



Embassy
of the Federal Republic of Germany
Jakarta



Priority area **Good Governance and Global Networks** *(status: February 2016)*

1) Strategic goals

Indonesia has been going through a process of democratization since 1998. This process also involves comprehensive political, administrative and financial decentralization. Thanks to its political stability in the past 15 years, as well as continuous economic growth, Indonesia has been counted as a middle-income country since 2008. Indonesia is also a driving force in the Association of South-East Asian Nations (ASEAN) and a G20 member. As a member of ASEAN, the G20 and the Global Partnership for Effective Development Cooperation, Indonesia is contributing to international cooperation. Moreover, Indonesia has begun to create structures of its own for development cooperation.

Despite these advances, there is always the occasional retrograde step, such as the recent abolishment of direct elections for the heads of government at the regional and district levels, or the introduction of a law for the registration of non-governmental organizations. Moreover, Indonesia is still facing major challenges in becoming a modern constitutional state, mainly in the areas of administrative reform, fighting corruption and reforming the justice system and the police. Overall, Indonesia's governance indicators are rather poor for an emerging country. This is so, for example, in the case of the World Bank governance indicators (here Indonesia's Government Effectiveness and Regulatory Quality is far behind that of Thailand and the Philippines), the Corruption Perception Index (88th out of 177 countries), the Doing Business Index (109th out of 189 countries) and the Gender Equality Index. Also regarding the tax ratio amounting to 12% Indonesia is far behind.

Economic development successes to date are increasingly at risk because of poor governance. The previous government had already made anti-corruption and administrative reform its priorities, a move that is set to be strengthened even further under the new government. Administrative reform, which is now gaining ground thanks to a comprehensive new law for the civil service adopted at the end of 2013, is still in the early stages and, in a country with over 6 million civil servants, this is a herculean task. The great geographic and social disparities in the delivery of public services must be reduced in order to get a grip on growing social inequality.

Indonesia is one of Germany's so-called Global Development Partners. These are countries with which Germany cooperates in order to realize international agendas. In line with the development of the Indonesian reform agenda, German cooperation is undergoing a process of transformation. After 20 years of cooperation with a focus on decentralization, the German side is now supporting the creation of a competitive modern constitutional state as part of a new priority area: Good Governance and Global Networks. The aim of this cooperation is that the public sector will be able to make a bigger contribution to sustainable social and economic development and to improving Indonesia's position in the international context.

2) Approaches within the priority area

Reform of Public Administration, Good Financial Governance and Preventing/Fighting Corruption

- Supporting key actors (Administrative Reform Ministry, Finance Ministry, Interior Ministry, Ministry of Planning, and Administration Academy) in the areas of public sector reform with the aim of creating a more effective, efficient, accountable and service-oriented public administration, and rolling out innovative public services concepts designed with feedback from international organizations (OECD, ASEAN). (Project for transforming administration – strengthening innovation (TRANSFORMASI))
- Organizational and institutional strengthening of the Anti-Corruption Commission (KPK), with the aim of carrying out more anti-corruption measures: introducing a national integrity management system, creating Anti-Corruption Learning Centers and anchoring instruments to fight corruption that have already been designed. (Project for preventing and fighting corruption)
- Support in the area of the reduction of subsidies and/or the transformation of subsidies in conditioned social transfer programs.
- Cooperation with the Ministry of Female Promotion and Protection of Child Rights with a view to developing national and local policies, programs and capacities to create a basis for reducing structural discrimination against women. (Project for strengthening women's rights)
- Strengthening public service providers in the area of reducing georisks, especially through knowledge building and transfer among those in charge in the field of disaster prevention, by supporting the political anchoring of geosensitive planning approaches at the national and local levels, and by promoting strategies to raise awareness in affected population groups.

Content-wise the main focus is on technical and policy advice, as well as capacity building for creating a modern constitutional state. This includes political dialogues and evidence-based policy development, and also the introduction of instruments for increased transparency, accountability, customer-oriented services and popular participation. German Technical Cooperation is also being used to support greater networking of selected partners from the above-mentioned projects in order to design and implement reform agendas together. Selected governance topics, for example, climate financing, are increasingly being handled as cross-cutting topics together with other priority areas.

Strengthening of structures and capacities for international cooperation

The advice comprises strengthening capacities for South-South and triangular cooperation, planning and realizing sustainable triangular cooperation projects, and developing and managing networks for global governance on selected topics (G20, Agenda 2030, etc.). There is close cooperation with global measures, which is financed from the budget allocation for international cooperation with regions (IZR budget). Projects are SSTC and NGG.

3) Financial contributions

The total amount of all commitments for Technical Cooperation between 2007 and 2015 was 51.852 million euros. No Financial Cooperation funds were used during this period.