs. 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.

The establishment of the Coordination Team is also aimed at strengthening the pillars of development cooperation, which include the financing of cooperation programs, resource capacity building and policy

14 Bappenas is the Ministry of National Development Planning.

development, as well as international cooperation.

The Coordination Team was strategically organized 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.

Alongside the establishment of a formal coordination body, the *third* significant achievement was also made in 2011 by 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.

In 2012 Indonesia embarked on a Triangular Cooperation project in knowledge exchange with the World Bank, the Japan International Cooperation Agency and the UN Development Program as donors. In Bali in July 2012 a high-level meeting ‘Towards Country-led Knowledge’ provided a forum for 200 policy makers and practitioners from 40 countries to engage in South-South knowledge exchange and learn about knowledge hubs, and ways to strengthen their institutional capacity in that area. Such knowledge exchange has resulted in a reformulation of methods of development cooperation, as more developing countries engage in mutual learning and sharing best practices and proven solutions.

The National Coordination Team has also formulated the list of flagship programs and standard operating procedures. The flagship programs are defined based on the need, the global challenges and the ability to

contribute to national development target achievement, which reiterates the notion that Indonesia's international development cooperation activities are indeed expected as a tool for the country's foreign policy. 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.

Until the end of his term in October 2014, however, SBY did not ratify the Grand Design and Blue Print of SSTC that have been formulated by the coordination team. This impacts on the legality of the two draft documents as important guidelines for the implementation of Indonesia's SSTC; hence creating more questions about Indonesia's readiness in taking up a bigger role in the international development cooperation architecture.

Unresolved Problems

Centre for Strategic and International Studies (CSIS) Indonesia, in cooperation with Japan International Cooperation Agency (JICA) Indonesia Office and the National Coordination Team on South-South and Triangular Cooperation of the Republic of Indonesia (NCT-SSTC), did an in-depth study on the policy implementation and funding partnership strategy of SSTC of the Government of Indonesia.¹⁵ The study was aimed at: (i) assessing and extracting lessons learned from the recent policy implementation of SSTC by the Government of the Republic of Indonesia; and (ii) providing analytical exercises through review of targets based on long term policy planning. To do so, the study provided a comprehensive mapping of Indonesia's SSTC, and made an assessment of the current achievements and existing challenges.

The study found that the progress (up to the first quarter of 2014) in the effort to establish solid SSTC mechanism and institution was far behind the intended target directions. The study highlighted eight key

15 CSIS, NCT-SSTC, and JICA Indonesia, *Study on Policy Implementation and Funding Partnership Strategy of South-South and Triangular Cooperation* (Jakarta: CSIS, 2014).

constraints to Indonesia's SSTC:

1. Unclear objectives/motivation as to what Indonesia's SSTC programs are actually intended for;
2. No strategic approach to the planning and implementation of programs/activities;
3. Lack of standard operating procedures and regulations;
4. Severe institutional problems, including lack of coordination among the line ministries;
5. Problems related to capacity;
6. Problems related to funding of programs;
7. Lack of domestic support; and
8. No clear mechanism for monitoring and evaluation.¹⁶

In sum, the study concluded that, as most of the targets have not been fulfilled, it is very difficult for Indonesia to embark on a greater role in international development cooperation, as it so ambitiously intended.

Recent trends in development cooperation prove it is less charity and more a mutually beneficial relationship for both sides.¹⁷ If a donor manages to use aid for both strengthening its soft power (image) and promoting more tangible interests, it can be regarded as pursuing a "smart power" strategy. Unfortunately for Indonesia this is not yet the case. Although Indonesia has tended to consider development cooperation as a useful tool of foreign policy, a lot of work is clearly to be done. In order to get wider political support and mobilize additional funding resources for its SSTC programs, it is obvious that development cooperation must be closer aligned with the realization of Indonesia's economic objectives. This is one factor that was clearly left out by the efforts made during SBY's 10 years.

As the study by CSIS found, there was 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 programs. 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.¹⁸

¹⁶ Ibid, pp. 73-83.

¹⁷ Kugiel, "Development Cooperation as a Smart-Power Tool."

¹⁸ CSIS, NCT-SSTC, JICA Indonesia, *Study of Policy Implementation and Funding Partnership Strategy*.

Concluding Notes

Although there were commendable achievements, the implementation of Indonesia's development cooperation programs still faces serious challenges in terms of fulfilling its most important agenda of institution-building. It is also still constrained by the problem 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 program and implementation.

In other words, the realization of Indonesia's international development cooperation efforts for the period of 2004-2014 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 development cooperation. In this regard, Indonesia's policies and strategies need to go through strategic and operational adjustments that would align future targets and existing advancements.