Dutch Development Cooperation with Indonesia

The Impacts of Dutch ODA on development in Indonesia from 1998 to 2016

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Abstract

This thesis examines the evolution of the relation between the Netherlands and Indonesia and in particular the development cooperation between these two countries. It is demonstrated that the Netherlands utilizes development cooperation in order to fulfil its moral obligation to help those in need and in order to create opportunities to realize its economic interests. The Dutch approach of development cooperation between the Netherlands and Indonesia has evolved from a predominantly multilateral one, as it wanted to be a neutral donor due to colonial sensitivity, to a bilateral approach through ODA support directly to the Indonesian government and distributed by the Dutch embassy in Jakarta. Dutch development cooperation has focused on several themes, such as education, water management, and good governance, mainly to create effectivity and efficiency as well as to utilize Dutch knowledge in and of these areas, and later also due to budgetary reasons. This thesis is set out to answer the following research question: *How has Dutch development cooperation with Indonesia evolved and to what extent has Dutch official development assistance contributed to development in Indonesia in the period of 1998 to 2016?* In order to answer this question, this thesis will first examine the evolution of Dutch development policies in general before turning to the practical impacts of Dutch development policies in Indonesia from 1998 to 2016.

Keywords: Indonesia – the Netherlands – ODA – development cooperation

List of abbreviations

DAC	Development Assistance Committee
GNI	gross national income
HDI	Human Development Index
IGGI	the Inter-Governmental Group on Indonesia
IMF	International Monetary Fund
IOM	International Organization for Migration
IR	international relations
IWIRIP	Indonesian Water Resources and Irrigation Reform Implementation Program
KDP	Kecamatan Development Program
MDGs	Millennium Development Goals
NGOs	non-governmental organizations
ODA	official development aid
OECD	Organisation for Economic Co-operation and Development
PPP	public-private partnership
SAPs	structural adjustment programs
SGP	Scholarships and Grants Program
SIGP	School Improvement Grants Program
SRHR	Sexual and Reproductive Health and Rights
UDHR	Universal Declaration of Human Rights
UK	the United Kingdom
UN	United Nations
UNFPA	United Nations Population Fund
US	the United States

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Introduction

In September of 2016, the Dutch Ministry of Foreign Affairs announced that from 2020 onwards, Indonesia will no longer receive official development assistance from the Netherlands. After almost 70 years of development cooperation between the Netherlands and its former colony, the time has come to move away from the development relation between the two nations, in order to establish a more equal, mature bilateral relationship.

Development cooperation has always been an important part of the foreign policy of the Netherlands, which is "characterized by a sense of international engagement."[1] Providing development assistance by means of financial support has been a central policy objective in the Dutch foreign policy.[2] Although it sometimes has been a sensitive topic, the Netherlands has a long history of development cooperation with Indonesia, a nation that has been a colony of the Netherlands for almost 150 years.

This thesis is set out to examine how the development cooperation between the Netherlands and Indonesia evolved over time, and which practical development results Dutch development cooperation with Indonesia in the period from 1998 to 2016 have been achieved. Much research has been conducted on Dutch-Indonesian relations since decolonization, however, to my knowledge, none have focused on the practical outcomes of Dutch development efforts in Indonesia. Therefore, the research question of this thesis is: *How has Dutch development cooperation with Indonesia evolved and to what extent has Dutch official development assistance contributed to development in Indonesia in the period of 1998 to 2016?* The aim of this thesis is not to establish a general theory of development, but rather to link the literature on Dutch development cooperation policies to actual policy outcomes in Indonesia.

Through research on literature as well as development evaluation reports, it will become evident that development cooperation between the Netherlands and Indonesia initially started as multilateral financial support through the World Bank and the

[1] Peter R. Baehr and Monique Castermans-Holleman. *The Role of Human Rights in Foreign Policy* (Hampshire/New York: Palgrave Macmillan, 2004), p. 95.
[2] Peter R. Baehr, "Problems of Aid Conditionality: The Netherlands and Indonesia," *Third World Quarterly* 18, no. 2, 1997, p. 363.

United Nations. Later, a bilateral approach to ODA support was taken on to support development in Indonesia. Through this approach, key themes and sectors were supported, by budget support as well as program support by the Dutch embassy in Indonesia. This had led to practical improvements in these sectors.

This thesis will first discuss the global origins and evolution of official development assistance (ODA) in chapter 1. Chapter 2 will discuss ODA in a more theoretical manner, by examining how varying theories of International Relations view development aid. Chapter 3 will address the evolution of Dutch development cooperation, and more specifically, the history of Dutch development cooperation with Indonesia. In chapter 4, the achieved results of Dutch development cooperation with Indonesia will be examined and concluded. Chapter 5 will answer the research question of this thesis and recapitulate the main findings of this research.

Chapter 1: A Background on Official Development Assistance: Definitions, Origins, and Evolution

This thesis is set out to examine the impact of Dutch development aid on human welfare conditions in post-democratization Indonesia. Therefore, it is important to first establish an understanding of the origins and evolution of development aid.

Official development aid[3] has been defined[4] as

> government aid designed to promote the economic development and welfare of developing countries. Loans and credits for military purposes are excluded. Aid may be provided bilaterally, from donor to recipient, or channelled through a multilateral development agency such as the United Nations or the World Bank. Aid includes grants, "soft" loans (where the grant element is at least 25% of the total) and the provision of technical assistance.

Developed countries should spend 0.7% of their gross national income (GNI) to ODA, according to a target set by the UN.[5] However, only 6 of the developed countries met this target in 2016, as can be seen in Table 1, which illustrates the top 10 donors of ODA as a percentage of GNI and the top 10 donors of ODA in volume.

Donor	ODA as % of GNI	Donor	ODA in Billion USD
1 Norway	1.11	**1 US**	33.59
2 Luxembourg	1.00	**2 Germany**	24.67
3 Sweden	0.94	**3 UK**	18.01
4 Denmark	0.75	**4 Japan**	10.37
5 Germany	0.70	**5 France**	9.50
6 United Kingdom	0.70	**6 Netherlands**	4.99
7 Netherlands	0.65	**7 Sweden**	4.87
8 Switzerland	0.54	**8 Italy**	4.86
9 Belgium	0.49	**9 Norway**	4.35
10 Finland	0.44	**10 Spain**	4.10

Table 1. ODA flows 2016.
Data source: OECD (2017).[6]

[3] In the context of this thesis, aid is referred to in different names such as development aid, official development assistance (ODA), foreign aid, development assistance and international aid, and in the Dutch case, development cooperation.
[4] OECD (2017). 'Net ODA,' *OECD,* accessed on December 10, 2017, https://data.oecd.org/oda/net-oda.htm
[5] Ibid.
[6] OECD, *Development Co-operation Report 2017: Data for Development,* OECD Publishing, Paris: 2017, p. 141.

Although no single event can be marked as the key cause behind the inception of foreign aid[7], the history of foreign aid in its modern form can be traced back to after the end of World War II. In 1947, foreign minister George C. Marshall of the United States (US) proposed to give aid to war-torn European countries to enable them to rebuild their economies.[8] The Marshall Plan became effective in 1948, and only a year later, the US created the first plan to expand its aid program and asked others to contribute as well when US President Truman said in his inaugural speech that

> we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. […] We invite other countries to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies whenever practicable. It must be a worldwide effort for the achievement of peace, plenty, and freedom.[9]

Browne has identified four 'ages' of aid, which briefly explain the evolution of aid and its purposes: 1) 1950-1965: "development through capital and growth"; 2) 1965-1980: "interdependence and basic needs"; 3) the 1980s: "structural adjustment and the rise of the NGO"; and 4) the 1990s: the end of the cold war and the importance of institutions.[10] Ali and Zeb add a fifth 'age': the new aid agenda, which, since the end of the 20th century focuses heavily on poverty reduction.[11]

In the 1950s, development was mostly associated with economic growth, and the main goal of foreign aid was to assist newly independent countries in achieving such economic growth by supplying capital investment and technical assistance.[12] In the Keynesian post-war world, the transfer of capital towards governments of

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[7] Murad Ali and Alam Zeb, "Foreign Aid: Origin, Evolution and its Effectiveness in Poverty Alleviation," *The Dialogue* XI, no. 1, 2016, p. 108.
[8] John Degnbol-Martinussen and Poul Engberg-Pedersen, *Aid: Understanding International Development Cooperation* (London: Zedbooks, 2003), p. 8.
[9] Harry S. Truman, *Inaugural Speech* (Washington D.C., January 20, 1949), accessed on December 17, 2017, https://trumanlibrary.org/publicpapers/index.php?pid=1030.
[10] Stephen Browne, "The Rise and Fall of Development Aid," *WIDER* Working Papers No. 143, September 1997, p. 6-15.
[11] Ali and Zeb, "Foreign Aid," p. 118.
[12] Ali and Zeb, "Foreign Aid," p. 111.

developing countries was the main form of foreign aid[13]. However, economic growth and development were not the sole ideas behind aid; aid also served the donor countries' commercial, political, ideological and strategic interests, exemplified by the aid given to newly independent countries in order to contain the spread of communism in the context of the Cold War.[14]

The 1960s saw a continuance of the development aid strategies of the 1950s, but with an increase in significant donors in the "arena of international aid", such as Japan, West Germany, the Netherlands and the Scandinavian countries, and also the USSR increasingly used aid programs to enlarge its sphere of influence.[15] In 1960, the Development Assistance Group (now known as the Development Assistance Committee (DAC)) was formed as "a forum for consultations among aid donors on assistance to less-developed countries."[16] During the 1960s, economic growth was still the main indicator for development, but a greater emphasis was placed on employment, which was believed also to be achieved by the earlier 'model' of aid; the transfer of capital and technical assistance, which was mostly provided to establish and/or improve physical infrastructure in the recipient countries.[17] It was also during the sixties that a somewhat more pessimistic view on foreign aid started to develop, as it became clear that there had been a low correlation between aid and growth, and there was a rather small 'trickle-down effect' to the poorest part of the recipient countries' population.[18]

During the 1970s, aid strategies began to change. With a renewed emphasis on poor people, the World Bank focused on aid with the aim of poverty reduction and incorporation of the poor in the 'world economy', whereas the International Labour Organization focused more on "fulfilment of basic needs (food, water, housing, health, education, work, and so on) as a prerequisite for economic and social development."[19] Moreover, non-governmental organizations (NGOs) and

[13] Browne, "The Rise and Fall of Development Aid," p. 6.
[14] Ibid, p. 112.
[15] Ali and Zeb, "Foreign Aid," p. 112.
[16] OECD, "DAC in Dates: The History of OECD's Development Assistance Committee," *OECD,* 2006, p. 7.
[17] Ali and Zeb, "Foreign Aid," p. 112.
[18] Ibid, p. 113.
[19] Degnbol-Martinussen and Engberg-Pedersen, *Aid,* p. 45.

civil society organizations began to be involved in poverty alleviation.[20] The main strategy of aid during the seventies was based on 'integrated rural development projects', which were aimed at local economies and supported by central and local administrations of the recipient countries.[21] As these projects included cooperation from so many different levels (international, national, regional and local), they proved rather difficult to implement, and although the integrated local development approach was found to be relevant, a simpler institutional framework for their implementation was deemed necessary.[22]

Aid in the 1980s has seen a strong shift, one in line with the rise of the neoliberal economic thinking of this particular timeframe. The debt crisis of the 1980s created a "lost development decade" in which "the achievement of external (balance-of-payments) equilibrium and internal (budget) equilibrium became the overarching objectives and necessary conditions to the restoration of economic growth and poverty alleviation."[23] In light of this, multilateral institutions as the World Bank and the International Monetary Fund (IMF) created structural adjustment programs (SAPs) "to provide aid to governments in developing countries in exchange for promises of [economic] liberalization"[24], resulting in the 1980s being dubbed "the era of conditionality."[25] The SAPs usually contained measures such as privatization of state-owned enterprises, trade and economic liberalization, the removal of subsidies and import taxes, the devaluation of the domestic currency, and reductions of government expenditure[26], all measures along the lines of the "Washington Consensus" orthodoxy.[27] However, in most developing countries, SAP measures such as cuts in public expenditure only made the situation of the poor worse, and many countries saw a negative economic growth and increased unemployment.[28]

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[20] Ali and Zeb, "Foreign Aid," p. 114.
[21] Ibid, p. 46.
[22] Ibid.
[23] Eric Torbecke, "The Development Doctrine and Foreign Aid, 1950-2000," in *Foreign Aid and Development: Lessons Learnt and Directions for the Future,* ed. Finn Tarp (London and New York: Routledge, 2000), p. 33.
[24] Degnbol-Martinussen and Engberg-Pedersen, *Aid,* p. 47.
[25] Ali and Zeb, "Foreign Aid," p. 115.
[26] Ibid.
[27] Wil Hout, "Political Regimes and Development Assistance: The Political Economy of Aid Selectivity," *Critical Asian Studies* 36, no. 4, 2004, p. 592.
[28] Ibid, p. 116.

The 1990s was a decade of decline in foreign assistance, mainly due to the end of the Cold War. As the threat of communism disappeared, there was no geopolitical rationale for foreign aid.[29] The amount of foreign aid declined, while conditions of aid in the form of political reforms (besides economic reforms) increased[30], due to the increased importance of the notion of 'good governance' on the development aid agenda.[31] Donor countries increasingly attached conditions to their aid such as "democratization in the form of multiparty elections, observance of political human rights and good governance", of which the latter entails

- Inclusion of civil society in political decision-making processes;
- Open and transparent political-administrative systems that were accountable to the citizens;
- Control of corruption and misuse of power and;
- A certain degree of decentralization of power to the local authorities.[32]

The strengthening of institutions in developing countries was one of the main objectives of foreign aid in the 1990s, as this could lead to improvement of service provision and human welfare.[33]

The 1990s had witnessed a "widespread disappointment with aid and with what aid had achieved", and at the turn of the millennium, there was broad acknowledgement that the levels of aid had to increase and that aid should be focused on poverty reduction.[34] Two main critiques of aid practices in the years before were on 1) the conditions attached to the SAPs of the 1980s and 1990s and their effectiveness, or the lack thereof, on economic growth and human welfare and 2) project aid and the implementation and documentation of these development projects.[35]

In order to make development targets more concrete, the United Nations Millennium Declaration has been drawn up in 2000, which commits nations to "a

[29] Ibid.
[30] Degnbol-Martinussen and Engberg-Pedersen, *Aid,* p. 49.
[31] Hout, "Political Regimes and Development Assistance," p. 592.
[32] Degnbol-Martinussen and Engberg-Pedersen, *Aid,* p. 49.
[33] Ali and Zeb, "Foreign Aid," p. 117.
[34] Geske Dijkstra, "The New Aid Paradigm: A Case of Policy Incoherence," *DESA Working Paper No. 128,* New York: United Nations (Department of Economic and Social Affairs), 2013, p. 1.
[35] Ibid, p. 2.

new global partnership to reduce extreme poverty" by 2015.[36] The targets, better known as the Millennium Development Goals (MDGs), are the eradication of extreme poverty and hunger, the achievement of universal primary education, the promotion of gender equality and the empowerment of women, the reduction of child mortality, the improvement of maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and the development of a global partnership for development. [37]

In the years after 2000, three elements have co-created a "new aid paradigm":

1. Selectivity in aid allocation;
2. Increased national ownership of recipient countries over development strategies and;
3. A shift from project aid to program aid and budget support.[38]

In order to increase the effectiveness of aid to developing countries, the international community has come together in February 2005 in Paris to sign the Paris Declaration on Aid Effectiveness, which is a "practical, action-orientated roadmap to improve the quality of aid and its impact on development."[39] The Paris Declaration is based on five fundamental principles:

1. *Ownership:* Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption;
2. *Alignment:* Donor countries align behind these objectives and use local systems;
3. *Harmonisation:* Donor countries coordinate, simplify procedures and share information to avoid duplication;
4. *Results:* Developing countries and donors shift focus to development results and results get measured; and
5. *Mutual accountability:* Donors and partners are accountable for development results.[40]

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[36] UNDP. "Millennium Development Goals," *United Nations Development Programme*, accessed on December 15, 2017, http://www.undp.org/content/undp/en/home/sdgoverview/mdg_goals.html.
[37] United Nations, *The Millennium Development Goals Report 2015*, New York: United Nations, 2015, pp. 4-7.
[38] Dijkstra, "The New Aid Paradigm," p. 2.
[39] OECD, "Paris Declaration and Accra Agenda for Action," *OECD*, accessed December 18, 2017, http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.
[40] Ibid.

To conclude this chapter, development aid in its modern form has its roots in the end of World War II, and since then, the ideas about why and how development aid is to be provided have transformed due to ever-changing political and economic situations. From its birth at the end of the 1940s/beginning of 1950 until today, aid has served different purposes for different donors, from political and economic interests to moral and humanitarian purposes.

The next chapter will take a closer look at different theories of international relations (IR) and their viewpoints on development/foreign aid.

Chapter 2: Official Development Assistance: Theories of International Relations

Scholars of international relations (IR) from different theoretical perspectives have questioned the various purposes of foreign aid. This chapter provides a concise view of the different perspectives of theories of international relations.

From the realist perspective, the essence of politics is "survival rather than progress."[41] Realist scholars believe that the global order of states is a system of anarchy in which states compete over power and security, and ultimately survival, and as such, they see aid as "primarily a tool of hard-headed diplomacy" through which states can pursue their own national interests.[42] From the realist perspective, "foreign aid is perceived as only minimally related to recipient economic development and the humanitarian needs of recipient states are downplayed", as the donor state's national security and self-preservation are the "primary, if not the exclusive, objectives."[43] Hans Morgenthau for example argued early on in the scholarly discussion on foreign aid that "a policy of foreign aid is no different from diplomatic or military policy or propaganda. They are all weapons in the political armory of the nation."[44] There is however some variety in the realist tradition.

Classical realist scholars are traditionally more concerned with security in terms of military strengths and power, whereas neorealist scholars acknowledge the importance of "understanding the economic dimension of national security", as they "underscore the point that the [aid] recipient's economic potential is critical to understanding changing global balances."[45] Neo-realists argue that countries provide aid in order to promote their

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[41] Martin Griffiths, Terry O'Callaghan, and Steven C. Roach, *International Relations: The Key Concepts* (Oxon and New York: Routledge, 2008), p. 292.
[42] Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics* (Chicago: The University of Chicago Press, 2007), p. 3.
[43] Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows" *World Politics* 50, no. 2 (January 1998), p. 298.
[44] Hans Morgenthau, "A Political Theory of Foreign Aid," *The American Political Science Review* 56, no. 2 (June 1962), p. 309.
[45] Schraeder et al., "Clarifying the Foreign Aid Puzzle," p. 298.

economic interests.[46] In essence however, from the realist and neorealist perspectives, foreign aid predominantly serves the interests of the donor state rather than those of the recipient.

In stark contrast with the realist school of thought stand the idealist and neoidealist perspective. These perspective are sometimes called utopianism and can be seen as variations of liberal internationalism in which the main idea is that "what united human beings is more important than what divides them."[47] Idealist thinkers see foreign aid as "promoter of international peace and prosperity through developing cordial relations between the donor and recipient countries."[48] The idealist perspective challenges the realist school of thought as it stresses that the realist vision of anarchy and self-interests "ignores the record of cooperation that emerged in the late twentieth century."[49] David Lumsdaine for example has argued that "economic foreign aid cannot be explained on the basis of donor states' political and economic interests, and that humanitarian concern in the donor countries formed the main basis of support for aid."[50] Moreover, he argued that "[s]upport for aid was a response to world poverty which arose mainly from ethical and humane concern and, secondarily, from the belief that long-term peace and prosperity was possible only in a generous and just international order where all could prosper."[51]

A third approach in international relations, liberal internationalism, sees the world order from again a different angle. Liberal internationalism received renewed attention at the end of the 20th century as "a project to transform international relations so that they conform to models of peace, freedom, and prosperity allegedly enjoyed within constitutional liberal democracies such as

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[46] John P. Tuman, Craig F. Emmert, and Robert E. Sterken, "Explaining Japanese Aid Policy in Latin America: A Test of Competing Theories," *Political Research Quarterly* 54, No. 1, 2001, p. 89.
[47] Griffiths et al., *International Relations: The Key Concepts,* p. 163.
[48] Ashok Kumar Pankaj, "Revisiting Foreign Aid Theories," *International Studies* 42, no. 2, 2005, p. 105.
[49] Schraeder et al., "Clarifying the Foreign Aid Puzzle," p. 298.
[50] David H. Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989* (Princeton: Princeton University Press, 1993), p. 3.
[51] Ibid.

the United States."[52] There are three ways that this can be achieved; through commercial liberalism, through republican liberalism, and through institutional liberalism, or a combination thereof.[53] Commercial liberalism is based on the idea that "economic interdependence among states will reduce incentives to use force and raise the cost of doing so."[54] Republican liberalism promotes the spread of democracy along the lines of the democratic peace theory, whereas institutional liberalism promotes the rule of law and sees the development of international institutions as a way to "moderate the security dilemma among states."[55]

As discussed in this chapter, from theoretical perspectives, and in the previous chapter in a somewhat more practical sense, it is evident that there are various reasons for different states and actors to provide aid to other nations. Van der Veen has framed the possible goals for aid in seven categories: 1) security, 2) power/influence, 3) wealth/economic self-interest, 4) enlightened self-interest, 5) reputation/self-affirmation, 6) obligation/duty, and 7) humanitarianism.[56]

The next chapter will examine Dutch development aid to Indonesia and the goals behind the foreign policy of the Netherlands.

[52] Griffiths et al., *International Relations: The Key Concepts,* p. 204.
[53] Ibid.
[54] Ibid.
[55] Ibid, p. 205.
[56] A. Maurits van der Veen, I*deas, Interests and Foreign Aid* (New York: Cambridge University Press, 2011), p. 10.

Chapter 3:
The Netherlands and Aid: Why and How?

As argued in the previous two chapters, foreign aid can serve varying interests and goals for different countries. This also applies to the Netherlands, for which development aid, or development cooperation, has been a domain of struggle between political, societal, and economic interests over the last seven decades.[57] This chapter will examine how Dutch interests have influenced the evolution of Dutch development cooperation.

3.1 The Evolution of Dutch development cooperation

Dutch development aid started in 1949, after the launch of Truman's 'Point Four' program, with the sending of experts for service delivery through the UN.[58] This approach of providing technical assistance was chosen because it was seen as "an excellent source of employment for the many tropical experts who risked losing their jobs as a result of decolonization."[59] After WWII, Dutch aid had the purpose of facilitating the "transition towards modernity" for poorer countries and of the "reconstruction of society" after the war, and thus served both economic and moral purposes.[60] These interests, (economic) self-interest and moral obligation, have always been the two poles around which the Dutch foreign relations were built, resulting in a foreign policy dubbed as "the merchant vs. the clergyman"[61], where the merchant "represents egoistic, pragmatic or economic motives, [and] the clergyman embodies altruistic idealistic impulses for providing aid."[62] For example, the Dutch economy has

[57] Paul Hoebink, "Hoe de Dominee de Koopman Versloeg: Nederlandse Ontwikkelingssamenwerking Gewogen," *International Spectator* 60, no. 11, 2006, p. 578 (note: this work has been translated into English by the author of this thesis).
[58] Gabi Spitz, Roeland Muskens, and Edith van Ewijk, "Dutch Development Cooperation: Ahead of the Crowd or Trailing Behind?," *NCDO* March 2013, p. 8.
[59] J.A. Nekkers, and P.A.M. Malcontent. *Fifty Years of Dutch Development Cooperation 1949-1999,* eds. J.A. Nekkers and P.A.M. Malcontent (The Hague: SDU Publishers, 2000), p. 12.
[60] Ibid, p. 9.
[61] Ibid, p. 10
[62] Peter van Dam and Wouter van Dis, "Beyond the Merchant and the Clergyman: Assessing Moral Claims about Development Cooperation," *Third World Quarterly* 35, no. 9, 2014, p. 1636.

always been highly dependent on international trade, which explains the Dutch interest in the development of the rule of law abroad.[63]

In 1965 the Dutch Ministry of Development Cooperation was established, and it was also in this year that the Netherlands enlarged its bilateral aid contributions, mainly due to pressure from the Dutch business sectors, as large businesses wanted increased economic cooperation with aid receiving countries.[64]

In the seventies, the motivation behind Dutch development aid shifted and became "more ideologically and morally motivated" with increased focus on human rights and poverty.[65] It was under Minister Jan Pronk of Development Cooperation (1973-1977) that the Dutch government adopted the 0.7% target set by the UN.[66] Moreover, Dutch development cooperation in these years was characterized by collaboration with NGOs which had strong ties civil organizations in developing countries, leading to a strong bottom-up approach of development cooperation.[67] This can be seen as a decade in favour to the clergyman.

However, the merchant's importance returned to Dutch development policies in the eighties. Dutch development cooperation in this decade can be categorized as "liberal pragmatism", as "it was important that aid be compatible with Dutch economic interests."[68] Dutch development policy became aligned to the neoliberal agenda of the IMF and the World Bank, as the policies of this 'pro-free market' agenda was compatible with the Dutch economic interests.

In 1989, Jan Pronk was again appointed as Minister of Development Cooperation, which he remained until 1998. In this period, Pronk focused on policy coherence within Dutch institutions, and especially on cooperation

[63] Baehr and Castermans-Holleman. *The Role of Human Rights in Foreign Policy,* p. 95.
[64] van Dam and van Dis, "Beyond the Merchant and the Clergyman," p. 1642.
[65] Spitz, Muskens and van Ewijk, "Dutch Development Cooperation," p. 11.
[66] Ibid.
[67] Ibid.
[68] van Dam and van Dis, "Beyond the Merchant and the Clergyman," p. 1643.

between aid workers and diplomats, and new topics such as the environment, sustainability and human security emerged in the field of development cooperation.[69]

In 1998, Pronk's successor Eveline Herfkens took on the role of Minister of Development Cooperation. During her term (1998-2002), focus was placed on "effectivity, efficiency and management" as she aimed to establish a more pragmatic approach to development cooperation by reducing the amount of aid receiving countries and by increased 'local ownership' for the receivers.[70] Herfkens applied two sets of criteria in order to reduce the amount of aid receiving countries from 119 to 20: the first was the *necessity for help*, which centred around poverty and the amount of aid a country already received (from other donors).[71] Herfkens adopted the World Bank standard for poverty and only included countries with a yearly income of less than $925 per person on her list of receiving countries.[72] However, because the Netherlands also gave financial help to 'theme-countries', for themes such as environment and good governance, the list of aid receiving countries still included some sixty countries.[73] The second criteria was that of *good governance*, through which "countries with acceptable policies were granted general budget support with only minimal conditions."[74] "[I]n line with the rationale behind the UN Millennium Development Goals", which were developed during her term, Herfkens increased the focus on the targets and results of Dutch development cooperation.[75]

Herfkens' successor, Minister Agnes van Ardenne, in office from 2002 to 2003 and from 2003 to 2006, also saw the need to reduce the amount of receiving

[69] Spitz, Muskens and van Ewijk, "Dutch Development Cooperation," p. 12.
[70] Paul Hoebink, "Van Wervelwind tot Nachtkaars? Vier Jaar Eveline Herfkens op Ontwikkelingssamenwerking," *Internationale Spectator* 56, no. 4, 2002, p. 191 (note: this work has been translated into English by the author of this thesis).
[71] Ibid, p. 192.
[72] Ibid.
[73] Ibid.
[74] Spitz, Muskens and van Ewijk, "Dutch Development Cooperation," p. 12.
[75] Ibid.

countries, this time to 36, in order to increase efficiency.[76] Moreover, she introduced the "Dutch Approach", which is based on cooperation and coherency between the 3 D's: Defence, Diplomacy and Development.[77] This approach focused on the increased importance of conflict resolution in a post-9/11 world.[78] Van Ardenne also prioritized four themes for Dutch development cooperation: 1) education, 2) reproductive health, 3) HIV/aids, and 4) environment and water.[79]

Bert Koenders, Minister of Development Cooperation from 2007 to 2010, also used the 3D approach developed by his predecessor, but with more emphasis on fragile states and with increased priority on development cooperation.[80] Koenders also introduced the term 'global citizenship', with which he suggested increased partnerships between businesses, civil society organizations and citizens.[81]

From 2010 to 2012, during Ben Knapen's term as state secretary of foreign affairs, the budget for development cooperation decreased from 0.8% of national income in 2010 to 0.7% in 2012, with the most cuts on bilateral aid, while the amount of aid spent multilaterally, increased.[82] Under Knapen, the amount of aid receiving countries further decreased to fifteen, and the four main themes of his policy were changed to 1) food security, 2) security, 3) water, and 4) sexual and reproductive health and rights (SRHR).[83] Arguably, a return of the merchant could be witnessed as "Dutch self-interest and economic-diplomacy returned as a centrepiece of its development policies: focus-countries and themes coincided with Dutch commercial interests and expertise.[84]

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[76] NCDO, "Ontwikkelingssamenwerking in Vogelvlucht," *NCDO,* June 2012, p. 3. (note: this work has been translated into English by the author of this thesis).
[77] Spitz, Muskens and van Ewijk, "Dutch Development Cooperation," p. 12.
[78] NCDO, "Ontwikkelingssamenwerking in Vogelvlucht," p. 3.
[79] Ministry of Foreign Affairs of the Netherlands, *Aan elkaar verplicht, Ontwikkelingssamenwerking op weg naar 2015,* The Hague: 2003, p. 14-18 (note: this work has been translated into English by the author of this thesis).
[80] NCDO, "Ontwikkelingssamenwerking in Vogelvlucht," p. 4.
[81] Ibid.
[82] Ibid.
[83] Ibid.
[84] Spitz, Muskens and van Ewijk, "Dutch Development Cooperation," p. 13.

In 2012 the function of Minister of Development Cooperation changed to Minister of Foreign Trade and Development Cooperation, and with Minister Lilianne Ploumen (2012-2017), the development cooperation policy changed severely. With a budget cut of 1 billion euro, cuts had to made on three of the main themes; food security, water and security and the rule of law, whereas no cuts were made on women's rights and SRHR.[85] In this term, for the first time since the existence of the 0.7% norm, Dutch ODA has fallen below the international threshold; in 2013, 0.669% of national income was spent on ODA, and in 2014 0.635%. [86]

Due to global changes, the Dutch relations with other countries has changed.[87] Ploumen's policy distinguishes three different types of relationships with other countries: 1) aid relationships, 2) transitional relationships, and 3) trade relationships.[88] The countries which the Netherlands is in a transitional relationship with still receive aid, but these countries no longer need direct poverty reduction assistance, and the aid programs will slowly be phased out.[89]

Currently, the Netherlands is in a transitional relationship with Indonesia.[90] The following part of this chapter will examine how the development cooperation between the Netherlands and Indonesia has evolved over time. Special attention will be given to the development cooperation in the period since 1998.

[85] Ministry of Foreign Affairs of the Netherlands, *Wat de Wereld Verdient: Een Nieuwe Agenda voor Hulp, Handel en Investeringen,* Den Haag: 2013, p. 19 (note: this work has been translated into English by the author of this thesis).
[86] OECD, "Net ODA (indicator), *OECD,* accessed on December 17, 2017, https://data.oecd.org/oda/net-oda.htm
[87] Ministry of Foreign Affairs of the Netherlands, *Wat de Wereld Verdient,* p. 20.
[88] Ibid.
[89] Ibid.
[90] Ibid.

Chapter 3.2:
The History of Development Cooperation between the Netherlands and Indonesia

The Netherlands and Indonesia share a long history. The Dutch have been present in what is now known as Indonesia since the 1600s, when the Dutch East India Company used the archipelago as a trading post for its spice trade in the eastern part of the world.[91] Since 1815, 'the Netherlands-Indies' was colonized by the Dutch, first by the King, and since 1848 by the Dutch government.[92] During World War II, the Japanese occupied the Netherlands-Indies, until August 15, 1945, after which the Indonesian nationalist Sukarno proclaimed the independence of the Republic of Indonesia on August 17, 1945.[93] The Dutch tried to win back its colony in a 4-year long independence struggle but failed, after which it officially recognized Indonesian independence in 1949.[94]

Under leadership of President Sukarno, all ties with his country's former colonizer were broken off, as Dutch enterprises in Indonesia were nationalized and the last Dutch expatriates were sent home.[95] The last dispute between the two nations, that over the western part of the island Irian (or New-Guinea), ended in 1962 in favour of Indonesia, resulting in the end of the decolonization process.[96]

However, it did not take long before the Netherlands had, once again, taken an important position in Indonesia. Development cooperation was an eminent tool for the Dutch government to play an important role in Indonesia, especially due to Indonesia's poor economic situation in the early 1960s, but the Dutch

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[91] M.C. Ricklefs, *A History of Modern Indonesia since C. 1200,* (New York: Palgrave Macmillan, 2008), p. 28-30.
[92] Leo Dalhuisen, Mariëtte van Selm, and Frans Steeg, *Geschiedenis van Indonesië,* (Zutphen: Walburg Pers, 2014), p. 56. (note: this work has been translated into English by the author of this thesis).
[93] Ibid, p. 112-124.
[94] Allert P. van den Ham, "Development Cooperation and Human Rights: Indonesian-Dutch Aid Controversy," *Asian Survey* 33, no. 5, 1993, p. 531.
[95] Ibid.
[96] Anne van Mourik, "'Trying to fulfil our destiny': Ambassadeur Emile Schiff en de Nederlands-Indonesische Betrekkingen tussen 1963 en 1968," *Tijdschrift voor Geschiedenis* 129, no. 3, 2016, p. 373 (note: this work has been translated into English by the author of this thesis).

had to be careful not to come across as neo-colonizers.[97] After a shift in presidential power from Sukarno to Suharto in 1965, bilateral relations between the Netherlands and Indonesia normalized, and Suharto asked the Netherlands to set up a donor consortium, which resulted in 1967 in the Inter-Governmental Group on Indonesia (IGGI) under permanent presidency of the Dutch minister of Development Cooperation.[98]

Although Indonesia was still indebted to the Netherlands for an amount of 564 million guilders, it received a gift of 22 million guilders in development aid in 1966.[99] Dutch reasons for providing financial help were a combination between morality and self-interest, and the bilateral aid since 1965 was characterized by mutual (inter)dependence, as the aid would contribute not only to Indonesian development, but also to the Dutch business sector.[100] This is a clear example of the contesting interests of 'the merchant' and 'the clergyman' of the Netherlands in the early stages of development cooperation with Indonesia.

Bilateral relations between the two nations were thus restored after Indonesian independence, but Dutch NGOs were already concerned about human rights violations in Indonesia under the Suharto regime and urged the Dutch government to put the human rights situation in the IGGI agenda.[101] The government declined, and so did the other IGGI members.[102] Throughout the seventies, human rights violations in Indonesia increased, as opponents of the Suharto regime were either killed or imprisoned, and the Indonesian government invaded East-Timor, a former colony of Portugal, of which the people sought independence.[103] Human rights organizations and members of the Dutch government debated the idea of cutting or suspending development aid to Indonesia due to these human rights violations, and while in 1975 the development aid to Indonesia was reduced by Minister Pronk, but after a

[97] Ibid, p. 375-376.
[98] Ibid, p. 373.
[99] Ibid, p. 388-389.
[100] Ibid, p. 391-392.
[101] Peter R. Baehr, "Problems of Aid Conditionality," p. 366.
[102] Ibid.
[103] Ibid.

change of Dutch government in 1977, the development aid programme with Indonesia continued as normal "in the light of the special relations between the Netherlands and Indonesia", according to the Dutch government.[104]

During the 1980s, there was increased international attention for the human rights violations in Indonesia and East-Timor under the Suharto regime, but it was not until 1989 that Jan Pronk, again as Minister of Development Cooperation, withdrew 27 million guilders of aid as a reaction to the execution of four formers bodyguards of President Sukarno, which was ordered by President Suharto.[105] Pronk openly expressed his disapproval of the human rights violation, and later, in 1991, cancelled another 27 million guilders of aid to Indonesia.[106]

The international community condemned the atrocities committed in Dili, East-Timor, and Denmark and Canada also stopped their aid programmes to Indonesia, after which the Indonesian military committed to an investigation into the violence in East-Timor.[107] The Dutch aid program to Indonesia would resume in 1992, but with the condition that negotiations between Indonesia and Portugal would lead to a "satisfactory solution."[108] Soon hereafter, President Suharto had enough of the conditions attached to Dutch development aid with regards to human rights and announced on March 25, 1992 that it no longer wanted to receive aid from the Netherlands and asked the Netherlands to give up its chairmanship of the IGGI, as he no longer tolerated the Dutch' "reckless use of development aid as an instrument of intimidation or as a tool to threaten Indonesia."[109]Although the development cooperation between the two nations stopped, the Indonesian government wanted to continue activities to improve economic, cultural and social ties with the Netherlands.[110]

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[104] Ibid, p. 367.
[105] Ibid, p. 368
[106] Ibid.
[107] Ibid, p. 368-369.
[108] Ibid, p. 369
[109] Ibid.
[110] van den Ham, "Development Cooperation and Human Rights," p. 532.

Chapter 4: Development Cooperation between the Netherlands and Indonesia since 1998: Projects, Targets and Results

In 1998, the Indonesian people protested against Suharto due to the severe economic situation in Indonesia as a result of the Asian Financial Crisis, and Suharto was forced to step down as president in May 1998.[111] In the summer of 1998, new Indonesian president Habibie invited Minister Pronk in order to 'repair' the relationship on development cooperation.[112] However, the Netherlands were not in a rush to do so, as Habibie was seen as a short-term transitional figure, but in June 1999, with the new president Abdurrahman Wahid, the restoration of the development cooperation between the two nations was quickly set in motion.[113]

In the Netherlands, Eveline Herfkens took office as Minister of Development Cooperation in 1998. She had confidence in the plans and the integrity of the Wahid government.[114] In line with her focus on local ownership and the sector approach, Herkens allocated 150 million guilders per year in development aid to sectors appointed by the Indonesian government[115], as Indonesia was put on the aid receiving countries-list in 2000.[116] The renewed development cooperation rested on three topics: 1) poverty alleviation (primary education and community recovery), 2) good governance, and 3) environment and water.[117] The Netherlands contributed to these goals predominantly through multilateral initiatives of UNICEF, the World Bank, the United Nations Development Programme and the Partnership for Good Governance.[118] As the development cooperation with Indonesia had only just restarted, it was difficult

[111] Hans Doctor and Peter van Tuijl, "Indonesië: Een Zware Test voor Nieuwe Nederlandse Ontwikkelingshulp," *Internationale Spectator* 56, no. 2, 2002, p. 90 (note: this work has been translated into English by the author of this thesis).
[112] Ibid, p. 91.
[113] Ibid.
[114] *NRC Handelsblad*, "Band met Jakarta Bloeit op," November 26, 1999, accessed on December 20, 2017, https://www.nrc.nl/nieuws/1999/11/26/band-met-jakarta-bloeit-op-7472120-a505859 (note: this work has been translated into English by the author of this thesis).
[115] Doctor and van Tuijl, "Indonesië," p. 91.
[116] Wil Hout, *The Politics of Aid Selectivity: Good Governance Criteria in World Bank, U.S. and Dutch Development Assistance* (Oxon and New York: Routledge, 2007), p. 56.
[117] Doctor and van Tuijl, "Indonesië," p. 91.
[118] Ibid.

to examine the results of the development cooperation before the end of Herfkens' term.

The aim of the following section of this chapter is to review the practical effects of Dutch development cooperation with Indonesia since 2000.

Chapter 4.1
Development Cooperation with Indonesia 2000-2004

Under Minister van Ardenne, a report on the results and effectivity of the multilateral programs in which the Netherlands participated from 2000 to 2004 was presented in 2004. The report evaluated the following four sector programs:

1. Partnership for Governance Reform (Good Governance);
2. Indonesian Water Resources and Irrigation Reform Implementation Program (IWIRIP) (Water);
3. Kecamatan Development Program (KDP) (Community Recovery)
4. School Improvement Grants Program (SIGP) (Primary Education).[119]

Partnership for Governance Reform

The Partnership for Governance Reform had great importance for the Netherlands, as it saw democratic reforms as a priority in Indonesia after the fall of Suharto, and therefore, Dutch financial contributions are among the highest to this program.[120] In total, $12.9 million was spent on 125 projects with activities in the field of anti-corruption, judicial reforms, institutional governance, public service reform, decentralization, and other governance topics.[121] The goal of this partnership was to "provide support in the creation of preconditions under which good governance and democratization can be

[119] Agnes van Ardenne, *Brief van de Minister voor Ontwikkelingssamenwerking* [Letter of Government 2003/2004 26 049, no. 4], The Hague, June 29, 2014, p. 4. Accessed on December 20, 2017, https://zoek.officielebekendmakingen.nl/dossier/26049/kst-26049-44?resultIndex=57&sorttype=1&sortorder=4 (note: this work has been translated into English by the author of this thesis).
[120] Ibid, p. 4-5.
[121] Ibid, p. 5.

established in Indonesia."[122] In light of this, the following results have been achieved:

- The strengthening of community institutions through, for example, increased awareness of corruption practices and the consequences;
- The production of guidelines for government administration, such as a general standard for public services;
- The production of guidelines to promote transparency and effective tenacity;
- Wider participation of society, especially the academic world in preparing draft legislation; and
- The creation of forums for communication and information to help initiate reforms, such as research and seminars.[123]

Indonesian Water Resources and Irrigation Implementation Program (IWIRIP)

The Indonesian authorities and the World Bank were of the opinion that The Netherlands could play an important role in the restructuring of the Indonesian water sector.[124] The main problem of the water sector in Indonesia is the lack of maintenance, and therefore, the main goal of IWIRIP is increasing expertise and capacity by increasing farmers' control over irrigation management and increased involvement of stakeholders in water management.[125] In light of this, the following results have been achieved:

- The amount of federations of farmer groups responsible for maintenance and management of restricted irrigation areas almost doubled (from 227 in 2001 to 406 in 2003); and
- As a result of this achievement, the number of hectares or irrigation area managed by farmers' groups within federations has risen considerably.[126]

Kecamatan Development Program (KDP)

The KDP, a program of the Indonesian government and the World Bank with the goal of rural poverty alleviation and better local governance, falls under the pillar of Community Recovery/Development, and is financially supported by

[122] Ibid.
[123] Ibid.
[124] Ibid, p. 7.
[125] Ibid.
[126] Ibid, p. 8.

the Netherlands since 2002.[127] The goals of the program are the realization of more democratic and participative forms of local governance, and the improvement of incomes, and the KDP focuses on small-scale rural infrastructure and income-generating activities through microcredit and the strengthening of women's groups. In light of this, the following results have been achieved:

- Participation in the form of local project proposals is high, by both men and women;
- Sustainability of projects is high due to the management by local communities, especially with rural infrastructure projects; and
- The risk of corruption is much smaller due to the local nature of projects.

School Improvement Grant Program (SIGP)

The SIGP is a complementary program to the national Scholarships and Grants Program (SGP) that was set up by the Indonesian government to increase access to education for poorer students.[128] The SIGP added to the SGP in the form of financial assistance to the poorest schools of the country with which the schools could support themselves.[129] The Netherlands has contributed approximately 100 million Euro to the SIGP.[130] The SIGP has improved the educational system in the sense that:

- School incomes have increased significantly, leading to stable school fees;
- The quality and safety of the schools has increased;
- Which led to an improvement of lesson quality.[131]

The report on the effectivity of the development cooperation of the Netherlands within the multilateral approach in Indonesia is predominantly positive about the achieved results. Minister van Ardenne argues that the multilateral approach is more effective than bilateral development assistance would be, as the Netherlands can contribute to programs of greater scale while securing a certain neutrality in its development cooperation (especially on the topic of good governance) with its former colony.[132]

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[127] Ibid, p. 9.
[128] Ibid, p. 11.
[129] Ibid.
[130] Ibid.
[131] Ibid, p. 12.
[132] Ibid, p. 13

Dutch development cooperation with Indonesia was initially aimed at a period of 5 years, from 2000 to 2004, in order to assist the country in its transition to democracy.[133] However, the Netherlands incorporated Indonesia as one of the 36 partner countries in its development cooperation policy in 2003 for the forthcoming years.[134] A few of the reasons therefor were that the Netherlands wanted to be a reliable partner to Indonesia, and it saw the need for continued financial support for sustainable development.[135]

Chapter 4.2
Development Cooperation with Indonesia: 2004

Minister Ardenne's policy rapport, titled *Aan Elkaar Verplicht: Ontwikkelingssamenwerking op weg naar 2015* [*Owing it to Each Other: Development Cooperation Towards 2015]*, is based on the process of achieving the Millennium Development Goals, with a focus on 4 themes: Education, Environment and water, HIV/aids, and Reproductive health.[136] As quality and effectivity are increasingly important, the number of sectors has been limited to two, at most three, per country.[137] In November 2005, the Minister presented the first Dutch results report on development cooperation with all partner countries. This report highlights the achievements in the above-mentioned themes and the MDGs these themes correspond with, as well as 'good governance and human rights' as an additional priority, which is not a MDG, but a prerequisite for sustainable poverty alleviation and achieving the MDGs.[138]

Table 2 shows the available ODA-budget for Indonesia in 2004.

Primary education	€903.000

[133] Ministry of Foreign Affairs of the Netherlands, *Beleidsnotitie Indonesië: Vormgeving van een Bilaterale Samenwerking met Indonesië voor de Periode 2006-2010,* Den Haag, 2006, p. 6 (note: this work has been translated into English by the author of this thesis).
[134] Ibid, p. 32.
[135] Ibid, p. 7.
[136] Ministry of Foreign Affairs of the Netherlands, *Aan Elkaar Verplicht: Ontwikkelingssamenwerking op weg naar 2015,* Den Haag: 2003, p. 3 (note: this work has been translated into English by the author of this thesis).
[137] Ibid.
[138] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling: Rapportage 2004,* Den Haag: 2005, p. 57 (note: this work has been translated into English by the author of this thesis).

Water	€39.000
Good governance	€26.984.000
Sector-cutting programs	€1.396.000
Total	**€29.322.000**

Table 2. Dutch ODA-budget Indonesia 2004.
Data source: HGIS Jaarverslag 2004.[139]

Education (MDG 2: Education for all children; MDG 3: Promotion of equality between men and women and empowerment of women)

With the ODA budget for education, the Netherlands has supported the Indonesian education sector with an HIV/Aids policy by initiating protection of teachers infected with HIV and replacing teachers who have died as a result of aids.[140] Also, the Netherlands contributed to the improvement of 8.000 Indonesian schools.[141] However, it is not specified how exactly these schools have been improved. The report shows that the ratio of the number of girls to boys in primary education improved over the period of 1990 to 2001[142], however, the level of education in this period slightly declined.[143] This proves to be a challenge for this coming years.

Water (MDG 7: Ensuring a sustainable living environment)

Within the theme water, the Netherlands has facilitated a *public-private partnership* (PPP) between Dutch water companies and local Indonesian water institutions to improve water management in Java and Sumatra and expand the water provision to more households.[144] The percentage of people with access to drinking water has increased from just below 70% of the population in 1990 to around 75% in 2002., whereas access to sanitation is still rather low as just over 50% of the Indonesian population has access to sanitation.[145]

[139] Ministry of Foreign Affairs of the Netherlands, *Homogene Groep Internationale Samenwerking 2004 (HGIS-Nota 2004)*, Den Haag: 2005, p. 37 (note: this work has been translated into English by the author of this thesis).
[140] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling 2004,* p. 12.
[141] Ibid, p. 13.
[142] Ibid, p. 17.
[143] Ibid, p. 16.
[144] Ibid, p. 49.
[145] Ibid, p. 53.

Good Governance and Human Rights

This theme has received by far the largest share of the ODA budget, as the Netherlands sees this theme as a priority in Indonesia. With ODA budget, training manuals and videos were developed to train five million ballot workers during the parliament- and presidential elections in 2004.[146] Moreover, 700 instructors have been trained for the purpose of the policy academy, of which 160 have been trained to teach a new form of policing, *community policing*.[147] At the most important police school of Indonesia, one with over 26.000 students a year), a human rights component has been added to the curriculum, and anti-corruption commission and anti-corruption court have been established.[148] However, there are no details on how (much) Dutch ODA has contributed to these anti-corruption measures.

In 2004, Dutch ODA has focused mainly on education, water, and good governance and human rights. Within these themes, positive contributions have been made towards the achievement of the Millennium Development Goals in Indonesia.

Chapter 4.3
Development Cooperation with Indonesia: 2005-2006

In 2007, the second Dutch report on the results of development cooperation in 2005-2006 was published. For Indonesia, the main themes of development cooperation in this period were the same as in 2004, education, water, and good governance, but a fourth theme was added: *private-sector development*.[149] The reason therefor was the idea that the private sector is highly important for economic growth and thus the reduction of poverty and the eradication of hunger.[150] Table 3 shows the ODA budgets for the years 2005 and 2006 for Indonesia.

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[146] Ibid, p. 58.
[147] Ibid.
[148] Ibid, p. 59.
[149] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling: Rapportage 2005-2006,* Den Haag: 2007, p. 9 (note: this work has been translated into English by the author of this thesis).
[150] Ibid, p. 8.

	2005	2006
Regional stability and crisis management	€49.800.000	€43.190.000
Good governance	€9.523.000	€17.483.000
Poverty reduction	€6.309.000	€4.279.000
Business climate	-	€946.000
Education	€573.000	€9.678.000
Knowledge development	-	€760.000
Participation civil society	€25.000	-
Environment and water	-	€50.000
Water and urban development	€4.324.000	€10.227.000
Total	**€70.554.000**	**€86.613.000**

Table 3. Dutch ODA-budget Indonesia 2005 and 2006.
Data source: HGIS Jaarverslag 2005[151] and HGIS Jaarverslag 2006.[152]

Education (MDG 2 and MDG 3)

In 2005 and 2006 the Netherlands continued to support the education sector with developing policies to counter negative effects of HIV/Aids as a partner of the Inter Agency Task Team on HIV/Aids.[153] The level of education has improved relative to the report of 2004, as well as the ratio of the numbers of girls to boys in enrolled in primary education[154]

Water and Sanitation (MDG 7)

The report states that the results of the bilateral water program with Indonesia are impressive, as there has been good progress in the fields of water resource management, irrigation, drinking water and sanitation.[155] This is partly due to the IWIRIP program (see Chapter 4.1), through which also the social-economic

[151] Ministry of Foreign Affairs of the Netherlands, *Jaarverslag 2005 Homogene Groep Internationale Samenwerking (HGIS),* Den Haag: 2009, p. 25 (note: this work has been translated into English by the author of this thesis).
[152] Ministry of Foreign Affairs of the Netherlands, *Jaarverslag van de Homogene Groep Internationale Samenwerking voor het jaar 2006,* Den Haag: 2007, p. 25 (note: this work has been translated into English by the author of this thesis).
[153] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling 2005-2006,* p. 20.
[154] Ibid, p. 25-28.
[155] Ibid, p. 88.

position of poorer farmers improved.[156] Furthermore, the *public-private partnerships* between Dutch and Indonesian water companies was further promoted.[157] However, still much work to improve urban sanitation in Indonesia has to be done.[158] The Netherlands will invest in improving private-sector participation for the development of infrastructural work.[159]

Good Governance and Human Rights

Under this theme, the Netherlands has expanded its police training program to the province of Aceh, and has trained 6.083 police officers in seven regions since 2004.[160] This has led to a more community-based approach, which contributes to political stability and the respect for human rights.[161]Moreover, with regards to human rights, the Netherlands has supported human rights organizations and media outlets in order to increase awareness about government policies, which is said to have resulted in more independent journalism.[162] Through the Partnership for Governance Reform and through a Trust Fund at the World Bank, the Netherlands has contributed to the struggle against corruption.[163]

Private Sector Development

In this new theme in Dutch development cooperation efforts with Indonesia, the Netherlands has financed technical assistance by the World Bank, which has led to a 'policy package' with 85 concrete measures to improve the Indonesian business environment, of which 35 had been implemented by 2006.[164] An example is the simplification of the business registration process, due to which the amount of days it takes to start a business has been reduced from 150 to 96 days.[165] The Dutch efforts for the development of the private sectors have, however, not led to a substantial economic growth rate in Indonesia, yet.[166]

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[156] Ibid.
[157] Ibid, p. 92.
[158] Ibid, p.94
[159] Ibid, p. 92.
[160] Ibid, p.108.
[161] Ibid, p. 116.
[162] Ibid, p. 108-109.
[163] Ibid, p. 110.
[164] Ibid, p. 124.
[165] Ibid.
[166] Ibid, p. 127.

Chapter 4.4
Development Cooperation with Indonesia: 2007-2008

The report on the results of Dutch development cooperation in 2007 and 2008 has a structure based on the MDGs, rather than on the priority themes of the Dutch development cooperation. However, the ODA budget allocation retained its former structure. Table 4 shows the ODA budget for Indonesia in the years 2007 and 2008.

	2007	2008
Regional stability and crisis management	€4.500.000	€1.890.000
Good governance	€16.466.000	€21.530.000
Poverty reduction	€3.927.000	€3.100.000
Business climate	€1.760.000	€4.015.000
Education	€29.561.000	€37.419.000
Knowledge development	€5.640.000	€7.202.000
Environment and water	€1.039.000	€8.322.000
Water and urban development	€16.784.000	-
Sustainable water management		€20.826.000
Total	**€79.677.000**	**€104.376.000**

Table 4. Dutch ODA-budget Indonesia 2007 and 2008.
Data source: HGIS Jaarverslag 2007[167] and HGIS Jaarverslag 2008.[168]

MDG 1: Reduction of poverty and hunger

This MDG is very important in Indonesia, as more than 28 million Indonesians live in poverty still, and almost 40% of the population lives just above the poverty line.[169] The 2007-2008 Dutch results report shows that between 2004-2007, there was almost no yearly decrease in the percentage of the population

[167] Ministry of Foreign Affairs of the Netherlands, *HGIS-Jaarverslag 2007,* Den Haag: 2008, p. 28.
[168] Ministry of Foreign Affairs of the Netherlands, *Jaarverslag 2008 Homogene Groep Internationale Samenwerking (HGIS),* Den Haag: 2009, p. 28 (note: this work has been translated into English by the author of this thesis).

[169] "Overview," The World Bank, accessed December 28, 2017, http://www.worldbank.org/en/country/indonesia/overview.

living below the poverty line.[170] This illustrates the importance of focusing on this MDG. The Netherlands has done so by focusing on the development of the private sector, as this sector can lead to more jobs, more incomes, more tax income for the government, which could lead to increased expenditure on for example education or healthcare.[171] The Dutch embassy in Jakarta has developed a program to stimulate the reform of laws and regulations[172], but no details are given on the progress on this topic.

MDG 2: Primary education for all children

The Dutch report states that Indonesia during the period 2007-2008 was on schedule to reach this goal.[173] The Netherlands has supported the rebuilding of 10 primary schools in Bantul and Klaten in Java, which were destroyed by an earthquake in 2006.[174] Moreover, the embassy in Jakarta offers direct, bilateral support to the Indonesian government on the topics of gender equality in education, the quality of education and financial management in the education sector.[175]

MDG 3: Promotion of equality between men and women and empowerment of women

Here, the Netherlands focuses on time-saving by better infrastructure, especially for water and sanitation provision.[176] In the design of water programs, the Dutch take into account the specific wishes of women, which in Indonesia has led to a shift from the construction of roads and irrigation works to investments in public toilets and washing places.[177] In light of MDG 3, the Netherlands also financially supported the Netherlands Local Women Fund in combatting violence against women, through shelter homes and a legal aid system.[178]

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[170] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling: Rapportage 2007-2008,* Den Haag: 2009, p. 17 (note: this work has been translated into English by the author of this thesis).
[171] Ibid, p. 18.
[172] Ibid, p. 23.
[173] Ibid, p. 44.
[174] Ibid, p. 50
[175] Ibid, p. 48.
[176] Ibid, p. 76.
[177] Ibid.
[178] Ibid, p. 78.

MDG 4: Reduce child mortality

Indonesia was in 2007-2008 on track to reach the goal to reduce child mortality to one-third of what it was.[179] The Netherlands supports the development of the healthcare system through the financial support of Gavi, a global Vaccine Alliance.[180]

MDG 5: Improve maternal health

The Netherlands' focus on SRHR in Indonesia is reflected in its financial support of UNFPA (the United Nations Population Fund).[181]

MDG 7: Ensuring a sustainable living environment

In 2007, the Dutch Commission MER has worked together with the Director-General for International Cooperation to improve local systems for environmental effects reporting and strategic environment analyses in Indonesia.[182] Moreover, the Netherlands financially supported the Indonesian environment sector, with special attention for forests and biodiversity.[183] Between 2007 and 2008, approximately 150.000 people in Indonesia received access to an improved drinking water source due to Dutch financial support.[184]

Good governance and society building

The 2007-2008 report shows that on the topic of rooting out corruption, Indonesia is performing below average, despite efforts and improvements over the last years.[185]

[179] Ibid, p. 100.
[180] Ibid, 105.
[181] Ibid, p. 111.
[182] Ibid, p. 144.
[183] Ibid, p. 155.
[184] Ibid, p. 165.
[185] Ibid, p. 214.

Chapter 4.5
Development Cooperation with Indonesia: 2009-2010

The report on the results of Dutch development cooperation in 2008-2009 is also structured along the Millennium Development Goals. The Dutch ODA budget for 2008 and 2009 is illustrated in Table 5.

	2009	2010
Regional stability and crisis management	€27.066.000	€5.105.000
Good governance	€19.242.000	€10.084.000
Business climate	€1.555.000	€2.118.000
Education	€22.205.000	€18.524.000
Knowledge development	€7.882.000	€7.327.000
Environment and water	€12.016.000	€3.497.000
Sustainable water management	€19.312.000	€10.169.000
Total	**€109.278.000**	**€56.824.000**

Table 5. Dutch ODA-budget Indonesia 2009 and 2010.
Data source: HGIS Jaarverslag 2009[186] and HGIS Jaarverslag 2010.[187]

MDG 1: Eradication of poverty and hunger

For this MDG, the Netherlands has maintained its focus on the development of the private sector, and in Indonesia the Dutch embassy has bilaterally contributed to this, but the report does not specify how exactly.[188]

MDG 2: Education for all children

The Netherlands has, through the embassy, knowledge institutions and NGOs, contributed to the improvement of the policies and quality of vocational

[186] Ministry of Foreign Affairs of the Netherlands, *Jaarverslag 2009 Homogene Groep Internationale Samenwerking (HGIS),* Den Haag: 2010, p. 24 (note: this work has been translated into English by the author of this thesis).
[187] Ministry of Foreign Affairs of the Netherlands, *HGIS-Jaarverslag 2010,* Den Haag: 2011, p. 31 (note: this work has been translated into English by the author of this thesis).
[188] Ministry of Foreign Affairs of the Netherlands, *Resultaten in Ontwikkeling 2009-2010,* Den Haag: 2011, p. 15-16 (note: this work has been translated into English by the author of this thesis).

education and has created learning plans, opportunities for internships, trainings and certification systems in Indonesia.[189]

MDG 3: Promotion of equality between men and women and empowerment of women

The Netherlands has financially supported the Decisions For Life project of the International Trade Union Confederation, which in Indonesia has successfully advocated for better working conditions, more equal pay for men and women and the increase of opportunities in the labour market for women.[190]

MDG 4/5/6: The health MDGs

In the 2009-2010 report, there is no mention of results in Indonesia on these goals.

MDG 7: Ensuring a sustainable living environment

With Dutch funding for Dutch NGOs and through the bilateral program of the embassy in Jakarta, several million Indonesian people have been connected to a sustainable form of energy.[191] Moreover, the Dutch embassy in Jakarta has, through extensive dialogue with the Indonesian government, developed a national program for the improvement of sanitation, resulting in an increased budget for sanitation by the Indonesian government.[192]

MDG 8: A global partnership for development

In light of developing new partnerships, the Indonesian and Dutch ministers responsible for the environment, agriculture, water management and transportation work together to reduce CO2-emissions and to create sustainable production methods in Indonesia.[193]

[189] Ibid, p. 33.
[190] Ibid, p. 48.
[191] Ibid, p. 78.
[192] Ibid, p. 96.
[193] Ibid, p. 106.

Good governance and society building

Within this theme, the Netherlands has financially supported the Netherlands Institute for Multiparty Democracy (NIMD), an organization that supports local Democracy Schools in Indonesia.[194] These schools "offer a unique venue to involve citizens in local politics, foster a new generation of democratic politicians, and deepen Indonesian democracy.[195]

Chapter 4.6
Development Cooperation with Indonesia: from 2010 onwards

In 2010, Minister of Foreign Affairs Ben Knapen announced profound reforms of the Dutch development cooperation policy. The amount of partner countries would be reduced, and the policy themes as well. In 2011, he announced that the Dutch development cooperation policy would be put to use in 15 countries, centred on 4 themes, food security, security, SRHR, and water, so that Dutch companies and NGOs could contribute more efficiently.[196] The embassies in the 15 partner countries would create Multi-Annual Strategic Plans in which the four main themes are developed.

The ODA budget for Indonesia for the years 2012-2015 are illustrated in Table 6. It is clear that the ODA budget for Indonesia has heavily decreased in relation to previous years.

Security, good governance, and the rule of law	€12.785.000
Private-sector development	€10.500.000
Education and research	€31.500.000
Sustainable use of natural resources	€21.525.000
Integral water management, drinking water and sanitation	€47.961.000

[194] Ibid, p. 118.

[195] NIMD, "The Democracy School: Education for a New Generation of Participants in Malang, Indonesia", in *Democracy: Testimonies of a work in progress*, The Hague: 2010, p. 23.

[196] NCDO, "Het Nieuwe Nederlandse Ontwikkelingsbeleid," *NCDO,* June 2012, p. 1 (note: this work has been translated into English by the author of this thesis).

Total budget 2012-2015	€124.271.000

Table 6. Total Dutch ODA-budget Indonesia 2012-2015.
Source: Meerjarig Strategisch Plan 2012-2015.[197]

The Multi-Annual Strategic Plan 2012-2015 for Indonesia shows that development cooperation will fall under an integral approach of Dutch foreign policy in which political, economic, societal, and development activities are combined.[198] The following themes were financially supported with Dutch ODA budget:

Security and the rule of law

In this theme, the focus was put on the strengthening of the rule of law, counterterrorism and the increase of security of coastal waters.[199]

Results reports in 2013 and 2014 included the strengthening of female participation in politics through the Partnership for Governance Reform: through increased monitoring, assuring political accountability, political education and through administrative reforms, female candidates in elections increased to over 30%.[200]

Food security

The Netherlands aimed to contribute to the sustainability and quality of agricultural production and to the improvement of logistic infrastructure.[201]

Results in 2013 and 2014 included the implementation of a horticulture programme (VegIMPACT) and the use of pesticides was reduced with 10% in

[197] Ministry of Foreign Affairs of the Netherlands, "Meerjarig Strategisch Plan 2012-2015 Ambassade Jakarta," Jakarta, n.d. Accessed via https://zoek.officielebekendmakingen.nl/blg-157888.pdf (note: this work has been translated into English by the author of this thesis).
[198] Ministry of Foreign Affairs of the Netherlands, *Meerjarig Strategisch Plan 2012-2015*, p. 1.
[199] Ibid, p. 11.
[200] Ministry of Foreign Affairs of the Netherlands, *Indonesia: Overview of Main Development Results in 2014*, The Hague: 2015, n.p.
[201] Ministry of Foreign Affairs of the Netherlands, *Meerjarig Strategisch Plan 2012-2015*, p. 8.

2013.[202] This program also led to a threefold increase in vegetable production in 2014.[203]

Water

The Netherlands focused mainly on water safety (flood prevention), sanitation, drinking water and water purification, and watershed management and capacity building.[204]

Results in 2013 and 2014 included the reduction of areas and people at risk of annual flooding, from 24,000 ha/3 million people in 2007 to 14,400 ha/1.4 million people in 2012.[205] This has been realized through Dutch technical-assistance projects in which the risks and causes of annual flooding in Jakarta have been mapped and solutions have been thought of.[206] The national sanitation program, supported by the Netherlands, involved 424 towns throughout Indonesia, significantly increasing the percentage of the population with access to sanitation.[207]

Sexual and Reproductive Health and Rights

For this theme, the Netherlands predominantly facilitated the work of Dutch NGOs in the field of SRHR and HIV/Aids; the embassy has no significant added value.[208] Therefore, no results are available for this theme.

Cross-cutting themes

Cross-cutting themes in Dutch ODA efforts were environment/climate, good governance, gender, and higher education; these themes received overall attention in the activities of the main themes.[209]

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[202] Ministry of Foreign Affairs of the Netherlands, *Indonesia: Overview of Main Development Results in 2013,* The Hague: 2014, n.p.
[203] Ministry of Foreign Affairs of the Netherlands, *Overview Development Results 2013*, n.p.
[204]Ministry of Foreign Affairs of the Netherlands, *Meerjarig Strategisch Plan 2012-2015*, p. 8.
[205] Ministry of Foreign Affairs of the Netherlands, *Overview Development Results 2013*, n.p
[206] Ibid.
[207] Ibid.
[208] Ministry of Foreign Affairs of the Netherlands, *Meerjarig Strategisch Plan 2012-2015*, p. 13.
[209] Ibid.

This strategy and budget was supposed to implemented from 2012 until 2015, but in 2014, a revision was made based on the principles of the development policy paper *A World to Gain: A New Agenda for Aid, Trade and Investment.*[210] This paper argues for the combination of trade and aid in low- and middle-income countries, resulting in a *transitional relationship* between the Netherlands and Indonesia, which is partly based on the 4 priority themes, and partly on increasing market access and business climates in the partner countries.[211]

The ODA budget for Indonesia for the years 2014 to 2017 has been decreased in relation to the 2012-2015 budget, as can be seen in Table 7.

Private sector development and investment climate development	€10.500.000
Food security	€13.650.000
Water management, drinking water and sanitation	€22.368.000
Sustainable use of natural resources	€4.000.000
Strengthening of institutions for higher and vocational education	€10.460.000
Rule of law, reconstruction, peacebuilding, strengthening democratic structures and combating corruption	€18.665.000
Total budget 2014-2017	**€79.643.000**

Table 7. Total Dutch ODA-budget Indonesia 2014-2017.
Data source: Multi-Annual Strategic Plan 2014-2017: Indonesia.[212]

The following results have been achieved in Indonesia in 2015 and 2016:

Water

As much as 2.5 million people in the Greater Jakarta area have benefited from the reduced risk of flooding, and the Banger Project in Semarang, will, upon

[210] Ministry of Foreign Affairs of the Netherlands, *A World to Gain: A New Agenda for Aid, Trade and Investment,* The Hague: 2013.
[211] Ibid, p. 7.
[212] Ministry of Foreign Affairs of the Netherlands, *Multi-Annual Strategic Plan 2014-2017: Indonesia,* The Hague: 2014, p. 14.

completion, protect 100.000 people from tidal and river floods.[213] In East-Indonesia, more than 1.5 million people were given access to sanitation in the period 2010-2015, 445 schools have been equipped with improved sanitation, and the Urban Sanitation Development Programme supports 486 towns in Indonesia with sanitation development.[214]

Food and Nutrition Security

The embassy has supported activities that led to the tripling of the number of people with access to appropriate food, from 15.000 in 2014 to 47.414 in 2015.[215] Due to the VegImpact program, 7.350 farmers have increased their productivity and income in 2015.[216] This number further increased in 2016, to 10.200 farmers.[217]

Security and Rule of law

Together with the International Organization with Migration (IOM), 95 police trainers and 5.400 police officers in Papua and Maluku have been given training in community policing, and the justice system has been made more accessible to poor people, women and other vulnerable groups due to the training of 142 paralegal officers through a joint program with the Legal Aid Institute of the Indonesian Women's Association for Justice.[218]

Chapter 4.7
Development Cooperation with Indonesia: from 2016 onwards – Development Completed?

In 2016, Minister for Foreign Trade and Development Cooperation Lilianne Ploumen announced that Indonesia will no longer be a partner country from 2020 onwards. Indonesia was said to be the most developed country of all

[213] Ministry of Foreign Affairs of the Netherlands, *Indonesia: Overview of Main Development Results in Indonesia in 2015*, The Hague: 2016, n.p.
[214] Ibid.
[215] Ibid.
[216] Ibid.
[217] Ministry of Foreign Affairs of the Netherlands, *Dutch Development Results 2016 in Perspective: Indonesia,* Published in September 2017 via https://www.dutchdevelopmentresults.nl/country/indonesia.
[218] Ministry of Foreign Affairs of the Netherlands, *Overview Development Results 2015*, n.p.

Dutch partner countries, as GNI had increased significantly, extreme poverty declined to 11% of the population, and Indonesia had become the 16th largest economy of the world.[219] The discontinuation of the development cooperation also fits well within the mutual pursuit of a fully developed and mature bilateral relationship.[220]

Since 2000, the Netherlands has assisted Indonesia through the means of official development assistance. The emphasis of this development cooperation has shifted over time, from basic education and good governance, to assistance based on Millennium Development Goals such as sustainability, water management and gender equality, and more recently, to assistance in the development of the private sector and the development of the Indonesian investment climate. Varying results have been achieved in these themes of development cooperation in Indonesia.

It is, however, impossible to attribute these results solely to Dutch development efforts. This has much to do with the fact that the Netherlands works together with other donor countries and NGOs. This makes it difficult to establish a clear cause-effect relationship between Dutch efforts and results in Indonesia.

The Netherlands has contributed to the development of Indonesia through an extensive period of ODA contributions, first to help achieve the Millennium Development Goals, and later to contribute to sectors that Dutch businesses and NGOs had added value in. But is it possible to conclude that Indonesia is now fully developed, and that Dutch ODA is no longer necessary?

The Human Development Report 2016 on Indonesia shows that Indonesia Human Development Index (HDI) value has increased from 0.528 in 1990 to 0.689 in 2015, resulting in an increase of 30.5%.[221] This seems rather

[219] Lilianne Ploumen, *Vernieuwing Officiële Ontwikkelingsfinanciering (ODA) en Partnerlandenlijst,* [Letter of Government 2016/2016 33 625, Nr. 226], The Hague, September 19, 2016, p. 8.
[220] Ibid.
[221] UNDP, *Country Explanatory Note Indonesia 2016,* n.d. p. 2. Published and accessed via http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/IDN.pdf.

impressive at first sight; however, this score only results in the 113th position out of 188 countries, placing Indonesia in the *medium human development* category.[222]

The World Bank shows that although the poverty rate in Indonesia has been halved since 1999, still more than 28 million out of 252 million Indonesian people still live below the poverty line today, and 40% of the population is in danger of falling into poverty.[223] Thus, critical steps still need to be taken in order to reduce poverty in Indonesia.

Currently, the Netherlands is phasing out its ODA activities in Indonesia, as the Dutch ODA budget has become negligible relative to the total economy of Indonesia.[224] In the years up till 2020 it will mainly focus on activities that create lower barriers to private sector development, the strengthening of employment opportunities and increased connection with global value chains.[225]

How will this phasing out of Dutch ODA in Indonesia affect Indonesian development? This is hard to estimate, time will have to tell. But, an evaluation has been made of the effects of the phasing out of development cooperation in other (former) partner countries of the Netherlands.

In a critical evaluation of the IOB, the Dutch Direction for International Research and Policy Evaluation, it is stated that the phasing out of Dutch development cooperation with 18 countries was barely coordinated with other donor countries, due to which Dutch programs were not taken over by other donors.[226] Moreover, the ending of Dutch ODA in these 18 countries has had a negative influence on the education and health sectors; expenditures and investments in these sectors were, at that time, insufficient to provide

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[222] Ibid.
[223] Overview," The World Bank, accessed December 30, 2017, http://www.worldbank.org/en/country/indonesia/overview.
[224] Ibid.
[225] Ibid, p. 7.
[226] Ministry of Foreign Affairs of the Netherlands, *IOB Evaluatie Nieuwsbrief #16 04,* The Hague: 2016, n.p.

qualitative access to education or healthcare.[227] For example, if the Netherlands would have continued to provide ODA budget in education sectors, 2.5 million children could have gone to school, or 90.000 teachers could have been paid a salary, or 30.000 classrooms could have been built.[228] Local NGOs in partner countries also saw negative effects as a result of the end of Dutch ODA financing; due to decreased budgets, personnel had to be fired, activities could not be continued and besides financial support, local NGOs also missed the political support of the Dutch embassies.[229]

Of course, the Netherlands had to make choices due to national budget cuts, but the process of phasing out development cooperation should be improved, based on the IOB evaluation. Current (and future) exit-strategies should be formulated in cooperation with the organizations and relative ministries in the partner countries. Also for Indonesia, the Netherlands should formulate a proper exit-strategy, in order to do no harm to the already achieved results and to the ongoing efforts for further development in Indonesia.

[227] Ibid.
[228] Ibid.
[229] Ibid.

Conclusions

This thesis has been set out to answer the following research question: *How has Dutch development cooperation with Indonesia evolved and to what extent has Dutch official development assistance contributed to development in Indonesia in the period of 1998 to 2016?*

Bilateral relations between the Netherlands and Indonesia after 1945 were cold as a result of the independence struggle and President Sukarno's anti-Netherlands attitude. But from 1965, when Suharto came to power in Indonesia, the bilateral relation between the two countries was normalized. The Netherlands, at the request of President Suharto, set up the donor consortium the Inter-Governmental Group on Indonesia (IGGI), and presided over this group until 1992. In the years before 1992, the Netherlands, and especially Minister Jan Pronk, had however attached certain human rights conditions to the development aid to Indonesia. In 1992, Suharto had enough of this sort of intimidation, and ordered the Netherlands to give up its presidency of the IGGI and terminated the development cooperation with the Netherlands altogether.

This break in the relation between the Netherlands and Indonesia was restored in 1999, in the early years of Indonesian democratization, and Indonesia was put on the Dutch aid-receivers' list in 2000. The Netherlands contributed to goals such as poverty alleviation, good governance and environment and water through multilateral institutions as the United Nations, the World Bank, and the international Partnership for Good Governance.

From 2004 onwards, the Netherlands started to contribute ODA on a bilateral basis, by supporting the process of achieving the Millennium Development Goals, with a special focus on themes as education, environment and water, HIV/Aids, and reproductive health. From 2005 onwards, a new theme was added to the Dutch development efforts in Indonesia: private-sector development. This was deemed necessary in order to combat poverty. From 2007 onwards, development of the Indonesian business climate was added as a

theme, as this could lead to increased economic growth and employment opportunities. From 2009 onwards, increased cooperation emerged in the sectors of environment, sustainability, water management and sanitation. Throughout the years, the Netherlands has always had an extensive ODA budget for the development of good governance and human rights in Indonesia. By 2016 however, the Netherlands had decided to start phasing out the ODA programs for Indonesia, as Indonesia had grown to be the largest economy of all Dutch aid-receivers, and a continuation of ODA was deemed no longer necessary and somewhat irrelevant in relation to the Indonesian total economy. However, Indonesia is currently still placed within the medium human development index. It is important that the Netherlands keeps supporting Indonesia and the Indonesian people towards development, albeit in a more equal bilateral relationship with the Indonesian government.

Much practical results have been achieved due to Dutch development cooperation with Indonesia. However, it has proven rather difficult to assess *all* impacts of the Dutch ODA efforts. This is in some cases due to the lack of documentation, but it is mainly due to the ever-changing policies of Dutch development cooperation. In the period 1998 to 2016, five different Dutch ministers have been in charge of development cooperation, resulting in varying opinions on how to achieve the best results and on what themes should be prioritized.

However, this research has attempted to examine the practical impacts of development cooperation policies in Indonesia. Further research could perhaps lead to increased knowledge on how the more equal relation between Indonesia and the Netherlands can contribute to increased Indonesian development.

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