



Australian Department of Foreign Affairs and Trade

New international development policy

Submission

30 November, 2022

Contact information:

Dr Eugene Sebastian

Executive Director

Email: eugene.sebastian@australiaindonesiacentre.org

Web: australiaindonesiacentre.org

Australia-Indonesia Centre's submission to DFAT – International Development review

1.0 Introduction

The Australia-Indonesia Centre (AIC) welcomes the opportunity to provide a submission in response to developing the Australian Government's new international development policy.

This submission is made in the context of **AIC's role and function** in the **Australia-Indonesia knowledge partnership** domain and from the perspective of its mission to advance the **people-to-people links** in research, science, innovation and culture. Our submission focuses primarily on our experiences in conducting applied research, fostering research collaboration, strengthening relationships across government, business and academia, and promoting understanding between both nations. We believe that there are **learnings from our model** that could be **applied to Australia's support for a peaceful, stable and prosperous Indo-Pacific region**.

Our submission will address:

- How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?
- How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?

2.0 Key questions

2.1 How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?

Australia's knowledge sector and its knowledge partnerships in the Indo-Pacific region are an under-leveraged national strength that should be mobilised to enhance the impact of our development program. Universities are an example and a significant segment of the knowledge sector. Their strength comes from their **global standing, convening power** and important contribution to **addressing multidimensional vulnerabilities**.

Australian universities are **world-class**. In sustainable development, **nearly half** of Australia's universities are **ranked in the top 100**, signalling their important **leadership and contribution** to sustainable development goals. But beyond rankings, universities are important **contributors to foreign policy and development**. They contribute through the delivery of **aid scholarships** to students, **specialised training** to policymakers, and other **educational services**. These activities collectively contribute to capability building and foster a **network of influential alumni** who become important **champions and potential influencers** in the bilateral links.

Through the work of the Australia-Indonesia Centre (AIC), we see the value of knowledge partnerships in adding an **extra dimension** to bilateral relations. These partnerships reflect a **maturing relationship** in which individuals, organisations and nations **come together as equals** to generate and share knowledge, resources, experiences and connections. It takes the relationship beyond development assistance. In the long term, this type of partnership **creates public value** to effect change for the **common good of both countries**.

The AIC was established by both governments in 2013 with a vision to **advance the people-to-people links in research, science, innovation and culture**. Since then the Australian government has invested nearly \$25 million in the centre with universities, the Indonesian government and industry **co-investing** \$15 million.

The AIC brings together a **consortium of 11** universities - four from Australia and seven from Indonesia.¹ Unquestionably, Australia is ahead of other countries in taking a consortium-based approach to bilateral collaboration in the knowledge sector. But the **landscape is changing quickly**, with many now looking to copy Australia. The UK recently formed a *UK-Indonesia Consortium of Interdisciplinary Science*, while the US and Japan are working towards an AIC-style consortium with several of our Indonesian university partners.

These new players **recognise the strategic role** that universities play in Indonesia's polity, economy and society. **More than half** of President Joko Widodo's cabinet are AIC-affiliated university alumni, with **70 percent** of provincial governors and vice governors also alumni of AIC partner universities. Professors are often called to serve as presidential **advisers, ministers and technocrats**. This is an invaluable network of **champions and influencers** connected to the AIC through our programs and one that Australia can leverage more broadly.

AIC's role in knowledge partnership is demonstrated through the **Partnership for Australia-Indonesia Research (PAIR)**. PAIR (2019-2023) is supported by the Department of Foreign Affairs and Trade (DFAT). It is an initiative DFAT commissioned in 2017 to **prototype universities working multi-sectorally** to produce evidence that supports policy decision-making. The PAIR model has five stand-out features:

1. It embeds itself at a **sub-national level** to help focus its activities, **align to national** priorities and build deep connections.
2. Its value is derived through **trusted collaborations** nurtured with government, business, education and community groups.
3. It brings groups of researchers that are **multinational, multi-institutional, multidisciplinary** and **influential** in their disciplines (and connections) to work together as equals to solve problems.
4. Together through a PAIR **design process**, we work with multi-sectoral stakeholders to **co-define** the issues and **co-create solutions**.
5. PAIR **leverages** the AIC's network of **influential alumni** and champions to find pathways to take our findings to a point where they are used to **inform policies**, strategies or actions.

PAIR's theme is **Connectivity, People and Place**. Based in South Sulawesi, PAIR is supported by the **South Sulawesi government**, the three districts (Maros, Barru and Pangkep), **industry associations, community groups**, the **Indonesian Ministry** of Education, Culture, Research and Technology, the National Research and Innovation Agency, and the Ministry of Transportation.

Through PAIR, we **mobilise 11** leading universities, 320 **interdisciplinary** researchers, 13 **influential advisors** and an alumni **network of champions** across 153 organisations. PAIR takes an **interdisciplinary, integrated** and **demand-driven** approach to research. We link commodities with **transport, logistics and supply chain** and young people. In **commodities**, we look at how South Sulawesi can innovate its seaweed value chain to benefit farmers and coastal communities. Our focus on transport, logistics and supply chain focuses on the new Makassar-Parepare 145 km railway line that connects two port cities and three districts. We explore intermodal connectivity and new ways for farmers and businesses to move their goods from farms to ports quickly, cheaply and seamlessly. Our focus is on **young people** between the ages of 16 and 30, especially **women and people with disabilities**. We tackle issues from the perspective of health, well-being, skills and enterprise development.

¹ Australia: Monash University (lead agency), the University of Melbourne, the University of Queensland and the University of Western Australia. Indonesia: Universitas Airlangga, Universitas Gadjah Mada, Universitas Hasanuddin, Universitas Indonesia, Institut Pertanian Bogor, Institut Teknologi Bandung, Institut Teknologi Sepuluh Nopember.

PAIR IMPACT - Our work is making a difference. For example, the provincial and national governments will **use our findings in their planning**. The province will include some of our recommendations - on seaweed, railway and skills - in their 2023 plan. While the Transport Policy Agency within the Ministry of Transportation will work with us to **synthesise our findings** with theirs to produce a **joint recommendation** for the Minister.

PAIR SULAWESI - The PAIR model is **starting to resonate** with the Indonesian government. The Ministry of Education is seeking to fund a PAIR model for Sulawesi. In recent months, we have been working with Indonesian university partners and the Ministry to develop a program that **scales up PAIR for Sulawesi**. The intention is to extend our work to cover the **nickel-led industrialisation** development triangle in Central, South and Southeast Sulawesi provinces and a tourism development based in Wakatobi, one of the designated '**super Balis**'. While the funding will only cover Indonesian universities' participation, it opens opportunities to seek matching funds from the Australian side.

PAIR LAB - One of PAIR's end-of-program outcomes is that its knowledge network continues to respond to complex development challenges beyond the life of PAIR. The Centre and the provincial government will establish a **PAIR Lab initiative** which will continue to build on PAIR's activities. The Lab will **conduct policy-directed research**, deliver **policy short courses** (online, offline and hybrid) for policymakers and researchers, and hold **webinars, forums and roundtables**. Our vision is that the PAIR-Lab emerges at the forefront in delivering international best-practice, policy-directed research in South Sulawesi and Eastern Indonesia. Beyond this vision, the **Lab is an example** of how **universities can leverage development opportunities** to create a **sustainable vehicle** to make ongoing contributions at a sub-national level.

Through PAIR, we have **identified three potential pathways** forward for collaborative research programs.

Pathway 1: Establish a PAIR Lab that continues the work of PAIR beyond its program lifecycle. We see the potential for the PAIR Lab South Sulawesi to eventually transition into an *Unhas Centre of Excellence* that continues to grow the body of knowledge by applying the PAIR approach in ways that foster a South Sulawesi knowledge ecosystem. In fact, the Sulsel PAIR Lab can become a prototype for a network of PAIR Labs established through PAIR programs in other provinces.

Pathway 2: Replicate and scale up PAIR in other provinces that have expressed interest in PAIR, such as West Java and East Java and further to Kalimantan (new capital city site) and Bali. Central to these programs will be the need to ensure that the selected research areas again accord with national-level development priorities. Embedding PAIR **builds closer strategic connections** at a **sub-national level and guarantees connection to national priorities**. At this level, we are seeing a **new generation of leaders** and political aspirants rising.

Pathway 3: The PAIR program could also be internationalised in Southeast Asia, Timor Leste and the Pacific. The AIC presents a **ready-made vehicle** in which Australia and Indonesia can **partner to promote knowledge** and build the capability of local institutions to tackle sustainable development challenges such as climate change, energy transition, public health and poverty.

2.2 How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?

While each development assistance **partner nation is developing at different rates**, a number are well on the path towards **no longer being eligible for ODA**. These transformations should be celebrated as reflecting the success of long-term efforts by the peoples of these countries in advancing their nations. For countries that have been supportive of these nations' development efforts, these **transformations should be welcomed** as a reflection of **Australia's good international citizenship** as well as the strategic and economic benefits of having more of its

neighbours whose citizens are **prosperous** and more able to consume quality Australian goods and services as well as being providers of goods and services that Australians require to meet expected living standards.

In this regard, a note should be made of the successful transformations that have taken place in nations as diverse as Japan, South Korea, Singapore and Malaysia. Similar transformations are now beginning with key neighbours such as Thailand and Indonesia. There are not just profound implications for ODA to these countries, but there is also a need, and indeed an **opportunity to partner with these countries in more creative ways** than the traditional ODA models follow. The following offer some views on the pathways forward and how this transformation may impact Australia's relationship with Indonesia.

For many years **Indonesia has been the largest or second-largest recipient** of Australian ODA. This is hardly surprising, given it is Australia's largest neighbour by any measure. The ravages the country suffered during the Asian Financial Crisis (1997-98) caused it to become much more dependent upon international support just to cover essential budgetary needs. In the following two decades, the **country has enjoyed solid and sustained rates of growth** to the point where **ODA is a minor contributor to the nation's budget**, and at the same time, its debt profile is now more weighted in favour of private sector debt as well as domestic financing instruments such as bonds. This **trend is likely to continue**. In this regard, the role played by ODA will continue to diminish.

For a long-term and stalwart development partner of Indonesia, Australia will **need to make the necessary adjustments** to engage effectively with a more developed Indonesia. **The partnership will certainly not come to an end**. Indeed the recent establishment by Indonesia of its own **Indonesian Agency for International Development** (IndonesianAID) reflects the reality that Indonesia's development experiences are significant and that the country as a member of the G20 needs to step forward to support other countries where it is able. For Australia, this kind of development partner **offers great opportunities to work together** in support of other countries in the Indo-Pacific, including the countries of the South Pacific, South and Southeast Asia, and Muslim-majority nations.

Looking ahead there will be a growing need for the bilateral relationship to be deepened through the development of **closer partnerships among peers**. There are already some superb examples such as the partnership between the Australian Federal Police and Indonesia's national police force, Polri, which has undertaken **pioneering work** on issues like **counter-terrorism**. There are numerous other official partnership arrangements between government agencies. These kinds of partnerships of peers need to be strengthened in other areas of endeavour.

One **area which offers great potential** is the area of **research collaboration**. Australia has been the **education partner of choice** for Indonesians since the mid-1990s. The broad cohort of Indonesians who are familiar with Australia, especially those who work in the university sector, offers a huge advantage for Australia in forging stronger partnerships between the universities of both countries. The establishment by both governments of the **Australia-Indonesia Centre in 2013 reflects this potential**. Grounding direct partnerships between cohorts who have a vested interest in the longevity of peer-to-peer collaboration is a strong form of investment to **add gravitas and ballast** to the overall bilateral relationship. It reflects a **pivot away from the traditional "project" model** that guides development assistance/partnerships and towards **longer-term program-based partnerships** that seek to ground the partnerships directly into the work of the partners on a longer-term basis. This also encourages some **out-of-the-box collaborations** to seek new avenues of partnership and various spin-offs that expand the range and depth of these partnerships in new and exciting directions.