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Since the 1997-98 crisis the international media and the international community have been more critical of Indonesia than previously. Since the 1997-98 crisis the support Indonesia received from key international institutions has waned. Indonesia must now work harder to define and present its key economic messages to the international community. These messages are best developed and set out in white papers, statements to Parliament, ministerial speeches, and so on. They need to be flexible. The Indonesian Government should set out long-term policy goals, but be ready to explain these goals within the context of the short-term goals that drive daily policy debates in the media. Economic messages should be framed with particular audiences in mind. Frequently it will be useful to distinguish between the immediate audience being and the wider audience (the 'final audience') for which the messages are intended. There is a range of delivery mechanisms (persons, print, and electronic media) that can be used to conduct Indonesia's international economic diplomacy. Effective use would rely on a combination of these mechanisms.

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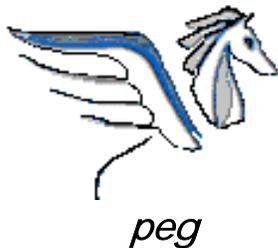
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Technical Report

INDONESIA'S INTERNATIONAL ECONOMIC DIPLOMACY

By Peter McCawley and Bill Wallace



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INDONESIA'S INTERNATIONAL ECONOMIC DIPLOMACY

EXECUTIVE SUMMARY

BACKGROUND

For a range of reasons, in recent years -- and especially since the 1997-98 crisis -- the international media and the international community have been more critical of Indonesia than was previously the case. Furthermore, since the 1997-98 crisis, the support that Indonesia received from key international institutions, which was already showing signs of strain before the crisis, has waned as well. These changes in the external environment mean that Indonesia must now work harder to present Indonesia's key economic messages to the international community.

STRATEGY FRAMEWORK

Indonesia's international economic diplomacy would best be formulated within a strategic framework. The main elements of such an approach might consist of (1) identification of the problem, (2) outline of the policy response, and (3) identification of the mechanisms for responding. The key elements of a response might focus on MAD -- (a) Message, (b) Audience, and (c) Delivery. These elements are discussed in later sections of the report.

INDONESIA'S MESSAGE

Indonesia should define more clearly the key messages that need to be conveyed to the international community. In practice there will be many messages. These messages are best developed and set out in white papers, statements to Parliament, ministerial speeches, and so on. The messages need to be flexible. The Indonesian Government must set out long-term policy goals but be ready to explain these goals within the context of the short-term goals that drive the policy debates in the papers each day.

AUDIENCE

Target audiences for economic messages need to be considered carefully. Indonesia needs to address different audiences in many different ways. On any particular occasion, economic messages should be framed with particular audiences in mind. Frequently it will be useful to distinguish between the immediate audience being addressed (the 'intermediate audience') and the wider audience (the 'final audience') that the messages are intended to reach out to. It also needs to be borne in mind that a message mainly intended for one audience will be noted by other audiences as well.

DELIVERY

There is a range of delivery mechanisms (person, print, and electronic media) that can be used to conduct Indonesia's international economic diplomacy. Effective use will involve relying on a combination of these mechanisms. A communications plan for the Ministry of Finance would spell out, in detail, the expected use of all of the main delivery channels during the planning period.

FURTHER STEPS

Two main steps would be helpful in supporting the program outlined here. A program of training in the broad field of international economic diplomacy might be designed for use within the main economic ministries. In addition, evaluation procedures might be developed which would provide feedback on the effectiveness of Indonesia's approach to international economic diplomacy.

KEY RECOMMENDATIONS

1. An annual Communications Strategy should be prepared. This should form the basis for the Ministry of Finance's approach to international economic diplomacy.

1.1 International communications strategy. Consideration should be given to drawing up an annual international communications strategy. The strategy could be submitted to the Minister of Finance for approval. The strategy could usefully include consideration of the three components of a communications plan of Message, Audience, and Delivery (MAD).

- The formulation of the main messages will normally be the responsibility of the Minister and main Ministry policy-makers, although staff with responsibility for external communications should be involved in editorial discussions about how best to convey the messages.
- The choice of audiences, too, will normally be the responsibility of the Minister and senior policy-making officers, although the views of external communication staff should be sought as to the value of publicising attendance at different venues.
- The strategy should outline the expected use of all of the main delivery channels during the year.

1.2 International environment. The international communications strategy of the Ministry of Finance should reflect recent changes in the external economic and political environment. The current external environment is much more challenging than in the mid 1990s. Furthermore, the support that Indonesia has received from some key multilateral agencies in the post-crisis period is more conditional than formerly. These changes in the environment must be taken into consideration as Indonesia conveys key economic messages to the international community.

1.3 Messages. A well-organized system for the formulation of the Ministry's main economic messages is a key part of an external communications strategy. The messages need to be

circulated to all senior staff in the Ministry.

- The messages need to be kept up-to-date. They should be constantly revised so that they are available in 'living document' form. The communications strategy needs to balance long-term government economic goals against the need for short-term flexibility as the Ministry responds to day-to-day events.
- Both positive and defensive messages are needed.
- Messages need to be credible. As far as possible, words should reflect actions. The skilled use of good communications will only be effective if messages reflect reality. The international community will take note of policy statements and will value the provision of official information, but will ultimately be more influenced by deeds than words.

1.4 Audiences. Care needs to be taken to identify the audiences carefully before each activity. In planning for each activity, it will often be useful to distinguish between the 'intermediate' and the 'final' audience. The messages to be conveyed should be prepared with the specific audiences (intermediate, or final, or both) in mind.

- It should be borne in mind that often multiple audiences are being addressed.
- Attention should be paid to the needs and interests of the audience, especially what use the audience is likely to make with the information provided.

1.4 Delivery channels. The communications strategy should set out a broad approach to the use of all of the main delivery channels. For example, the plan would list the following (as well as other items, as appropriate) for the coming 12 months, as well as the planned approach to each main event. (a) Main international conferences to be attended and likely Indonesian representation. (b) Main public conferences at which speeches were expected to be made. (c) Arrangements for planned press conferences. (d) Schedules for the release of official government documents. (e) Tentative plans for the placement of articles in newspapers, and possible TV and radio interviews. (f) Schedules for the use of new electronic communication tools, especially the web and videoconferencing.

2. Ministerial and Ministry Press Staff should be appointed to help implement the Communications Strategy.

2.1 Ministerial Press Secretary and other staff. Consideration should be given to appointing professional journalists (or other staff with similar background) to a small number of positions in the Ministry of Finance. Key positions where the appointment of journalists would seem to be important include the Minister's office and a senior position in Humas. The main reasons for adopting this approach are the following.

- Media issues often arise quickly and an effective response is also needed quickly, and often from a very senior level. In countries such as the United States and the United Kingdom, senior media advisers work closely with senior members of the Administration or Cabinet. They are thus able to consult at short notice, and provide the media with material quickly.
- Professional media advisers offer skills that are different to those normally available within government departments. Professional media advisers are constantly on the

alert for emerging media issues. They can thus provide early warning to ministers and senior officials of matters likely to attract attention and thus make a key contribution to the timely policy. Furthermore they are experienced -- in ways in which most government officials are not -- in effective external communication, and in thinking of ways to simplify complicated government matters so that the issues are better understood by the public.

- Many of the governments and international organizations which the Indonesian Government deals with have highly effective media capabilities. These governments and organizations are able to ensure that their points of view are well-publicized -- often before, during, and after meetings with Indonesian Government delegations. Indonesia needs to have a similar capabilities.

2.2 Messenger. In many cases in delivering a message, whether directly to the international community or through the media, there is a need for a recognised individual, to convey the message. In some cases, an experienced Ministry of Finance Spokesperson might play this role. On more important occasions, Indonesia's economic messages will be more effectively and credibly conveyed if senior economic ministers make the statements.

2.3 Initiatives. One main task for the Minister's Press Secretary might be to watch for opportunities to take initiatives. There are often advantages to moving first in communicating the Government's economic message, both to the international community and to the media.

3. Personal presentations by Ministers and senior officials to various audiences should be one main way that the Communications Strategy is delivered.

3.1 Parliamentary statements. Consideration needs to be given to ensuring that main economic statements to the Indonesian Parliament by the Minister and senior officials are made available to the international community. One effective way of doing this would be to arrange for the rapid publication of relevant material on the main web page of the Ministry of Finance.

3.2 Public speeches. Similarly, main economic speeches by the Minister and senior officials might be published on the web page of the Ministry of Finance as soon as possible after delivery.

3.3 Press conferences. Consideration should be given to holding both (a) regular press conferences, perhaps monthly, to discuss economic and financial matters, as well as (b) special press conferences to discuss particular matters of interest.

- While it is true that, as a general rule, the international press corps in Jakarta will not participate actively in Ministry press conferences, the international media will nevertheless monitor these events closely. Both international journalists as well as wide range of other international commentators can be expected to draw on the results of these conferences in reporting on economic issues in Indonesia.
- Bearing in mind that journalists, especially journalists from the international media, are likely to take the opportunity to raise controversial issues of current interest during press conferences, considerable care should be taken to ensure that Ministers

and senior officials are well-briefed before these conferences. Careful consideration should be given to preparing comprehensive briefs so that effective responses can be provided when difficult issues arise. As a general rule, it will be advisable to hold an internal pre-press conference meeting for Ministers and senior officials to consider what issues are likely to arise. Trial Question and Answer sessions are often an effective way to prepare for press conferences and other interviews.

3.4 Personal contacts at international meetings. Look for opportunities to add value to attendance at international meetings and other events by initiating bilateral meetings, distributing information papers and notes, conducting seminars on the current economic situation in Indonesia, briefing international journalists, and so on.

- Small, usually private meetings are an extremely important part of the international economic diplomacy of a nation. Ministers and senior officials should be provided with high-quality (usually one-page) briefing materials for small official meetings. The one-page briefing material would best provide information about (a) the background to the meeting, (b) Indonesia's objectives, and (c) talking points.

4. Active use of well-prepared press releases issued on a frequent basis is an effective method of conveying some aspects of the Indonesian Governments economic messages.

4.1 Official government releases (Ministerial). Consideration should be given to the most desirable frequency of official Ministerial press releases. In some countries it is not unusual for senior economic ministers to issue several press releases every day, some of which would offer comment on current issues of policy interest while others would supply routine economic information to the media and the community. There is a considerable advantage to posting information of this kind promptly (preferably immediately upon release) onto the Ministry web page.

4.2 Official government releases (Ministry). Consideration should be given to ensuring that as much official information as possible is released, on a regular basis, through official Ministry press releases. In addition, at times the release of official data such as statistics can usefully be supplemented by official comment which provides guidance for the press. In some countries, the main economic departments publish regular schedules of forthcoming press statements so that the media and other interested observers are well-informed about the expected release of information. Again there it is important to post information of this kind promptly (preferably immediately upon release) onto the Ministry web page.

5. Targeted use of the print media should supplement other forms of delivery mechanisms.

5.1 Newspapers. Consideration should be given to placing articles, signed by the Minister or senior officials, in the international media. The indications are that numerous international newspapers would welcome articles of this kind. Possible outlets include the following: International Herald Tribune, Asian Wall Street Journal, Straits Times, Christian Science Monitor, Asahi Shimbun, and The Financial Times.

5.2 Newspapers. Consideration should be given to arranging small Ministerial meetings with selected senior journalists from the international media, perhaps in an informal one-on-

one atmosphere over dinner. In addition, from time to time selected journalists might be invited to travel with the Minister, at their own cost, as allowed under GOI rules. It would need to be clearly understood that unless otherwise agreed, discussions during such meetings or while travelling would be 'off the record'. The advantage is that international journalists are more likely to write well-balanced pieces in their regular day-to-day reporting. It might also be noted that is not unusual in international circles for key economic journalists to have direct contact with the Minister when needed.

5.3 Other print media. Material should be supplied to other print media, such as magazines such as the Far Eastern Economic Review, other outlets, and academic publications, as appropriate. Often these other media will take the initiative and submit requests for material from Ministers and senior officials. Generally, a case-by-case response to these requests will be the best approach. The Ministerial Press Officer, or the Head, Humas Section, should generally decide what the best response to each request is. In all cases, one of the key tests should be whether the costs involved are likely to yield a worthwhile payoff in terms of strengthening Indonesia's international economic image.

6. Special priority should be given within the Communications Strategy to the rapidly-expanding electronic tools of communication.

6.1 Electronic media. Given the increasing importance of electronic communications, consideration should be given to the preparation of a strategy to promote the use of electronic tools throughout the Ministry for communication purposes. In principle, it would be desirable for all senior and middle-level managers to have access to the key forms of electronic communication (email and the web) from their desks, and for them to use these tools frequently for operational purposes.

6.2 TV and radio. The Minister and senior officials might give consideration to looking for opportunities to appear in the international electronic (TV and radio) media. For brief 'short grab' interviews, extensive briefing is less necessary but if interviews of over 3 minutes or more are involved then careful briefing beforehand from the Ministerial Press Officer would be advisable. As part of an overall media strategy it might be useful to plan for the Minister to look for the opportunity to have (for example) an extended interview on a main international program several times each year. Programs of this kind provide the opportunity to gain very extensive international cover.

6.3 Wire services. Arrangements should be put in place to ensure that the main wire services (Reuters, Dow-Jones, Kyodo, Bloomberg, Agence Press-France) receive all important media releases promptly at the time of release. Where possible, the wire services should be provided with embargoed copy before the time of official release so that they are able to disseminate the information for use overseas as soon as the material is made public.

6.4 Web services. Bearing in mind that in recent years the Internet has become much more important as a means of dissemination of international information, the Ministry of Finance should give increased priority to the use of the Ministry web page as a communication tool. Appropriate steps to take include the following.

- A Ministry of Finance Web Manager with considerable authority and appropriate supporting resources might be appointed. Nominated contacts in each Directorate General might assist the Web Manager.

- Arrangements might be put in place, as noted above, to ensure that a range of appropriate material from the Ministry of Finance is promptly and regularly posted to the web page. This material might include Ministerial and other speeches, other government announcements such as statements at the CGI, statistics, and details of available publications.
- Usage statistics might be shown on the web page.
- Links to other parts of Indonesian Government.

6.5 Videoconferences. The increased use of video communication should be explored. The possibility of installing a videoconference studio in the Ministry, perhaps in the Gedung Utama, should be considered. The Minister and senior staff might look for opportunities to use the videoconference facilities for both (a) official communications with organisations such as the World Bank, and (b) as an efficient way of making presentations at international conferences without having to attend the conference in person.

7. Several supporting steps should be taken to strengthen the implementation of the Communications Strategy.

7.1 Bookstore. The Ministry of Finance should consider the establishment of a bookstore or similar facilities, either within the main Ministry building or at some alternative site. The bookstore might stock both material produced by the Ministry of Finance as well as additional official economic material as agreed with other agencies.

7.2 Executive Directors appointed by the Indonesian Government to main international agencies, especially the IMF, World Bank and Asian Development Bank, might be asked to prepare an annual report on their activities for submission to their authorities. Consideration might be given to publishing making these reports on the Ministry of Finance web page.

7.3 Training. A program of training courses in the broad field of external economic diplomacy might be designed for use within the Ministry of Finance. A wide range of senior and middle-level managers from the main economic ministries might be encouraged to attend the courses.

7.4 Feedback. Evaluation procedures might be developed both to (a) report on the overall effectiveness of Indonesia's external diplomacy, and (b) provide feedback on the effectiveness of training programs designed to improve capability in the area of external economic diplomacy. In both cases, evaluation reports should be provided to the relevant Ministers and Heads of Agencies.

1. **BACKGROUND**

1.1 Summary.

For a range of reasons, in recent years -- and especially since the 1997-98 crisis -- the international media and the international community has been more critical of Indonesia than was previously the case. Furthermore, since the 1997-98 crisis the support that Indonesia received from key international institutions, which was already showing signs of strain before the crisis, has waned as well. These changes in the external environment mean that Indonesia must now work harder than was previously the case to present Indonesia's key economic messages to the international community.

1.2 Indonesia's current international image. In recent years, Indonesia has often attracted unfavorable comment in the international press. Doubtless most countries attract unfavorable comment in the international media from time to time but it is hard to avoid the impression that Indonesia attracts an especially large share of negative commentary.

- Is this really the case?
- If so, why?
- What can be done? How can Indonesia respond?

1.3 Is this really the case? In the absence of detailed study judgments about the international image of different countries is largely impressionistic. Nevertheless, it is perhaps instructive to consider the international images that Thailand, the Philippines, and Indonesia appear to have. Thailand does not seem to attract nearly as much adverse criticism as Indonesia. Neither does the Philippines. It is also notable that Indonesia no longer receives the support from international institutions that it did formerly. While it is not surprising that the 1997-98 crisis led to revised perceptions about Indonesia's economic performance, it is also true that progress in overcoming the crisis -- much less key gains in democracy, press freedom and autonomy -- does not receive the supportive comment from international institutions that might be expected.

1.4 Why is this so? In some ways the especially critical image often presented of Indonesia in the international media is a puzzle. The approach adopted by the international media towards Indonesia is influenced by key changes in the way the media reports on the developing world. From this point of view, at least three changes should be noted.

- For much of the 1990s, there was a tendency for the international media to become more critical of the performance of governments in many developing countries.
- Changes within Indonesia around the time of the crisis
- The current international environment post September 11th.

1.5 The international environment in the 1990s. Various factors affected the international climate for developing countries during the 1990s but perhaps the single most important factor was the collapse of communism in the early part of the decade. Following the collapse of the former Soviet Union, the threat that communism posed virtually disappeared. Thus, one of the main ideological imperatives that had underpinned

Western aid programs for anti-communist governments such as the Soeharto Government in the 1970s and 1980s became less important.

- 1.6 At the same time, Western donor nations began to change and to broaden the emphasis of the international development agenda. During the 1970s and 1980s, much of the emphasis in the international development agenda had been on economic issues. However during the 1990s the discussion widened to emphasize social, environmental and political issues. In particular, issues such as good governance, democracy, corruption, and the rule of law began to receive more emphasis. There was much less tolerance of governments which were regarded as performing poorly in these areas.
- 1.7 One effect of these changes in the international environment was more criticism of Indonesia in the international media.
- 1.8 The 1997-98 crisis. In a sense, many of these issues came to a head in the 1997-98 economic and political crises. Many things changed, but one fundamental change which greatly affected Indonesia's international standing was the effective withdrawal of the strong support which the World Bank and IMF had appeared to provide to Indonesia for almost 30 years.
- 1.9 The change in the collective World Bank / IMF attitude towards Indonesia during the first half of 1998 was quite marked. For three decades, these institutions had provided extremely effective assistance to Indonesian policy-makers in publicizing Indonesia's economic successes abroad. During the first half of 1998, all of this changed. First, the visit of the IMF's Managing Director Michel Camdessus in January 1998 attracted major international coverage. In the succeeding months there was confusion and vacillation on economic policy and the World Bank and IMF found it necessary to demonstrate firmness.
- 1.10 These developments took place at a time when the issue of corruption in developing countries was attracting increasing attention across the globe. Following the transition to a more open society in Indonesia after the Soeharto era, the issue of KKN (Kolusi, Korupsi and Nepotisme) attracted increasing media attention. In mid-1999 an internal World Bank memo leaked to the press suggested that up to 30% of loans to Indonesia pre-crisis may have been misused (Raden Pardede, 1999). These and associated events had a major influence on perceptions about Indonesia in the international community.
- 1.11 In addition to these factors, the events surrounding East Timor's transition to independence attracted a great deal of bad press. In particular widely-reported violence along with critical comments from United Nations officials in Dili received extensive coverage in the international media in 1999 and 2000.
- 1.12 Changes within Indonesia. The changes in the external environment noted above were matched by changes inside Indonesia. During the early 1990s there was muted but increasing domestic criticism of President Soeharto's style of government. But the most marked change came with the dramatic events during the 1997-98 crisis. Following the transition to the new Habibie Government in May 1998 there was a period of rapid political and social liberalization. Civil society expanded quickly as individuals, civil and religious organizations, and political parties became more active.

1.13 One consequence of the increased openness is that there is now much more self-criticism of Indonesian institutions than previously. Indonesian public debate is noisier than before the 1997-98 crisis. There is, for example, vigorous criticism of the operations of the police and military, of various government departments, political leaders, and so on. Indonesia has changed from a society where constructive criticism was suppressed to one with few restraints on public criticism. Whilst current criticism is part of a vigorous civil society, the lack of restraint means that unsubstantiated and exaggerated accusations have become common. And often, these domestic accusations are taken up by the international media thus contributing to the unfavorable external image of Indonesia.

1.14 Current international environment. To add to these difficulties, during the past 12 months there have been important changes in the international climate that have posed considerable challenges. Following the 9/11 terrorist attack in New York, as well as more recent attacks such as the Bali bombings on September 12, 2002, the issue of combating terrorism has moved to the top of the political agenda in Western countries. The Indonesian Government has responded by devoting additional resources to combating terrorism. Nevertheless, there have been suggestions in the international media that Indonesia was reluctant to join wholeheartedly in the war against terrorism. In addition, the tensions surrounding the possibility of war in Iraq are putting pressure on the Indonesian Government as well.

1.15 Cumulative effect. The cumulative effect of all of these changes has led to a situation where today there is more unfavorable news about Indonesia in the international media than previously (Box 1.1). To be sure, in the past Indonesia sometimes also attracted unfavorable international press. The difference is that most of those organizations and governments who were willing to support Indonesia in the past are currently less ready to do so. Indonesia today has few friends in the international media and numerous critics (Hadar 2002, Witoelar 2002). If the positive aspects of recent developments in Indonesia -- especially economic developments -- are to gain the attention they deserve, a renewed effort to improve Indonesia's economic diplomacy overseas is needed.

4.1 Indonesia's national interests. The promotion of Indonesia's interests overseas is a key task for diplomatic officers from the Indonesian Department of Foreign Affairs. However there are several reasons why the Minister of Finance and senior economic officials might work to promote international interest in economic issues in Indonesia as well.

- One is that adverse international perceptions about Indonesian economic affairs can do much economic harm to Indonesia. Indonesia needs to attract both official and private capital from abroad; Indonesia needs an effective voice in international trade negotiations; and in various other international and regional organisations such as ASEAN Indonesia needs to speak with a clear and effective voice so that Indonesia's view on important economic issues is known and understood.
- A second reason is that the conduct of international economic diplomacy is a highly specialised task. Discussions of international financial, economic and trade issues abound with complex terms and concepts which are best conducted by economic-policy makers rather than diplomats whose skills equip them to see issues more in political than economic terms.

BOX 1.1 RECENT EXAMPLES OF PRESS HEADLINES ABOUT INDONESIA

Negative reports

HOUSE MARKED BY GRAFT AND LOW PRODUCTIVITY

The Jakarta Post, September 28, 2002

INDONESIAN FIRMS WORST IN LEADERSHIP, COMMUNICATION

The Jakarta Post, October 24, 2002

FOREIGN INVESTORS FLEE, THOUSANDS WORKERS SUFFER

The Jakarta Post, November 5, 2002

FEAR OF TERRORISM RISES IN INDONESIA: KIDNAPPINGS AND SUICIDE BOMBINGS AGAINST WESTERNERS ARE ANTICIPATED

International Herald Tribune, November 26, 2002

GOVERNMENT FIDDLES WHILE SONY ROARS, UNEMPLOYMENT FIGURES SET TO SOAR

The Jakarta Post, November 28, 2002

MORE INVESTORS FLEE

The Jakarta Post, November 29, 2002

BATTERED COUNTRY TANGLES WITH TERROR

USA Today, November 29, 2002

Positive reports

ASIAN DEVELOPMENT BANK TO HELP BALI RECOVER

The Jakarta Post, November 14, 2002

IMPROVED OUTLOOK DRAWS INVESTORS TO ASIAN BONDS

International Herald Tribune, November 26, 2002

ASIA PULP TO REPAY \$ 6.5 BILLION

International Herald Tribune, November 26, 2002

1.16 What can be done? How can Indonesia respond? In considering how to respond, there is one central consideration that needs to be borne in mind -- the critical nature of the international media. Understandably, many senior Indonesian officials are uncomfortable when they find themselves in a confrontational situation with international journalists, especially when interviews are conducted in English. Indonesian values, and Javanese values especially (Magnis-Suseno 1997), give high priority to harmony and avoidance of open conflict. However, the *modus operandi* of the international media conflicts with Indonesian values and is unforgiving of language problems. International journalists are trained to be skeptical of statements by official spokespersons from all institutions. For this reason, few journalists from the international media will ever be 'friends'. Rather, international journalists aim to present the facts, whatever they are, as they see them.

1.17 Indonesia is not alone in facing a skeptical international media. In principle, all countries face the same challenge of working with and through the international media to present their views. Governments need both skilled people and effective institutions to

carry out the task. In summary, the following issues would currently appear to warrant priority in presenting Indonesia's economic message to the world. Each of these issues is discussed in more detail in later Sections of this report.

- Use of skilled media staff.
- An active approach.
- Increased transparency.
- Improved coordination within government.

1.18 Skilled staff. Dealing with the media, whether print or electronic, and whether domestic or international media, is a highly skilled task. There are many tricks of the trade (Rosady Ruslan 1999) so Indonesian ministers and Indonesian government agencies need immediate access to skilled media advisers to do a professional job.

1.19 Active approach. Media issues often arise quickly. Journalists and media enterprises have a short time horizon. There are often advantages to taking the initiative rather than allowing stories to unfold, and then responding, as the media presents them.

1.20 Increased transparency. During the New Order Government there was a widespread perception that government processes lacked transparency. More recently, it is widely agreed that government is more open. In an environment such as this, there are considerable advantages to reinforcing this view through increased transparency.

1.21 Improved coordination within government. There is anecdotal evidence suggesting a lack of coordination between Indonesian government agencies. It is important that as official government agencies speak with one voice on significant matters relating to international economic policy. This matter will be taken up in more detail below.

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STRATEGY FRAMEWORK

2.1 Summary.

Indonesia's international economic diplomacy would best be formulated within a strategic framework. The main elements of such an approach might consist of (1) identification of the problem, (2) outline of the policy response, and (3) identification of the mechanisms for responding. The key elements of a response (summarized as MAD) might focus on Message, Audience, and Delivery. These elements are discussed in later sections of this report.

2.2 A framework. An organized approach towards conducting Indonesia's external economic diplomacy needs to take place within a strategic framework. The main elements of such a framework might consist of the following.

- Identification of the problem.
- Outline of policy response.
- Identification of the mechanisms for implementing the response.

2.3 Problem. It is hard to respond to a problem unless one recognizes that the problem exists. Thus the first step towards change within a bureaucracy is to raise collective awareness of the challenges faced. In the case of external diplomacy, there is now a clear need for a more concentrated effort to change Indonesia's image in the international community (Section 1 above).

2.4 Policy response. An effective strategy needs a strong policy base. All parts of government need to know both the broad stance of policy as well the implications for specific issues. The effective conduct of Indonesia's external economic diplomacy requires that concise briefing materials be available which cover the following areas:

- Positive and credible aspects of recent Indonesian economic performance (key success stories).
- Responses to common negative perceptions overseas about Indonesia's economic situation (defensive briefs).
- Specific 'hot issues' of topical interest (such as particular tax and customs matters, the general stance of macroeconomic policy, certain financial and banking matters, trade and tariff issues, and so on).

2.5 Whilst a strong policy base reflecting long-term goals is a key ingredient of an effective overall approach, governments also need to respond swiftly to unexpected issues. The recent adjustment in fiscal policy following the terrorist attack in Bali is one example. It is in the nature of government that unpredictable shocks occur. Sometimes these shocks throw long-term policies badly off course. Thus governments need to be ready to adjust long-term policies to allow for short-term shocks. Indeed, to a considerable degree the credibility of governments depends on their ability in times of crisis. Harold Macmillan, former British Prime Minister, provided a colorful illustration of his own experience

when, upon being asked by a journalist what had determined his policies in office, he replied, "Events, my boy, events."

2.6 In this context it is useful to distinguish between tactics on one hand and strategy on the other. Governments need to have good long-term strategies, but they need to be able to handle daily events as well. Both skills are needed for effective government. As the American journalist Tom Plate once put it, 'tactics get one through the day, while strategy gets one through life'.

2.7 Mechanisms. In most countries, responsibility for international economic policy is spread across various parts of government. A well-coordinated approach is the exception rather than the rule. Typically, arms of government which have responsibility for at least a part international economic policy include the following.

- Senior political leaders, such as the President, senior Ministers of Economy, Finance, Planning, Trade, Foreign Affairs, and the Reserve Bank Governor
- Office of the President or Prime Minister.
- Departments of the Economy, and of Finance and Planning.
- Departments of Trade, and Foreign Affairs.
- Reserve Bank.
- Key operational departments, such as Mining and Energy, Transport and Telecommunications, Manufacturing, as well as main agencies such as the Foreign Investment Board (BKPM).
- Key state enterprises (such as Pertamina, Krakatau Steel, Garuda, Telkom, Bank Mandiri, and so on in Indonesia).

2.8 Clearly, depending on the issue under discussion, the number of agencies with an interest in any particular matter is potentially large. Under these circumstances, effective mechanisms for coordination are needed. Without effective coordination different agencies are likely to say different things, thus creating the impression of disagreement within senior government circles.

2.9 In this context, the need for effective communications within government becomes important. In most countries, governments are composed of many branches with numerous departments, agencies, and so on. It is often difficult to coordinate arrangements across these organizations. This is especially the case when events are moving quickly. The best approach is to try to ensure -- constantly, and as an ordinary part of internal government business -- that there are effective communications through both (a) institutionalized processes, and (b) personal contacts.

- Institutionalized processes, such as regular committee meetings at many levels of government, are a necessary part of overall coordination. But in many countries these processes do not work well. When government failure of this kind occurs, communication flows within governments are likely to be poor. The result is that decision-making processes are slow and that individual officials do not have the information or the authority needed to make good decisions.
- In addition to institutionalized processes, effective networks of personal contacts across governments are needed. There will be many occasions when quick

agreements are needed to ensure that some key item of government business is not delayed. For example, in the few days before each of the regular Consultative Group on Indonesia meetings, numerous telephone conversations between officials in the Coordinating Ministry, the Ministry of Finance and Bappenas are needed to ensure that Indonesia's presentations at the CGI are well-coordinated.

3. INDONESIA'S MESSAGE

3.1 Summary

Indonesia should define more clearly the key messages that need to be conveyed to the international community. In practice there will be many messages. These messages would best be set out in white papers, statements to Parliament, ministerial speeches, and so on. The messages need to be flexible. The Indonesian Government must set out long-term policy goals but be ready to explain these goals within the context of the short-term goals that drive the policy debates in the papers each day.

3.2 Message. A key step -- the first key step -- in the effective conduct of international economic diplomacy is the formulation of the Message. It is, quite simply, not possible to conduct international economic diplomacy effectively unless the main messages are clear.

3.3 In the conduct of international economic policy, the presentation of a firm, explicit message is often very effective. Conversely, the delivery of a vague and ill-defined message can sometimes do considerable harm. Good communicators -- including economic policy-makers and economic commentators -- know that words are bullets. They therefore take considerable care to define their messages carefully, and then to find good ways to convey them. Although not necessarily intended to directly relate to economic policy, some of the most well-known comments in economics illustrate this point (Box 3.1). The best messages are short, clear and credible.

BOX 3.1: FAMOUS COMMENTS IN ECONOMICS

'The invisible hand' of the market. (Adam Smith)
'Property is theft'. (Proudhon)
'Supply creates its own demand'. (Say)
'In the long-run, we are all dead'. (Maynard Keynes)
'There's no such thing as a free lunch'. (Milton Friedman)
The 'irrational exuberance' of investors. (Alan Greenspan)
We must aim to 'live within our means'. (Anon.)

3.4 Filling the vacuum. Effective messages are needed not just for the purposes of elaborating on broad policy but because there is often considerable advantage for governments in moving early to fill communication gaps. At any particular time both the public and the media will be keen to obtain information about important events. If the government fails to provide credible information, then the media will look elsewhere -- and will often obtain information from sources that are less well-informed than the government but more willing to seek publicity.

3.5 Many messages. In practice, at any time a nation will normally have a large number of economic messages to convey. However on most occasions the opportunity to convey messages will be limited. Thus messages need to be selected carefully with the

particular target audience in mind. In this context, it is useful to distinguish between different types of messages (Box 3.2).

- Broad messages.
- Topic or sectoral messages.
- Specific messages.

3.6 Broad messages. Broad messages outline the overall stance of economic policy. At the very broadest levels, such as in the GBHN (Garis-Garis Besar Haluan Negara, or the Broad Outlines of State Policy), they provide a framework for overall national policy and indicate to policy-makers within government the important priorities. These broadest statements of policy are often given useful additional definition in speeches by senior leaders of the nation, such as the President or senior ministers.

3.7 Topic or sectoral messages. Broad messages need to be supported with information about what the implications are for particular sectors. As an example, a broad policy of strengthening fiscal sustainability has implications for various aspects of budget policy, such as the need to minimize budget deficits (or even aim for budget surpluses) by strengthening revenue collections and by maintaining controls over expenditures. Similarly, if the Government has committed itself to attempting to increase the rate of economic growth, then aspects of investment policy might need attention.

3.8 Several recent publications from the Ministry of Finance provide useful examples of how government policy can be effectively set out in official publications. Details of recent approaches to reform in the public finance system are set out in The White Paper - Reform of Public Financial Management System in Indonesia: Principles and Strategy (July 2002), and up-to-date information about aspects of fiscal policy are provided in Bunga Rampai Kebijakan Fiskal ['Handbook for Fiscal Analysis] (August 2002, prepared with assistance from the Japan International Cooperation Agency). Publications of this kind represent important steps towards the provision of timely information to the Indonesian public and the international community. In addition, other publications covering related topics have been issued by the Ministry of Finance in recent months.

3.9 Specific messages. But effective topic and sectoral messages are not sufficient to guarantee the credibility of government policy. At any particular time, economic ministers and officials in the Ministry of Finance need to be able to provide detailed statements about specific economic topics. Recent examples include the budgetary implications of adjusting economic policy following the Bali bomb attacks, whether a tax amnesty might be granted to encourage capital flow into Indonesia, and the Ministry of Finance's approach to negotiations with the IMF over successive Letters of Intent during the past year or so.

3.10 It is true that for some issues it is sufficient for the Minister or senior officials when questioned to promise to provide additional information later. But to ensure credibility, it is also necessary that ministers and officials can show that when requested, they are ready to provide detailed information immediately on the most important economic issues of the day. In this way, they show that they have an open and transparent approach to economic policy issues. Just as importantly, they show that they are well-

informed and are giving close personal attention to matters of high public interest.

3.11 Actions speak louder than words. When considering what to do to improve communications, it needs to be remembered that words alone are not enough. It is actions that count, not words. Words and messages can provide information and can assist the public to understand the government's approach to policy. But the effectiveness of official economic messages depends critically on how credible the government's statements are. The skilled management of public relations can do little to strengthen credibility if the underlying policies are not effective. A strategic approach to communications will ultimately only be effective if ministers and officials demonstrate - through deed as well as word -- that their policy statements are matched in the day-to-day implementation of government business.

**BOX 3.2 SOME HYPOTHETICAL EXAMPLES OF INDONESIA'S
MESSAGES IN SUMMARY**

Issue	Position on issue
BROAD MESSAGES	
<ul style="list-style-type: none"> 1. Growth 2. Current developments 3. Investment 4. Pro-market approach 5. Law, order and security 	<ul style="list-style-type: none"> 1. Strong growth is important. Objective is to achieve over 5% per annum 2. Current signs are encouraging 3. Stimulating both domestic and foreign investment is a priority. Plans are being drawn up to promote investment in Indonesia 4. Indonesian policies are pro-market across a range of areas 5. The Government is concerned to ensure that security is good across the nation and is working actively towards that end
TOPIC and SECTORAL MESSAGES	
<ul style="list-style-type: none"> 1. Fiscal reform 2. Taxation reform 3. Finance and debt 4. Bank restructuring 5. Corporate governance 6. Trade issues 7. Aid policy and donors 8. Deregulation 9. Insurance 10. Competition policy 11. SOEs 12. Corruption 13. Power 14. Decentralisation 	<ul style="list-style-type: none"> 1. Fiscal consolidation is currently a top priority 2. A package of tax reform measures is in hand 3. Good progress has been made in recent months 4. Good progress is being made. BCA sold, Bank Niaga almost sold 5. More progress needed 6. Indonesia is committed to long-term liberalization 7. The maintenance of good and effective relations with donors is a high priority 8. The long-term thrust of domestic structural policy is careful deregulation across a range of sectors 9. Reforms are proceeding 10. Pro-competition policies are being pursued – electric power, telecoms 11. The aim to progressively sell more of them 12. More needs to be done 13. Trying to create a competitive environment 14. This has been a key change in Indonesia, with widespread implications, including for fiscal management

SPECIFIC MESSAGES

1. Relations with IMF and World Bank
2. Manulife
3. Tax amnesty
4. Freezing terrorist assets
5. Money laundering
6. Future of IBRA
7. Customs reform
8. Regional trade arrangement
9. Tariffs and NTBs

10. Multilateral Trade Negotiations

11. On-lending policy

12. Paris Club after 2003

1. Currently good, and on track
2. Court decision was a problem, reversed on appeal.
3. Under consideration.
4. Perpu in place, law being completed
5. Law passed, FIU being set up
6. Wind up IBRA by the end of 2003
7. Current policy is to promote customs reform
8. Negotiations underway
9. Tariffs have been reduced by nearly 50% over the past years. NTBs have been almost entirely eliminated
10. Indonesia actively pursue multilateral trade negotiations, including ongoing WTO negotiations on agriculture and services
11. (Important for donors). Policy is currently being improved. Indonesia appreciates that this is important for the donor community
12. Currently considering the strategy.

4. AUDIENCE

4.2 Summary

Target audiences for economic messages need to be considered carefully. Indonesia needs to address many different audiences in many different ways. On any particular occasion, economic messages should be framed with particular audiences in mind. Frequently it will be useful to distinguish between the immediate audience being addressed (the 'intermediate audience') and the wider audience (the 'final audience') that the messages are intended to reach out to. It also needs to be borne in mind that a message mainly intended for one audience will also be noted by other audiences as well.

4.3 All politics is local. Well-known American politician and former Speaker of the U.S. House of Representatives Tip O'Neill once famously observed that "All politics is local". By this he meant that governments at whatever level give their first attention to promoting the interests of their constituents. From this point of view it is natural that in the conduct of economic policy, Indonesian ministers and officials give priority to domestic concerns. However, good international economic diplomacy is an effective way of protecting the interests of the Indonesian people. The broadest aim of international economic diplomacy is to assist in the conduct of domestic economic policy.

4.4 Various audiences. It is useful in the current context to distinguish between the different audiences that senior Indonesian economic policy-makers will need, at various times, to address. The differences between the various audiences are not necessarily clear-cut, and indeed quite often groups overlap. Nevertheless, because at times quite different messages need to be addressed to the different groups, it is useful to distinguish between the following.

- Finance community (IMF, World Bank, Asian Development Bank, Paris Club, London Club, certain bilateral donors, the private sector, etc).
- Aid donors (WB, ADB, UN, bilateral donors, other multilateral, NGOs).
- Trade and investment groupings (donors, international credit agencies, private sector chambers of commerce).
- Diplomatic meetings -- overlaps with the above, plus ASEAN, ASEM, G20.
- Other meetings -- Davos (and Asian Davos), private investor conferences, etc.

4.5 Finance community. The finance community is arguably the most powerful single international economic grouping that Indonesia must deal with. On the side of the international community there is considerable influence connected with being in the position to provide or withhold loans. This influence gives creditor institutions considerable leverage which they, especially the IMF, exercise through the conditionality attached to loans, or Paris Club rescheduling. This means that Indonesia, in turn, must spend considerable care in responding to the requirements of this group.

- 4.6 The interests of the finance community partly relate to the types of policy issues which are also important to the aid donor community, but financial issues (such as loan terms, debt levels, likely repayment rates, credit worthiness, and so on) are of special priority. Members of the finance community look to the Indonesian Government and key international organizations such as the IMF to provide them with comfort in their lending activities because confidence is particularly important to them.
- 4.7 The IMF. In this context, arguably the most important role that the IMF plays is not one of financier but as an international financial arbiter. Many creditors require that the IMF provide a stamp of approval on the policies of borrowing countries before they agree to the provision of loans. Put simply, a green light from the IMF greatly improves the creditworthiness of a country in international financial markets, while a red light sharply reduces access to finance in these markets.
- 4.8 Aid donors. The aims and approach of the aid donor community are somewhat different to those of the financing community. The donor community is especially concerned with the practical delivery of a wide range of activities designed to provide practical development assistance. It is true that donor agencies get drawn into policy debates, but in their daily work, members of the donor community are often just as concerned with the practical problems of aid delivery as with policy. In dealing with the donor community, it is useful to distinguish between the different audiences, and the somewhat different interests these groups have.
- Bilateral donors (such as JICA, JIBC, USAID, DFID, AusAID, and so on) need to report to their head offices, and indirectly to their national Parliaments and the public in donor countries. They therefore often need to obtain up-to-date information about a wide range of current development issues. In addition, they need to have effective relationships with various parts of the Indonesian Government and civil society so as to implement their on-going activities.
 - There is a wide variety of multilateral donors. The largest agencies -- the IMF, the World Bank, and the Asian Development Bank -- take a close interest in many policy issues as well as in the implementation of the associated development assistance programs. In addition to these agencies, there are many other multilateral institutions, such as the numerous UN agencies and the agricultural centers, which support development assistance programs (often small) and which often seek economic information from the Indonesian Government.
 - There are many international non-government organizations (NGOs) which are either part of the donor community, or have close links with donor agencies. Increasingly, too, some of the international NGOs are looking to develop partnership links to Indonesian NGOs. Few of the international NGOs agencies are important in terms of the volume of funding that they provide, but many of them are cause-oriented, experienced in dealing with the international media, and effective in exerting political influence because

of their advocacy skills.

- 4.9 Trade and investment groupings. Private sector commercial investors in Indonesia have interests which are rather different from those of the international creditor and donor communities. They are interested in such things as changes in the overall investment climate as well as many specific issues. The larger and most-well known international business and investor organizations spend considerable time reaching independent judgments about these matters in Indonesia. It is thus important that senior Indonesian economic policy-makers give attention to the need to communicate with these organizations effectively so as to strengthen international commercial confidence in Indonesia.
- 4.10 One main step that can be taken to strengthen international confidence is to improve the two-way flow of information between the Indonesian Government and the international business community. The provision of regular information about such matters as current economic conditions, investment regulations, taxation rules, labor laws, and so on helps create a business climate attractive to international investors. In addition, investors will welcome opportunities to have direct contact with Ministers and senior officials. Contacts of this kind are especially important when official decisions are taken that are unfavorable from the point of view of international investors. If, at least, the basis of the decisions is explained, investors will know that the Government gave consideration to their concerns.
- 4.11 It is important, too, to bear in mind that the international business and investment community is both an audience and a delivery mechanism. The community is a delivery mechanism for Indonesian economic messages because other groups of people gathering information on current economic developments -- such as diplomats, journalists and academics -- often consult the business community to gain up-to-date local information about the commercial environment. Views amongst the foreign business community in Jakarta are frequently reflected in official reports sent to such places as Washington, Tokyo, or Berlin, and are also frequently reported in the international media.
- 4.12 Diplomatic meetings. Both smaller bilateral diplomatic meetings (such as bilateral meetings with Ambassadors or visiting Ministers) and larger more formal meetings (ASEAN, ASEM, APEC, G20, and so on) are important opportunities to forward Indonesia's international economic agenda. Smaller bilateral meetings provide opportunities for high-level personal contacts and allow for the frank exchange of views. Larger, more formal meetings, often provide the opportunity to deliver prepared statements. If official statements are well-prepared, the main messages presented in the statements will often be reported to back to capitals in official cables. There is, therefore, a good opportunity for Indonesian delegates make Indonesia's views heard at these meetings.
- 4.13 The central question that Indonesian delegations should focus on when planning meetings is 'How can the occasion be used to advance Indonesia's interests?' Countries such as Singapore, Hong Kong, and especially the United States, are

very effective at this. Lessons from these countries include the following:

- Ensure that clear, well-written documents and statements, with well-presented messages, are prepared before the meetings.
- Ensure that documents and statements contain only a minimum of general comments, such as pleasantries about the nature of the occasion and acknowledgements of leading personalities.
- Look for opportunities for to conduct useful discussions in the margins of the conferences, such as in corridor conversations and in bilateral meetings with other delegations.
- Use the opportunities to distribute relevant official documents to other delegations during the conference.
- Look for opportunities to generate press interest in Indonesia's approach to key issues. Official statements can sometimes be provided to international journalists on an embargoed basis. In addition, off-the record briefings can sometimes be provided to journalists to explain Indonesia's view on issues discussed during the meetings.

4.14 Other meetings. In addition to the audiences mentioned, there will be many invitations for Indonesian delegations to attend many kinds of meetings, conferences and seminars. Sometimes there will be worthwhile benefit in sending one or several Indonesian delegates to these meetings although often the value to Indonesia in supporting attendance is small. As a general rule, the three issues need to be considered:

- Should there be official Indonesian attendance? The decision about this matter should be largely determined by the perceived benefit to Indonesia. If, as is often the case, opportunities for effective participation or to make a significant statement are limited, then there will be limited value to Indonesia in providing official attendance.
- Who should go? On many occasions there will be scope to vary the composition of the official delegation. In some cases the event will be judged sufficiently important to send a Minister. On other occasions, it might be appropriate to send a senior official (such as at Director General level). Other options include a more junior official, a senior retired, but well-known, Indonesian (such as a former minister), or a representative from the Indonesian private sector or from a university. One option which might sometimes be chosen would be to ask a nearby Indonesian Embassy to attend the event and provide a report to Jakarta.
- What preparation, including briefing, should be prepared? Necessary steps in preparing briefing will include gathering background information about the event and about the main topics to be discussed at the meeting, summarizing this material in convenient form, defining Indonesia's objectives in attending the event and considering how to achieve them,

deciding what authority the delegation needs in order to function effectively, briefing the delegation in person if necessary, and suggesting appropriate reporting arrangements.

5. DELIVERY

5.1 Summary

There is a range of delivery mechanisms (person, print, and electronic media) that can be used to conduct Indonesia's international economic diplomacy. Effective use will involve relying of a combination of these mechanisms. A communications plan for the Ministry of Finance might spell out, in detail, the expected use of all of the main delivery channels during the forthcoming planning period.

5.2 Range of mechanisms. There is a wide range of delivery mechanisms -- in person, print, electronic -- which can be used as communication tools (Box 5.1). Effective use will often involve the use of a combination of these mechanisms, such as a speech, which provides material for use in the print media and for TV or radio as well. A strategy is needed to effectively combine the use of these communication tools, and to pay appropriate attention to the tricks of the trade in each medium.

5.3 Each of the communication tools calls for particular skills, and perhaps training. There are well-known techniques for dealing with each of the delivery channels. One key principle is that careful professional preparation is needed for the use of each of the communication channels. A second matter that needs close attention by professional media staff is timing. The international print and electronic media operate against rigid deadlines. This means that to be useful, material intended for the international media must be issued in time to meet the deadlines.

- In person. The minimum requirement for the use of this medium is that proper preparation and briefing be arranged for the speaker making the personal delivery. In addition, in many countries, professional training is increasingly being provided for Ministers and senior officials in such things as speaking and presentation techniques.
- Print. Relations with journalists from the print media need to be handled with care. The provision of appropriate material for use in the print can be effective, but judgment is needed on the preparation of content.
- Electronic. The use of the electronic media can be a highly effective in reaching a world audience. However, standards are demanding and the medium is unforgiving. Considerable skill is needed to prepare for the use of the electronic means of communication.

5.4 Delivery in person.

- Parliament. Statements in Parliament can be extremely effective for the delivery of official messages. Traditionally, across the world, Parliament is the place where statements of high policy are made. The international community watches Parliament closely, and is inclined to give careful weight to statements

made there.

- Speeches to large meetings and groups. These forums are useful for expanding on particular aspects of policy, or for explaining matters that attract day to day debate. They are more informal than Parliament, yet can be a useful outlet for official statements of policy -- in effect, elaborating on Parliamentary statements. It is important that effective measures be in place to disseminate the speeches -- within an hour or so they should be distributed to the media, and placed on the official web page of the Department. These latter steps are, arguably, more important than the speech itself.
- Small meetings. Small, usually private meetings are an extremely important part of the international economic diplomacy of a nation. These meetings usually involve meetings with Ministers, officials, senior representatives of the private sector, or senior journalists from the international community. They often allow for more relaxed and franker discussions of current problems, but will often generate internal reporting to other governments, or to colleagues in the private sector. Their disadvantage is that they do not reach so many people. Their advantages are that (a) they are more targeted, and (b) are often taken more seriously.
- Press conferences. Press conferences can be powerful channels for the communication of government policy. They can be arranged on a regularly scheduled basis, or held on a more ad hoc basis as needed. Advantages include the flexible nature of the occasions, including the scope for the speaker to control the main direction of the discussion. The disadvantage is the opportunity this mode offers for journalists to press for additional material and ask difficult questions.

5.5 Delivery in Print.

- Official government releases. The process of issuing regular government press releases is a key part of international economic diplomacy. In many countries, it is not unusual for Ministries of Finance and Treasuries to issue several press releases each day on a wide range of topics such as statements and comments from the Minister, and regular releases which provide official information (such as both statistics and comment) about government economic policy. Daily releases need to be supplemented with monthly, quarterly, annual, and other official publications.
- Newspapers. The provision of information to international newspapers, especially foreign English-language newspapers, is an important way for Indonesia to convey views about economic issues to the world media. Press releases will, to some extent, be useful, but ensuring that there is attention to the needs of specific journalists who have specific deadlines is a useful approach to take as well. In addition, the provision of signed material by Ministers or senior officials to such outlets as the Op-ed (Opinion-Editorial) page of the International Herald Tribune can be a highly effective means of conveying Indonesia's economic messages.

- Other print media. There is a range of other print media -- magazines, journals, books, and so on -- which can usefully be used to disseminate economic information. Some of these publications (such as the Far Eastern Economic Review) are useful for reaching out to a general audience, whilst other more specialized publications (such as industry publications in such sectors as finance, oil, shipping, and trade) can be used in a more targeted way. In some cases, these publications will be eager to run articles and personal profiles of senior Indonesian figures, especially Ministers. On other occasions, these publications will be keen to obtain specialized information of interest to the particular audience that they aim to write for.

5.6 Delivery through the electronic media. The electronic media is quickly becoming the key to the effective conduct of international economic diplomacy. And perhaps more so than in the case of the other channels for information delivery, communications tend to be *two-way*. In the weeks (and frequently even the days and hours) before important international meetings, considerable amounts of information flow *both* ways through electronic channels. Key information such as attendance lists, agendas for meetings, composition of country delegations, and briefing notes are often made available on Internet sites or through email communications. Timely access to information of this kind is critical to the effective conduct of international economic diplomacy. It is increasingly important for Ministers and senior officers in Indonesia to be personally familiar with such electronic tools as the Internet, email, and videoconferencing.

- TV and radio. While the use of TV and radio are generally more important for communication within Indonesia than for overseas, for some purposes TV and radio can be a highly effective means of conducting certain aspects of international economic diplomacy. Interviews on international TV channels such as the BBC and CNN reach out to many countries, as do items carried on the BBC World News and Radio DeutscheWelle. Interviews on TV, especially extended interviews for, say, 15 or 20 minutes, are a powerful way of reaching millions of sophisticated international viewers and therefore shaping international perceptions of Indonesia's approach to economic issues. Relatively few Indonesian leaders appear in extended international interviews so there would appear to be considerable scope for senior Indonesian ministers to expand their activities in this area.
- Wire services. There is less need to target wire services (Reuters, Kyodo, Bloomberg, Agence France-Presse) in an explicit way, but it is of central importance to ensure that material which the Government would like to see disseminated overseas reaches their local bureaus as quickly as possible. Speed of reportage is of prime importance to these agencies so the key to effectiveness is ensuring that material reaches the wire agencies quickly, preferably immediately upon release.
- Web. The Internet is increasingly a key means of dissemination of economic information by economic institutions across the world. The World Bank, which maintains a virtual library of development information, is a premier global institution in this area, but many other official economic agencies maintain excellent pages as well. Across the world, Ministries of Finance,

central banks, and a wide range of other official economic agencies now provide good-quality information. In addition, much information -- including many practical operational guides -- has become available during the past few years on the establishments of procedures for e-government. Additional information is available at the following web sites:

- World Bank InfoDev, www.infodev.org
- Centre for Democracy and Technology, www.cdt.org
- e-Government Handbook, www.cdt.org/egov/handbook/

- Videoconferences. Use of videoconferencing (VC) arrangements for international linkages is now expanding rapidly. Technological improvements are equally fast and current indications are that sophisticated VC capabilities will be readily available from individual computers (including laptops) within several years. The potential to use this medium in a highly cost-effective way for the promotion of international economic diplomacy would seem to be very considerable indeed. The options would seem to include the following.

(a) ASEAN. VC linkups among a wide range of official agencies across ASEAN countries on matters of mutual interest could reduce time and raise productivity. Agencies which might hold VC sessions include all sections of Ministries of Finance (senior officials, working groups of tax, customs, budget officials, and so on).

(b) International agencies. Linkups for operational discussions with the World Bank in Washington, ADB in Manila, the IMF, and so on.

(c) Executive Directors. VC discussions for internal conferences between Jakarta officials and Indonesian Executive Directors at the IMF, World Bank, Asian Development Bank, and other agencies.

(d) Ministerial links. Linkups between Ministers. VC linkages between Ministers in ASEAN can be expected to become more common during the next few years, but Indonesian Ministers might choose to initiate VC meetings with Ministers from other countries, as appropriate, as well.

(e) International Presentations. Selected VC presentations at international conferences, thus providing a significant senior Indonesian presence at international meetings at minimal resource cost to Indonesia. As a specific example, relevant Indonesian Ministers could make a 10-15 minute opening speech at the annual Indonesian Update in Canberra in Australia which would have considerable impact at the Canberra end for minimal resource cost at the Jakarta end. The possibility of giving similar presentations in North America and Europe at low cost is an option which should be vigorously explored.

BOX 5.1 VARIOUS DELIVERY MECHANISMS

	Main delivery mode	Specific delivery mode
<p>Delivery channels</p> <p>(not necessarily alternative channels -- often several will be used as communications tools together)</p>	<p>In person</p> <p>(Minister, senior officials, or MoF spokesperson)</p>	Parliament
		<p>Speeches to large meetings and groups</p> <ul style="list-style-type: none"> - international meetings - public conferences - academic and specialist conferences
		<p>Small meetings</p> <ul style="list-style-type: none"> - Official meetings and delegations - One-on-one meetings
		Press conferences
	<p>Print</p>	<p>Official government releases</p> <ul style="list-style-type: none"> - Press releases - Publications (monthly, quarterly, etc)
		Newspapers
		Other -- magazines, journals, books
	<p>Electronic</p>	TV and radio
		Wire
		Web
		Videoconferences
		Other

COMMUNICATION TOOLS USED BY THE EUROPEAN CENTRAL BANK

- Press conferences
- Regular press releases
- ECB Monthly Bulletin
- Annual Report of the ECB
- Hearings before European Parliamentary Committees
- Public speeches
- Interviews by senior staff to newspapers, magazines, etc.
- Other printed publications (brochures, Working Papers, Occasional Papers)
- Wire services
- Groups of visitors to ECB building
- Academic conferences
- ECB website (www.ecb.int)

Source: ECB. (2001). "The external communication of the European Central Bank", ECB Monthly Bulletin. February. Pp. 59-65.

6. FURTHER STEPS

6.0 Summary

Two main steps would be helpful in supporting the program outlined in the previous sections. A program of training in the broad field of international economic diplomacy might be designed for use within the Ministry of Finance. In addition, evaluation procedures might be developed which would provide feedback on the effectiveness of Indonesia's approach to international economic diplomacy.

6.1 Two further steps might be mentioned as part of the implementation of the plan outlined above. These steps relate to training, and to evaluation.

6.2 Training. The broad approach outlined above is likely to be most successful if the implementation of the strategy is accompanied by, amongst other things, changes in the approach to communications policy in the Ministry of Finance. There are important opportunities for the Ministry to become more responsive, both to the Indonesian public and to the international community. One main step would be the provision of training courses in external economic diplomacy. Bearing in mind that the main objective of such a course would be to encourage a change of culture, it would also be desirable for a wide range of senior and middle-level managers to be exposed. Ideally, the courses would be incorporated into a training program (of perhaps 2-3 days length) designed for use within the Ministry of Finance.

- The content of the courses would best go well beyond issues of public relations alone. The courses should be designed to (a) present an overview of the process of international economic diplomacy as well as (b) provide training on the operational aspects of the conduct of international economic diplomacy.
- Ideally, the experience of both past and present senior Indonesian policy-makers should be incorporated into the courses. For example, past senior Indonesian policy-makers who have represented Indonesia at such meetings as the Consultative Group on Indonesia and at other international economic meetings might be involved in the design and presentation of the courses. Similarly, past and present Indonesian Executive Directors from the IMF, World Bank, and Asian Development Bank might be consulted in the preparation of the program.

6.3 Although not directly related to the course content of the training program outlined above, there are two other aspects of human development which are closely related to the effective conduct of international economic diplomacy.

- It should be noted that fluency in English is of great advantage when preparing briefing for or when conducting international economic diplomacy. Delegates attending international economic meetings who have a high degree of English

fluency have a considerable advantage in representing the interests of their countries.

- The several Executive Director posts (IMF, World Bank, and Asian Development Bank, especially) to which the Indonesian Government nominates representatives might usefully be seen as providing valuable high-level policy experience as well as representative positions in their own right. That is, there would appear to be advantages to nominating promising officials mid-career to these posts with the aim of drawing on their experience after their return to Indonesia.

6.4 Evaluation. There would be considerable advantage to ensuring that evaluation activities were built into the activities outlined above. Two types of evaluation would seem worthwhile.

6.5 First, at a broad level, evaluations of the overall effectiveness of Indonesia's international economic diplomacy might be carried out. One possibility would be for such an evaluation to be carried out within the Ministry of Finance. Another possibility would be to establish a team with representatives of several other economic agencies as well (such as Bank Indonesia and Bappenas), with the final report being submitted within all agencies for consideration.

6.6 In addition, as part of a broader public accountability exercise, consideration might also be given to the possibility of preparing a report for Parliament on Indonesia's external economic relations. Reports of this kind are presented to Parliament in various other countries. Such a report might focus, for example, mainly on relations with specific international agencies (such as the World Bank, the Asian Development Fund, and the IMF), or on wider aspects of Indonesia's external economic relations. In some countries, the Executive Directors to international agencies are asked to prepare a personal annual report on their activities to their authorities. This is an additional option for encouraging transparency which might be considered.

6.7 Second, if the proposal for a training program outlined above is implemented, an evaluation of the success of the program might be conducted after an appropriate period. It would be helpful if participants in each session of the course were invited to fill in short evaluation questionnaires. If this were done, a comprehensive report on the strengths and weaknesses of the program could be prepared.