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## EMERGING ECONOMIES AND THE CHANGING DYNAMICS OF DEVELOPMENT COOPERATION

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# Potential and Challenges for Emerging Development Partners: The Case of Indonesia\*

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**Abstract** Emerging development partners can play an extremely important role in international cooperation because they have accumulated valuable experience and knowledge identifying and implementing their own development solutions. The potential impact of accumulated knowledge of the South could be enormous – if it is fully mobilised. The objective of this article is to gather insights into the potential and challenges in development cooperation for new development partners by drawing from a case study on Indonesia. Indonesia is a member of the G20 and a pioneering emerging development partner that is mainstreaming knowledge-centred South–South cooperation. The ‘Indonesian model’ is found to be flexible and pragmatic, with a significant emphasis on technical cooperation and without a strong regional or specific-country focus. The country’s experiences and its innovative use of South–South and triangular cooperation (SSTC) might be considered valuable for other emerging development partners looking for a modality of effective SSTC.

**Keywords:** emerging development partners, South–South cooperation, triangular cooperation, development cooperation, knowledge-sharing, Indonesia.

## 1 Introduction

Recent literature on development has recognised the importance of accumulation of knowledge and capabilities (Cimoli, Dosi and Stiglitz 2009) as well as the creation of a learning society (Stiglitz and Greenwald 2014) in order to achieve transformation, and inclusive and sustainable growth. From this point of view, the role of new development partners (often called ‘emerging donors’)<sup>2</sup> in international development cooperation may be extremely important due to the accumulation of valuable experience and knowledge in identifying and implementing development solutions, as well as overcoming difficulties and constraints that developing countries face (Hosono 2013). As such, the potential impact of accumulated knowledge of the South could be enormous – if it is fully mobilised.

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The objective of this article is to gather insights into both the potential benefits and challenges of international development cooperation for new development partners by drawing from a case study of Indonesia. As a member of the G20 and a pioneering emerging country, Indonesia has been taking initiatives to strengthen cooperation among the countries of the South. This article will first provide an analytical perspective and discuss key issues related to cooperation with other countries of the South (Section 2). It will then consider three dimensions that are crucial for emerging development partners in making such cooperation effective: (1) identifying and making valuable knowledge and experience available for transfer to the rest of the South; (2) establishing institutional frameworks or systems for international cooperation to smoothly share such knowledge and experience; and (3) taking advantage of triangular cooperation involving traditional donors to scale up South–South cooperation. Each of these three dimensions will be discussed in Sections 3, 4, and 5. Finally, some concluding remarks will be presented in Section 6.

This article focuses on the knowledge/technology component of emerging partners in development cooperation, or South–South cooperation (SSC). It recognises that SSC also has other components, including significant financial assistance, but these components are not the focus of this study. The article also focuses on the specific experiences of Indonesia. This country is one of the most important new development partners<sup>3</sup> and has become a pioneer in South–South cooperation. Indonesia's involvement in SSC can be traced back to 1955 when the country hosted the Asia–African Conference in Bandung. The country has effectively scaled up SSC, on many occasions, through triangular cooperation (TrC). Therefore, the country's knowledge and experience in relation to the three dimensions mentioned above could provide us with valuable clues for formulating strategies of addressing challenges to fully realise the potential impact of the knowledge of the South. In addition, Indonesia's aid patterns have some distinctive features: the country promotes technical cooperation ahead of economic/financial cooperation and does not have a strong country focus among recipient countries, apart from some exceptional cases such as Timor-Leste. Nevertheless, among the several regional groupings to which Indonesia belongs, the Association of Southeast Asian Nations (ASEAN) remains the highest priority in Indonesia's South–South cooperation (NCT and JICA 2012: 79).

## **2 Analytical perspective and key issues**

As mentioned in Section 1, this article examines three dimensions that are crucial for emerging development partners to effectively cooperate with the other countries of the South: identification of valuable knowledge to be shared, institutional frameworks or systems for international cooperation to share such knowledge, and scaling up of SSC through global, multilateral, and triangular initiatives. These three dimensions are closely related, and this article discusses them in a holistic manner. Each of them is discussed below from an analytical perspective.

## 2.1 Knowledge and development experience

The outcome document of the Busan High Level Forum on Aid Effectiveness held in November 2011, *Busan Partnership for Effective Development Co-operation* (henceforth, the Busan outcome document) (OECD 2011), emphasises the importance of South–South cooperation and triangular cooperation (SSC/TrC, also abbreviated in Indonesia as SSTC). It does so in terms of knowledge-sharing for sustainable development.

The recent literature emphasises that investment in knowledge tends to be suboptimal for society, especially in the South (Iizuka, Hosono and Katz 2016). Against this backdrop, the considerable and diverse knowledge accumulated in the South that has not been provided by the traditional donors may be essential for development – experiences that were created or developed almost exclusively in the South. Examples of such knowledge include the broad range of appropriate technologies and intermediate technologies such as technologies for agriculture in tropical climates that cannot be developed in the North. Similarly, knowledge related to production based on ‘natural capital’ such as aquaculture, agroforestry, livestock, and so on is key for sustainable development (Iizuka *et al.* 2016). Sustainable housing using traditional architecture and design and sustainable materials is a good example of this in the case of Indonesia. It also includes knowledge related to ‘bottom of the pyramid’ (BoP) and inclusive businesses (Kato and Hosono 2013).

In summary, the potential impact of knowledge accumulated in the South could be enormous – if it is fully mobilised. It is critical to achieving the goals and targets of the Sustainable Development Goals (SDGs). Therefore, a key issue is to identify and make available knowledge that is valuable to those countries that need it.<sup>4</sup>

## 2.2 The national system of development cooperation

New and emerging development partners need effective national systems for international cooperation. These could be multi-layered from decision-making level to the administrative and coordination level, and to field implementation-level experts and organisations, who will be the direct providers of knowledge.<sup>5</sup> As Mawdsley stated,

the administration of foreign aid and development cooperation requires trained personnel, legal frameworks, budget lines and management, monitoring and evaluation systems and so on... The management of external assistance also requires attention to the balance of responsibilities and power between different domestic institutions, and the coordination of their relevant activities (2012: 93).

However, there is no standard model of national system of development cooperation.

Even among traditional donors, national systems are diverse. Mawdsley (2012: 94–98) compared national systems of emerging development partners, finding great differences between them.

The key issue here is to establish and strengthen national systems of development cooperation along with the dynamism of SSC by addressing challenges and costs, in order to make development cooperation as effective as possible.

### 2.3 Global, multinational, and triangular initiatives to scale up SSC

The efforts towards development cooperation by emerging development partners could be supported by global, multinational, and triangular initiatives. In this regard, the Busan outcome document recognised 'that many countries engaged in South–South cooperation both provide and receive diverse resources and expertise at the same time, and that this should enrich cooperation without affecting a country's ability to receive assistance from others' (OECD 2011: 10). It then highlighted the four factors essential in strengthening the sharing of knowledge and mutual learning: (1) scaling up the use of triangular approaches to development cooperation; (2) making fuller use of South–South and triangular cooperation, recognising the synergies they offer; (3) encouraging the development of networks for knowledge exchange, peer learning, and coordination among South–South cooperation actors; and (4) supporting efforts to strengthen local and national capacities to engage effectively in South–South and triangular cooperation (*ibid.*: 10).

The key issue here is how to scale up SSC effectively through TrC, and global initiatives for knowledge-sharing in the South.

### 2.4 Research questions

Each of the key issues mentioned above is related to the basic research questions of this article, drawing on the case of Indonesia. They are as follows: (1) How was valuable knowledge identified and made available to beneficiary countries through Indonesia's development cooperation? (2) How was a national system of development cooperation established and strengthened in the country, in a way that kept in step with the dynamism of its SSC to address challenges and costs, in order to make the cooperation as effective as possible? (3) How has the development cooperation of Indonesia effectively been scaled up?

## 3 Knowledge and development experience: how to identify and make it available

### 3.1 The changing context, national vision of cooperation, and identification of knowledge to be shared

The first initiative towards policy mainstreaming of South–South cooperation/triangular cooperation in Indonesia began in 2009 when the Jakarta Commitment presented SSTC as one of the key pillars of Indonesia's development effectiveness agenda in its strategic vision (NCT 2012: 12; JICA 2013: 6). SSTC was further elevated onto the Indonesian domestic development agenda following the Jakarta Commitment (JICA 2013: 6).<sup>6</sup> In 2010, SSTC became part of the National Medium-Term Development Plan (RPJMN). As discussed in Section 4, a new inter-ministerial coordination body of SSTC, the National Coordinating Team on SSTC (hereafter, NCT) was established. Thus, inclusion of SSTC in the RPJMN definitively

clarified its domestic function: SSTC plays an important role in promoting domestic development, which was a necessary process in gaining domestic support. With the establishment of NCT, the institutional setting was re-defined, though it was not a fully fledged solution (JICA 2013: 6–7).

In this new context, the National Seminar on South–South Cooperation was held in 2010. According to the resulting NCT document (NCT 2012: 13), Indonesia’s vision for SSC was for a better partnership for prosperity based on the principles of equality, mutual respect, non-conditionality, experience and knowledge-sharing, comparative advantage, demand-driven, mutual benefit and opportunity, and sustainability. A policy document and its implementation plan of SSTC – called Grand Design (GD) and Blue Print (BP) – were drafted in 2011. The BP mentioned the focus of Indonesia’s cooperation policy in the first period of GD (2011–14), and flagship programmes were defined based on need, global challenges, and the ability to contribute to national development target achievement (NCT 2012: 17).<sup>7</sup>

It is important to note that most of the flagship programmes are based on knowledge that was created or developed in the context of the diverse local conditions of Indonesia: a broad range of appropriate technologies and intermediate technologies are essential components, such as technologies for agriculture in tropical climates, disaster risk management, and maternal and child health. These cases, together with many others, demonstrate Indonesia’s vision of sharing knowledge created or developed endogenously in the process of overcoming difficulties that constrain the development process in the country.

The Vice-Minister of National Development Planning, Dinarsyah Tuwo, as the person in charge of international cooperation, reconfirmed this vision in his speech in March 2012, in which he pointed out that,

It is a great momentum for us to maximise the impact of the cooperation which certainly in the previous experiences has contributed to so many development issues. Now, it has showed that South–South and Triangular Cooperation provide a significant support to the sharing knowledge and experiences that have been acknowledged extensively in the international forums and development cooperation context (Dinarsyah Tuwo 2012: 2).

In the same speech, the Vice-Minister emphasised the changing international context: ‘As we are all aware, the global and regional position of our Government is becoming more strategic and significant since Indonesia became a member of the G-20, and has graduated to be a middle-income country’ (Dinarsyah Tuwo 2012: 2).

It was within this context that Indonesia led a global initiative to prepare an innovative platform of knowledge-sharing and announced its new vision of international cooperation. The announcement was made

on the occasion of an international conference, the Bali High-Level Forum, Country-Led Knowledge Hubs, in July 2012. The then Vice President of Indonesia Mr Boediono announced that Indonesia was ready to be a knowledge hub in three areas: development, governance and peace-building, and macroeconomic management for sharing knowledge with other countries. This initiative is a relevant case in which a country identifies the priority area of knowledge-sharing in response to the changing context of international cooperation.

### 3.2 Organisations in which knowledge is embodied: centres of excellence<sup>8</sup>

Knowledge that has been identified as being of importance for SSTC can then be shared with other countries of the South. The main actors of this process are organisations in which knowledge is embodied. In practice, these organisations constitute an essential part of the national system of cooperation, which will be discussed in Section 4. In spite of their importance, their functions are not properly discussed in the existing literature.<sup>9</sup> The Nairobi outcome document of the High-Level United Nations Conference on South–South Cooperation in 2010 encouraged United Nations organisations to assist developing countries in enhancing or establishing centres of excellence in their respective area of competence.<sup>10</sup>

In the case of Indonesia, many such organisations are referred to as 'implementing agencies', mostly under the line ministries. The Vice-Minister of National Development Planning stated that,

the Government of Indonesia has committed to support process by sharing the success from the development programmes that for so many years have been supported by development aid. These programmes have been modified and developed further using the local knowledge and expertise. And we expect that this kind of mechanism can also be implemented in the knowledge sharing process (Dinarsyah Tuwo 2012: 3).

Organisations that implemented such programmes were able to create, develop, or adapt knowledge while taking into consideration local conditions, and have, therefore, experiences and capabilities of mutual learning and co-creation of innovative solutions when they share the knowledge through SSTC.

The 2012 NCT document (2012) listed more than 50 organisations as implementing agencies, many of which are internationally well known and could be considered as centres of excellence or prospective centres of excellence. Some of these outstanding centres are listed in Table 1.<sup>11</sup> Actual examples of SSTC by these and other centres are listed and explained in *Indonesia's Capacities on Technical Cooperation* (NCT 2012) and *Indonesia's Development: Knowledge through Japan's Cooperation for South–South and Triangular Cooperation* (JICA 2014).



**Table 1 Implementing agencies (centres of excellence or prospective centres of excellence)**

Centres of excellence	Centre's expertise (knowledge and technology)
Agency for Agricultural Extension and Human Resource Development (AAEHRD)	Leading organisation for training in agriculture and horticulture sectors with its Education, Training and Extension Centres.
Center for Research on Engineering Application in Tropical Agriculture (CREATA, Bogor Agricultural University)	Leading organisation for development and application of engineering sciences to create appropriate technology for development of sustainable tropical agriculture.
Main Centre of Brackishwater Aquaculture Development (MCBAD)	Aquaculture technology for brackish environments focusing on shrimp, fish, swimmer crabs and mud crabs, bivalves, and seaweed.
Gondol Research Institute for Mariculture (RIM)	Mariculture technology such as hatchery and culture, brood-stock transportation, finfish breeding, and so forth.
People Centered Business and Economic Institute (IBEKA)	Leading organisation (Indonesian NGO) in the field of micro-hydro power as well as social development, training programmes, biogas, and clean water supply.
Research Institute for Human Settlement (RIHS)	Appropriate technology for sustainable low-cost housing, technology of developing local building materials, technology of clean water and sustainable sanitation in tropical areas, and planning of earthquake-resistant buildings.
Sabo Technical Center	Technology and knowledge on mitigation of sediment-related disaster damage, pyroclastic flow management and integrated sediment-related disaster management, and so forth.
Center of Brantas River Basin	Leading organisation for river basin development and management. Technology for water management, including flood control, and water distribution to meet the needs of irrigation, electricity, watershed management, land rehabilitation and so forth.
Bio Farma	The only vaccine manufacturer in Southeast Asia that produces all complete vaccines needed for the Expanded Program on Immunization (EPI) in one location.
Electronics Engineering Polytechnic Institute of Surabaya (EEPIS-ITS)	Vocational education and applied technology in the field of electronics engineering; also renowned for its excellence in the field of robotics as well as information technology.

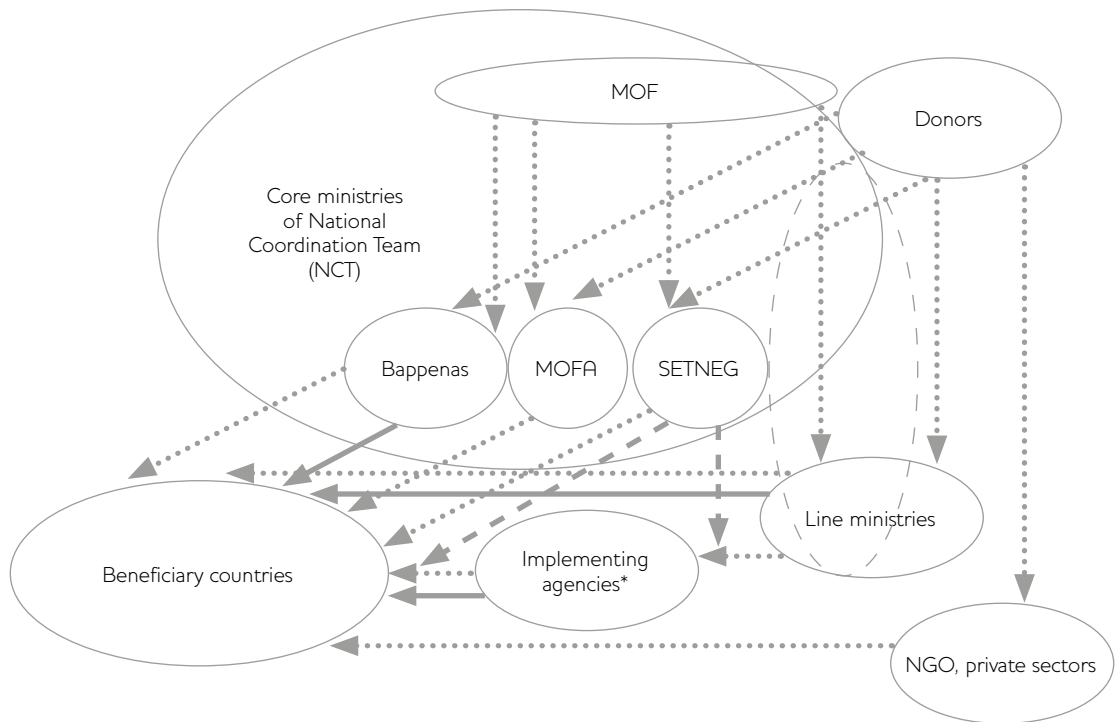
Source Author's own.

#### **4 Institutional frameworks for international cooperation and formation of the 'Indonesia model'**

##### **4.1 The formation of institutional frameworks: experiences and challenges**

Indonesia's institutional framework for international cooperation is a national system resulting from several initiatives that have been taken in different circumstances. The fundamental baseline of Indonesia's commitment to South–South cooperation can be traced back to the 'Asian–African Conference' in 1955 held in Indonesia, widely known as the 'Bandung Conference'. The conference established the concept of the South and of cooperation among developing countries, or South–South cooperation, for the first time. So, it can be said that SSC has its origin in Indonesia's initiative (JICA 2011: 5), together with initiatives from other countries of the South. Its commitment to SSC was renewed with the establishment of the Non-Aligned Movement Centre for South–South Technical Cooperation (NAM-CSSTC) in

Figure 1 Institutional framework of Indonesia's SSTC



Notes \*Including centres of excellence; dotted arrowed lines: budget flow; dashed arrowed lines: logistic support; solid arrowed lines: knowledge-sharing.

Source Author's own, based on NCT and JICA (2012).

Jakarta in 1995 at the initiative of the governments of Indonesia and Brunei Darussalam, with the aim of pooling and collecting all resources and abilities available in developing countries for mutual support to accelerate national development in each country (JICA 2014: 2).

Following the development of the basic concepts of SSC at the Bandung Conference, Indonesia's engagements in SSC and SSTC began in 1981. The Coordinating Committee of International Cooperation (CCITC) was established as the coordinating body of SSTC, headed by the Cabinet Secretariat (currently the State Secretariat) as the core institution. However, after the Asian financial crisis in 1998,

the national coordination mechanism almost collapsed due to the decline of activities because most of the national budget at that time was diverted to domestic development and even after the country's recovery from the crisis, the lack of national coordination continued (JICA 2013: 6).

In re-establishing the institutional framework for a national system, important momentum was provided by the Jakarta Commitment in 2009. This reiterated the significance of 'SSTC as one of the key pillars of Indonesia's development effectiveness agenda in the strategic vision'

(JICA 2013: 6). A year after the Jakarta Commitment, two important steps were taken: (1) SSTC became part of the National Medium-Term Development Plan (PRJMN), which clearly pointed out the ‘necessity of articulating a long-term vision of how Indonesia optimises the utilisation of SSTC’ (JICA 2013: 6); and (2) a new inter-ministerial coordination body of SSTC, the National Coordination Team on South–South and Triangular Cooperation (NCT), was established by ministerial decree from the National Development Planning Agency (Bappenas) in 2010. The NCT consists of four core ministries: Bappenas, the Ministry of Foreign Affairs (MOFA), the Ministry of State Secretariat (SETNEG) and the Ministry of Finance (MOF). These two decisions could be considered milestones in the establishment of the current national system of international cooperation in the country. Two years later, the Directorate of International Development Cooperation was established in Bappenas to lead the initiative and chair the Technical Committee of NCT. This institutional framework is illustrated in Figure 1.

The NCT is organised based on the following structure:<sup>12</sup> The Steering Team works at the decision-making level, with Bappenas and the MOFA as chairs. At the technical level (or administrative and coordination level), the Technical Committee is organised with the Director of International Development Cooperation of Bappenas as its chair and directors of the four institutions of SETNEG, MOF, MOFA, and Bappenas as Vice-Chairs. Under the Technical Committee, three working groups were set up: Working Group 1 on Institutional Framework; Working Group 2 on Programme and Funding; and Working Group 3 on Monitoring, Evaluation, and Knowledge Management.

The implementation mechanisms of SSTC have been placed under the NCT. Eleven line ministries participate in technical cooperation. They are SETNEG, the MOFA, the Ministry of Agriculture (MOA), the Ministry of Trade, the Ministry of Forestry, the National Family Planning Agency (BKKBN), the Ministry of Public Works, the Ministry of Communications and Information Technology, the Ministry of National Education, and the Ministry of Health. Under these ministries, there are many organisations referred to as ‘implementation agencies’ in NCT documents (NCT 2012).

As line ministries and the implementing agencies under their jurisdiction are the direct actors engaging in SSC, the coordination between NCT and line ministries at both the decision-making level and technical coordination level, and the coordination between the line ministries and implementation agencies at the implementation level in the field is considered essential in strengthening the national system of SSC. Furthermore, strengthening of the mechanisms to facilitate SSC at the implementation level appears to be crucial in effectively promoting Indonesia’s international cooperation. This could be one of the major challenges in enhancing the Indonesian capacity for SSC.

#### 4.2 The relationship between technical cooperation and economic/financial cooperation

It is important to notice that so far, the Indonesian government has promoted technical cooperation (Technical Cooperation among Developing Countries, TCDC, the term used in Indonesian documents) ahead of economic/financial cooperation (Economic Cooperation among Developing Countries, ECDC, the term used in Indonesian documents). There is an intention to consider ECDC at a later date (NCT and JICA 2012: 23). Reasons for this stance of the government are, among other things, that ECDC requires the participation of various stakeholders, including the private sector; some parties have been reluctant to provide loans to other countries because of the financial crisis Indonesia suffered (NCT and JICA 2012: 23).

The NCT and JICA (2012) study states in this regard that,

it is important to consider the Indonesian way of ECDC, taking into account of what is needed by the private sector that could not be supplied by the existing private sector. It is worth considering the strategic utilization of EXIM bank for the purpose of domestic development in relation to SSC in the long run (NCT and JICA 2012: 23).<sup>13</sup>

However, the study mentions that, in order for the Exim Bank to provide ECDC, the 'government's clear policy and adequate funding are crucially needed' (NCT and JICA 2012: 84). In this regard, the NCT presently 'focuses on TCDC, but would like to include ECDC in SSC in future' (NCT and JICA 2012: 82).

#### 4.3 Outstanding features of the 'Indonesian model'

Although there is a large amount of literature on China and India, beyond these two major Southern providers, literature dealing with Asian emerging donors is scarce.<sup>14</sup> As such, it is not easy to identify rigidly distinctive features of Indonesia's development cooperation. However, two recent studies appear to be relevant for this purpose. Kondoh *et al.* (2010) focus largely on 'aid patterns', a term that refers to the institutionalised orientation of the aid policies and institutions that are specific to an individual donor (Kondoh *et al.* 2010: 5). Although the present article does not aim to make a strict comparative analysis between Indonesia and other emerging donors, the conceptual framework of aid patterns utilised in the study provides a useful analytical perspective in highlighting some of the outstanding features of Indonesia's SSC compared to that of other major Asian emerging donors. This article also referred to a comparative study on Thailand, Brazil, and Indonesia by NCT and JICA on the management of SSC (NCT and JICA 2012).

From the 'aid patterns' analytical perspective, at least the following characteristics of Indonesia's pattern (or model) can be identified.<sup>15</sup> First, the basic approach of the Indonesian model could be considered flexible and pragmatic. As was discussed previously, SSC concepts can

be traced back to the Bandung Conference and a commitment to SSC has been reconfirmed on different occasions. However, its institutional framework, including the orientation of cooperation policies, has been flexibly enhanced in response to changing contexts. Second, Indonesia's model promotes technical cooperation ahead of economic/financial cooperation. Third, a regional preference or a specific-country focus has not generally been observed in the Indonesian model, apart from some exceptional cases such as Timor-Leste. Fourth, it scales up SSC, in many occasions, through triangular cooperation.

As a result, the Indonesian model can be said to have a strong emphasis on technical cooperation, and its international cooperation could be considered to be a 'knowledge-centred' approach.

## **5 Scaling up of knowledge-centred SSC**

### **5.1 Efforts to address the challenges of scaling up**

As was previously mentioned, since the Jakarta Commitment in 2009, efforts have been aimed at strengthening the institutional framework to scale up SSC. In the same year, a workshop on South–South technical cooperation organised by the MOFA, SETNEG, NAM-CSSTC, and JICA identified the following three challenges to SSC in Indonesia: (1) mainstreaming SSC in the National Policy; (2) enhancing human resources for international cooperation; and (3) improving the quality of SSC (Shimoda and Nakazawa 2012: 155).

### **5.2 Scaling up SSC through TrC**

The Busan outcome document (OECD 2011) highlighted the importance of TrC in scaling up SSC, emphasising that the sharing of knowledge and mutual learning be strengthened by scaling up, where appropriate, the use of triangular approaches to development cooperation.

In the context of Indonesia, some challenges – particularly related to budgets and funding – could be addressed by the triangular approach. Scaling up SSC typically depends, first, on financing often significant fixed costs incurred in developing and testing innovative technological interventions and, second, on keeping variable costs low so that an expanded scale of activities fits within the country's resource constraints (Hosono 2013: 240).

However, scaling up SSC through TrC extends far beyond addressing the financial constraints. One approach is to scale up through Southern centres of excellence that specialise in particular fields. The Northern partner in a triangular cooperation programme provides assistance in strengthening such centres in the Southern partner, which in turn can share knowledge and cooperate with other developing countries (the beneficiaries of triangular cooperation). The benefits come from the creation of knowledge by centres of excellence, from the adaptation of global knowledge to developing countries' conditions, and from cost savings when assistance is extended by the centres to other developing countries (Hosono 2013: 241–42). Furthermore, these centres of

excellence may obtain additional benefits from this approach. The mutual learning process enables them to achieve a deep understanding of the potential and challenges of beneficiary countries and to establish a reliable network of specialists (Hosono 2013: 248). These centres may be able to accomplish a pivotal role in scaling up SSC through TrC.<sup>16</sup>

In this regard, it is important to note that Indonesia rather prefers to use the word 'share' in order to maintain an equal partnership, and the country is reluctant use the word 'teach' to other countries (NCT and JICA 2012: 23). Indonesia's view is that 'Remembering the experiences of a recipient country, Indonesia could learn from recipient countries through SSC and be a spokesperson for developing countries at G20 as a representative of Asian developing countries' (NCT and JICA 2012: 23).

As stated in Section 3 of this article, 'many centres of excellence were established in Indonesia, and the knowledge acquired in these centres was considered as an asset that was well adapted to the local context of Indonesia' (JICA 2011: 7). Some of these assets are deeply rooted in the Indonesian context, but are able to be transformed into technologies applicable to other developing countries since they were being adapted from a society closer to other developing countries (JICA 2011: 7–8).<sup>17</sup>

It is worth noting that in the case of Indonesian and Japanese triangular cooperation, a 'Model of Triangular Cooperation' with a set of principles as a guideline of TrC has been established through day-to-day operations of engagement between the two countries and communication with other developing countries (JICA 2013: 10–11).<sup>18</sup> This model could be considered innovative and promising in addressing the challenges of TrC, including managing transaction costs, while assuring effectiveness, a demand-driven approach, and quality of knowledge transfer.

The partnership programme (PP) of the Southern partner and the Northern partner could be one of the more structured approaches to dealing with the challenges of SSTC, such as high transaction costs, supply-driven bias, duplication and so on. The PP modality promoted by Japan provides a common framework within which a Southern provider country (or pivotal country) and Northern development partner country can jointly implement cooperation for beneficiary countries, while also allowing the two countries to share their knowledge and experience in aid management. The PP has resulted in a more coordinated and systematic modality of knowledge-sharing, due to joint planning and periodic consultation between the two countries and to a combination of cooperation schemes, such as triangular training programmes, third-country experts, joint projects, and others (Hosono 2013: 249). The Japan–Indonesia Partnership Programme (JIPP) was set up in 2003, under which annual meetings have been held.

Germany, another major partner country for Indonesia's SSTC through the German development agency GIZ, supported the formation of the Aid Information Management System (AIMS) in Indonesia. In addition

to Germany and Japan, some other countries have recently started SSTC with Indonesia.

International organisations have started initiatives to support Indonesia's SSTC. UNDP has supported Bappenas through the Enhancing Capacity for Better Aid Management project (ECBAM-UNDP). The World Bank has facilitated South–South knowledge exchange through the Global Distance Learning Network (GDLN) in many countries, including Indonesia, and more recently through the South–South Experience Exchange Facility (Shimoda and Nakazawa 2012: 154).

### **5.3 Scaling up SSC through regional, multilateral, and global networks**

A new and innovative platform for knowledge-sharing called the Community of Practice (CoP) was established in 2013. The preparation of this global initiative was led by the Government of Indonesia. It is a web-based knowledge-sharing platform for practitioners of SSTC in which Indonesia, the World Bank, JICA, UNDP and the Asian Development Bank (ADB) participate. The platform enables the practitioners to exchange ideas, post knowledge, and learn from one another (JICA 2013: 16). This platform is an outcome of the Bali High-Level Forum, Country-Led Knowledge Hubs.<sup>19</sup>

## **6 Concluding remarks**

The answers to the three research questions derived from the analytical perspective of this article could be summarised as follows.

Regarding the identification and availability of knowledge to be shared, efforts have been made in Indonesia to identify such knowledge through the lens of the country's national vision of international cooperation in response to changing contexts. First, flagship programmes are defined based on need, global challenges, and the ability to contribute to national development target achievement. Most flagship programmes are based on knowledge that has been created or developed in the context of the diverse local conditions of Indonesia. More recently, the country announced new priority areas for SSTC such as governance and peace-building, macroeconomic management, and development, thereby identifying its comparative advantage. The National Coordinating Team listed more than 50 implementing agencies as organisations in which knowledge is embodied and can be shared. Each of the organisations could be considered a centre of excellence or prospective centre of excellence in its respective areas. As such, the country recognises its strength and potential for knowledge-sharing in changing international contexts. Efforts have been made to ensure that the knowledge identified is sharable and knowledge management for SSTC has been introduced.

As for the establishment of an institutional framework for a national system of international cooperation, important steps have been taken to create a National Coordinating Team through the ministerial decree of Bappenas, consisting of four core ministries. At the same time, SSTC is now being mainstreamed, thus becoming part of the National

Medium-Term Development Plan. Although further enhancement and strengthening of the institutional framework is still needed, these two decisions could be considered a milestone in steps towards a fully fledged national system. From a comparative perspective with other Asian emerging development partners, the major distinctive features of Indonesia's aid pattern or the 'Indonesian model', as discussed previously, could be provisionally summarised as flexible and pragmatic, with significant emphasis on technical cooperation, and without a strong regional or specific-country focus.

Regarding the scale-up of SSC through TrC, several new initiatives have been carried out. For example, it is worth noting that in the case of Indonesian and Japanese triangular cooperation, a 'Model of Triangular Cooperation' with a set of principles as a guideline of TrC has been established.

Based on these findings, we could highlight the role of Indonesia as a pioneering emerging development partner in mainstreaming knowledge-centred SSC. This approach could tentatively be called the 'Indonesian model', which is flexible and pragmatic, while being responsive to changing context. It places an emphasis on technical cooperation, working without a strong regional or specific-country focus. The experiences of Indonesia with these outstanding characteristics might be considered valuable for other emerging developing partners looking for a modality of effective SSTC. However, the country's experiences with its 'Indonesian model' approach deserve a more in-depth analysis, especially in comparison with other emerging development partners. Moreover, the perspective from recipient countries could be essential in any further study of Indonesia's approach.

### Notes

- \* An earlier version of this article was produced as a JICA-RI Working Paper.
- 1 Japan International Cooperation Agency (JICA) Research Institute, Tokyo.
- 2 Regarding use of the term 'emerging donors', see Mawdsley (2012: 4–5, 186).
- 3 Indonesia has taken several initiatives to strengthen SSC. Among the most relevant initiatives is the Bali High-Level Forum, Country-Led Knowledge Hubs hosted by Indonesia, World Bank, JICA, and UNDP in 2012.
- 4 For basic literature and discussion of knowledge, transformation and South–South cooperation, see Hosono (2013, 2015).
- 5 For basic literature and discussion of emerging donor aid patterns, see Kondoh *et al.* (2010).
- 6 The Jakarta Commitment was formulated by the Government of Indonesia as an agreement document on aid coordination for development effectiveness in 2009. It touched upon SSTC as one of the key pillars of Indonesia's development effectiveness agenda in its strategic vision (JICA 2013: 6).



- 7 The flagship programmes are as follows: (1) Agriculture, food security, and social protection; (2) Disaster risk management; (3) Democratisation and good governance; (4) Trade and industry; (5) Infrastructure; (6) Human development (health, education, population, gender); (7) Indonesia's commitment for Palestinian development.
- 8 For centres of excellence, see Hosono (2013).
- 9 See for example, Mawdsley (2012).
- 10 UN (2011: 18).
- 11 These institutions were selected as examples by the author. For more details, see NCT (2012) and JICA (2014).
- 12 Based on Ministerial Decree of Bappenas No. KEP.51/HK/03/2013 dated 25 March 2013 (JICA 2013: 7).
- 13 The Exim Bank was established by the Government of Indonesia in 2009 in order to support the overseas transactions of Indonesian firms. The Exim Bank has both a commercial wing and an official development assistance (ODA) wing with the intention of expanding ODA business by supporting government programmes over the long term. However, as a commercially operating entity, the Exim Bank cannot take risks associated with providing concessional loans to developing countries with high 'country risks' (NCT and JICA 2012: 84).
- 14 Kondoh *et al.* (2010: 3) pointed out that, when a Japan Bank for International Cooperation (JBIC) research project was conducted in 2010 to explain the aid policies and performances of six major Asian emerging donors, there was no substantial literature examining Asian emerging donors in detail.
- 15 Kondoh *et al.* (2010: 5) stated that the term 'aid pattern' has similarities to 'aid model' and can be expected to show patterns, idiosyncrasies, and aid activity characteristics of each emerging donor. In reference to this distinction, this article uses the term 'Indonesian model'.
- 16 For discussion on scaling up SSC, see Kato (2012, 2013).
- 17 As a good example of SSTC, the 'Triangular Cooperation [of Timor-Leste, Indonesia and Japan] on Road Sectors [in Timor-Leste]' was acknowledged by JICA (2013: 22). It was made up of components designed to produce tangible results: trainings in Indonesia, follow-up missions to Timor-Leste, and a final seminar. An important feature of this cooperation was the strong ownership of the governments of Timor-Leste and Indonesia. The triangular cooperation projects of Afghanistan, Indonesia, and Japan in agriculture, health, and community development may be considered another relevant example of SSTC (see JICA 2013: 24).
- 18 An explanation of this model has been elaborated by the author based on JICA (2013: 10–11).
- 19 For details of the Bali High-Level Forum, Country-Led Knowledge Hubs, see Choensni and Schulz (2013: 81–84).

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