INDONESIA’S PARTICIPATION TO BIMP-EAGA (BRUNEI DARUSSALAM, INDONESIA, MALAYSIA, PHILIPPINES EAST ASEAN GROWTH AREA) FOR INFRASTRUCTURE CONNECTIVITY AND SMALL MEDIUM ENTERPRISE (2014-2017)

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PANEL OF EXAMINERS
APPROVAL SHEET

The panel of Examiners declare that the thesis entitled “INDONESIA’S PARTICIPATION TO BIMP-EAGA (BRUNEI DARUSSALAM, INDONESIA, MALAYSIA, PHILIPPINES EAST ASEAN GROWTH AREA) FOR INFRASTRUCTURE CONNECTIVITY AND SMALL MEDIUM ENTERPRISE (2014-2017)” that was submitted by Qori Khairunnisa majoring in International Relations from the Faculty of Humanities was assessed and approved to have passed the Oral Examination on April 17th, 2018.

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This thesis entitled "INDONESIA'S PARTICIPATION TO BIMP-EAGA (BRUNEI DARUSSALAM, INDONESIA, MALAYSIA, PHILIPPINES EAST ASEAN GROWTH AREA) FOR INFRASTRUCTURE CONNECTIVITY AND SMALL MEDIUM ENTERPRISE (2014-2017)" prepared and submitted by Qori Khairunnisa in partial fulfillment of the requirements for the degree of Bachelor of Arts in International Relations in the Faculty of Humanities has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, March 2018

Recommended and Acknowledged by,

Dr. Endi Haryono, M.Si
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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled "INDONESIA’S PARTICIPATION TO BIMP-EAGA (BRUNEI DARUSSALAM, INDONESIA, MALAYSIA, PHILIPPINES EAST ASEAN GROWTH AREA) FOR INFRASTRUCTURE CONNECTIVITY AND SMALL MEDIUM ENTERPRISE (2014-2017)" is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, March 2018

Qori Khairunnisa
ABSTRACT

Title: Indonesia’s Participation to BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area for Infrastructure Connectivity and Small Medium Enterprise (2014-2017)

By: Qori Khairunnisa

Implementation of Sub-Regional Economic Cooperation under ASEAN such as BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) is conducted for mutual benefit and complementary in accelerating economic development through increasing investment flows, infrastructure development, natural resources, human resources development, and industrial development. The main purpose of its formation is to integrate the strength and potential of each border region into a dynamic growth region. The type of this study is qualitative, the level of analysis of this research is descriptive by using the method of library research that analyzes historical records and documents Indonesia-ASEAN-BIMP EAGA with data from 2014-2017. The results of this research shows that Indonesia’s role in participating and succeeding BIMP-EAGA is seen from several agreed cooperation programs undertaken by Indonesia in BIMP-EAGA through the implementation of Priority Infrastructure Projects (PIPs) program to increase connectivity among ASEAN countries, especially among BIMP-EAGA and improve SMEs between countries in BIMP-EAGA through SMED Working Group Meeting on BIMP-EAGA Expo and Business Matching activities.

Keywords: BIMP-EAGA, Priority Infrastructure Projects (PIPs), BIMP-EAGA Expo and Business Matching, Indonesia.
ABSTRAK

Judul: Partisipasi Indonesia Terhadap BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Filipina Wilayah Pertumbuhan ASEAN Timur) untuk Infrastruktur Konektivitas dan Usaha Kecil Menengah (2014-2017)

Oleh: Qori Khairunnisa

Pelaksanaan Kerjasama Ekonomi Sub-Regional dibawah ASEAN seperti BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) dilakukan untuk saling menguntungkan dan saling melengkapi dalam mempercepat pembangunan ekonomi melalui peningkatan arus investasi, pembangunan infrastruktur, pengembangan sumber daya alam dan manusia, dan pengembangan industri. Tujuan utama pembentukannya adalah untuk mengintegrasikan kekuatan dan potensi masing-masing kawasan perbatasan ke dalam wilayah pertumbuhan yang dinamis. Tipe dari penelitian ini adalah kualitatif, tingkat analisis penelitian ini bersifat deskriptif dengan menggunakan metode penelitian perpustakaan yaitu menganalisis catatan sejarah dan dokumen Indonesia-ASEAN-BIMP EAGA dengan data dari tahun 2014-2017. Hasil penelitian ini menunjukkan adanya peran Indonesia dalam berpartisipasi dan menyukseskan BIMP-EAGA dilihat dari beberapa program kerjasama yang telah disepakati yang dilakukan Indonesia di dalam BIMP-EAGA melalui implementasi program Proyek Infrastruktur Prioritas (PIPs) untuk meningkatkan konektivitas antar negara ASEAN terutama negara antar kawasan BIMP-EAGA dan meningkatkan UKM antar negara BIMP-EAGA melalui SMED Working Group Meeting pada kegiatan BIMP-EAGA Expo dan Business Matching.

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Jakarta, March 2018

Qori Khairunnisa
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>AEC</td>
<td>ASEAN Economic Community</td>
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<td>BEV</td>
<td>BIMP-EAGA Vision</td>
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<td>BIMP EAGA</td>
<td>Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area</td>
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<tr>
<td>BITC</td>
<td>Brunei International Trade and Consumer Exhibition</td>
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<td>BEBC</td>
<td>BIMP-EAGA Business Council</td>
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<tr>
<td>IB</td>
<td>Implementation Blueprint</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>MPAC</td>
<td>Masterplan for ASEAN Connectivity</td>
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<td>MTR</td>
<td>Medium-Term Review</td>
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<td>NSM</td>
<td>National Secretariat Meeting</td>
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<td>PICC</td>
<td>Philippines International Convention Center</td>
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<td>PIPs</td>
<td>Priority Infrastructure Projects</td>
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<td>RISE</td>
<td>Resilient, Inclusive, Sustainable and Economically Competitive</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>SMED</td>
<td>Small and Medium Enterprises Development</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>VCO</td>
<td>Virgin Coconut Oil</td>
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CHAPTER I
INTRODUCTION

1.1 Background of the Study

The Association of Southeast Asian Nations (ASEAN), which in its early formation in 1967, aimed more at the politically oriented cooperation to achieve peace and security in Southeast Asia, in its journey turned into regional cooperation by strengthening the spirit of economic and social stability in Southeast Asia among others through the acceleration of economic growth, social and cultural progress while maintaining equality and partnership, thus becoming the foundation for the creation of a prosperous and peaceful society.¹

ASEAN formally established on 8 August 1967 in Bangkok, Thailand is a regional cooperation established by five countries in Southeast Asia, namely; Philippines, Indonesia, Malaysia, Singapore and Thailand under the terms of the “Bangkok Declaration”² signed jointly and as follows: “Establish a solid foundation in enhancing regional cooperation in Southeast Asia with the spirit of justice and partnership in order to create peace, progress and prosperity of the region”³. Since its inception, ASEAN aspires to realize a united Southeast Asia that ASEAN membership continues to expand into ten member countries, namely Philippines, Indonesia, Malaysia, Singapore, Thailand, Brunei Darussalam 1984, Vietnam 1995, Laos 1997, Myanmar 1997, and Cambodia in 1999.⁴

Therefore, with the establishment of cooperation among the countries of Southeast Asia region hereinafter referred to as ASEAN which has various goals and mutual agreement to be achieved in the field of security politics, socio-cultural and economy. Thus, a sub-regional organization was established under

² Ibid
³ Ibid
⁴ Ibid
Within the ASEAN cooperation area, there are several sub-regional cooperation, two of which are Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) sub-regional economic cooperation. The aim is to reduce the development gap between sub-national regions and accelerate economic growth in the ASEAN region, especially in the east ASEAN. The BIMP-EAGA cooperation is expected to strengthen cross-border trade and promote trade, investment and tourism.6

Indonesia’s participation in the Sub-regional Economic Cooperation aims to create trade in the border region as a key government strategy to develop socio-economic border areas in order to pursue the process of economic integration as an international market-oriented investment zone.7 (i) promoting economic growth and equity of development and assisting regional poverty alleviation programs; (ii) promoting economic cooperation between regions in Indonesia and other areas in other bordering countries; (iii) improving the quality of resource utilization, both natural and human resources, available in the regions, (iv) becoming one of the modalities to encourage local people’s active initiatives and participation in enhancing the empowerment of economic potentials in their respective regions; (v) supporting the regional readiness in facing the era of economic liberalization and world trade, both within the framework of ASEAN and world trade in a broader scope, and (vi) spur trade and investment as a key strategy of socio-economic development of less developed and remote areas in order to carry out the process of economic integration.8

Moreover, the establishment of sub-regional cooperation under ASEAN, BIMP EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) was established to accelerate growth among ASEAN countries.9

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6 Ibid
7 Ibid
9 Ibid
The implementation of Sub-Regional Economic Cooperation is conducted to benefit and complement each other in accelerating economic development through increasing investment flows, infrastructure development, natural and human resources development, and industrial development. The main objective of establishing growth sub-regions is to integrate the strengths and potentials of each border region into a dynamic growth area. Sub-regional economic cooperation, often referred to as a growth area, is one form of economic linkage between regions with international elements and regional members of such cooperation more than one country.

Figure 1.1
Location Map of BIMP-EAGA Countries


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11 Ibid
12 Ibid
BIMP-EAGA began in 1992 when the President of the Philippines, Fidel V. Ramos proposed economic ideas to ASEAN, expanding economic cooperation in the border regions of Brunei Darussalam, Indonesia, Malaysia and the Philippines. This idea was immediately approved by the other three countries until it finally formed BIMP-EAGA. BIMP-EAGA was inaugurated on March 24, 1994, in Davao City, Mindanao, Philippines.13 BIMP-EAGA cooperation focuses on establishing areas within these sub-regions to achieve faster growth and improve the welfare and economic growth of communities in the border areas of the BIMP-EAGA countries. Business actors are expected to become the driving forces of such cooperation while the government acts as a regulator and facilitator with the aim to improve the welfare and economic growth of border communities in the BIMP-EAGA countries.14 Membership of BIMP-EAGA namely; Brunei Darussalam, Malaysia (Sarawak, Sabah and Labuan Territories), Philippines (Mindanao, Palawan), while for Indonesia, there are 14 Provinces participating in this BIMP-EAGA; West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Sulawesi, Gorontalo, Central Sulawesi, Southeast Sulawesi, West Sulawesi, South Sulawesi, North Maluku, Maluku, West Papua and Papua.15

The issue of development gaps occurring in ASEAN member countries has the potential to hamper the benefits of ASEAN economic integration. Bad connectivity in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) region, will undoubtedly be a constraint in implementing a single production and market base which implemented by ASEAN because although liberalization is massive through the removal of tariff and non-tariff barriers, will not necessarily guarantee ease of access to resources and distribution channels. With the still high enough inequality and without adequate connectivity economic integration will not be able to boost

15 Ibid
competitiveness and provide maximum benefits to its members. Therefore, a balanced development effort through subregional mechanisms that have the potential to harmonize the economy in the underdeveloped regions of ASEAN becomes very necessary to emphasize.\textsuperscript{16}

Simply put, the word “connectivity” can be interpreted as relationships, networks, connections that can facilitate all affairs (activities); connected state; or the ability to connect or communicate.\textsuperscript{17} The World Bank economist, Sjamsu Rahardja, said that connectivity is the key to the successful establishment of a good system in the country, including Indonesia.\textsuperscript{18} Indonesia should prioritize its inter-regional connectivity because connectivity has three important dimensions: poverty reduction, regional development, and increased competitiveness.\textsuperscript{19} In addition, with good connectivity then the center of development will happen by itself. Increased connectivity within the country and with other countries in general will provide benefits in the form of increased access to goods and services at lower prices and stable, efficient and reliable transportation services, diversification of production and higher exports.\textsuperscript{20}

The East ASEAN Growth Area (BIMP-EAGA) Regional Economic Cooperation Planning Meeting (SPM) held on January 31 - February 3, 2017 in Jakarta, has succeeded in approving the completion of the BIMP-EAGA Vision planning document (BEV) 2025 to be endorsed by the Heads of State at the 12th BIMP-EAGA Summit Meeting, 29 April 2017, together with the 30th ASEAN Summit in Manila, Philippines.\textsuperscript{21} The discussion also includes the Priority Infrastructure Projects (PIPs) to be co-operated by the four countries. Indonesia has widely proposed PIPs that support the development of border areas through

\begin{thebibliography}{9}
\bibitem{Ibid} Ibid
\bibitem{Ibid} Ibid
\bibitem{Ibid} Ibid
\end{thebibliography}
enhanced land, sea and air connectivity. Indonesia proposed several cooperations related to the leading infrastructure projects which are the priority connectivity project for Indonesia such as Manado-Bitung toll road development, Samarinda-Balikpapan toll road, border development in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port. With this priority infrastructure project is BIMP-EAGA cooperation including Indonesia in it to build priority infrastructure to smooth connectivity among ASEAN countries especially for BIMP-EAGA. Territorial connectivity can be illustrated by the extent to which the level or effectiveness of the region’s network facilitates the flow of goods or people, as well as the extent to which the region can connect urban areas with coastal and inland areas through alternate cross-border routes. Strengthening regional connectivity can promote growth economic development in an inclusive and equitable manner and can encourage equity.

In addition, the second important issue of increasing SMEs is one of the key points in the ASEAN. Agreements have also been agreed by BIMP-EAGA in the development of SMEs through cooperation between SMEs and stakeholders. In this opportunity, all SME players in sub-regional of BIMP-EAGA are encouraged to be able to utilize Expo and Business Matching which will be held every year as an effort to develop SMEs among ASEAN countries by introducing SME products from their respective countries and utilizing Expo and Business Matching especially in export potential SMEs. In line with the implementation strategy of economic cooperation in BIMP-EAGA, the Indonesian government through the Ministry of Cooperatives and SMEs will also continue to encourage all Indonesian SMEs actors, especially in the eastern region of Indonesia to increase productivity and innovation so as to compete and participate in this Expo

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24 Ibid

meeting every year. BIMP-EAGA itself was formed with a focus on improving the welfare and economic growth of people in the border areas of BIMP-EAGA countries, where the development of SME segments together is expected to become a driving force for cooperation while the government acts as a regulator and facilitator.

Thus, the author is interested to examine, analyze, and study the phenomenon as a research material by describing the title: Indonesia’s Participation to BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, and Philippines East ASEAN Growth Area) for Infrastructure Connectivity and Small Medium Enterprise (2014-2017).

1.2 Problem Identification

As explained on the background above, With some issues addressed, balanced development efforts through sub-regional mechanisms that potentially align the economies of disadvantaged regions in ASEAN need to be emphasized. Increased connectivity will play an important role in achieving sustainable global economic recovery through increased trade, investment and development. The significant participation and contribution of BIMP-EAGA’s sub-regional cooperation in the development of ASEAN connectivity as a whole and the affirmation of the importance of connectivity advancements for economic development in order to narrow the development gap in the BIMP-EAGA countries are the main issues to be discussed. Indonesia as one of the countries incorporated in the sub-regional cooperation of BIMP-EAGA should participate to the development of this Priority Infrastructure Projects (PIPs) especially for the priority area of Indonesia especially in the development of Indonesia’s priority amongst the Manado-Bitung Toll Road, Samarinda-Balikpapan, border

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development in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port. Because PIPs in line with the RPJMN (National Medium Term Development Plan) 2015-2019 Indonesia.

In addition, the improvement of SMEs which is one of the key points in ASEAN is the issue that Indonesia wants to improve as the participation to BIMP-EAGA. The improvement of SMEs is done through meetings between SMEs in BIMP-EAGA by presenting the superior products (competitive products) of each region and province that participated in this program. In accordance with the targeted BIMP-EAGA in the SME sector is to provide greater benefits to the community, especially in countries between regions of BIMP-EAGA. Hence, as a means of alleviating the small community from the poverty gap and has a very important role in the economic distribution of society and no doubt that SMEs have an important role in the economy of Indonesian society. Through the SMED Working Group Meeting held by BIMP-EAGA in the program of BIMP-EAGA Expo and Business Matching aims to improve the SME sector among BIMP-EAGA countries, and this meeting is aims to establish business cooperation between SMEs in the ASEAN region especially BIMP-EAGA.

1.3 Research Question

“How did Indonesia participate in its cooperation with BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) for infrastructure connectivity and SME (2014-2017)?”

1.4 Objective of Research

The main objectives of this research aims to analyze:


32 Ibid
a) To analyze Indonesia’s participation to BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) for infrastructure connectivity and small medium enterprises.

b) To explain Indonesia’s participation in implementing the infrastructure connectivity related programs; Priority Infrastructure Projects (PIPs).  

c) To explain Indonesia’s participation in the improvement of SMEs between BIMP-EAGA countries through the program; SMED Working Group Meeting: BIMP-EAGA Expo and Business Matching for SMEs.

1.5 Significance of Research

The author hopes for academic aspect, this research can be useful as an information material for the reviewer / researcher in studying the problems in Southeast Asia, especially BIMP-EAGA Cooperation related to the participation of Indonesia to infrastructure connectivity and small medium enterprise with the several programs implemented and the result of this research is expected to be used as a comparative material for similar research, and unknown aspects can be revealed in this research and also can be further developed.

1.6 Scope and Limitation of Research

This research will focus on Indonesia’s participation to BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) in the program:

a. Priority Infrastructure Projects which is listed in BIMP-EAGA Vision 2025 for the development of infrastructure connectivity between BIMP-EAGA countries which will run starting 2017. The priorities development for Indonesia such as development of Manado-Bitung toll road,

Samarinda-Balikpapan toll road, border development in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port.

b. Improvement of SMEs products through the participation of BIMP-EAGA Meeting: BIMP-EAGA Expo and Business Matching which will be held annually between BIMP-EAGA countries and still on going in the following years, this research reviews data from the meeting report in 2014 to 2017.

The limitation of research: 2017

1.7 Literature Review

The literature review essentially implies the activity of researchers to dialogue critically with the opinions of others. With literature review means the capacity of researchers will deal with the concepts and theories that first there. The literature review is conducted selectively on themes that are substantially relevant to the current study. This section will highlight the arguments of International Relations perspective in some literature which the author used to have a deeper understanding and analysis of the definitions of the main subject. In addition, the author is trying to find the reference of previous research to assist in the review process of this research.

Robert Jackson and Georg Sorensen (1999) in the book of Introduction to International Relations explains the relationship between people in the country that form a network, international community or global community where in the fabric of relationships between the world community is required the role of International Relations science. The discussion covers the system of government of each country and its theories are also a discussion in this book. The theory to be used by the author in this writing is the theory of liberalism. This book explains the theory of liberalism such as Liberal Institutionalism, which reminds of the importance of an International Institution governing the way of participating actors in the international political system and can promote cooperation between countries followed by Liberalism Interdependence which emphasizes on trade as
well as cooperation on processing resources which exists, that is a liberalism that emphasizes the economic relations in exchange and a favorable dependence between the people and the government. \(^{35}\)

This book helps the author establish a clear understanding of how the main theoretical debates are interconnected with each other, explaining how theories govern and shape our view of the world and understand the theories presented in particular the theory of liberalism that helps the author in this study as a theoretical framework. This book helps the author to see the liberal institutionalism theory and liberalism interdependence theory in viewing the phenomenon to be studied.

Center for Political Research-Institute of Science of Indonesia (2017) in the Political Journal entitled THE ROLE OF BIMP-EAGA IN THE ASEAN CONNECTIVITY DEVELOPMENT. This study has similarities with the author’s research within the scope of sub-regional cooperation of ASEAN member countries and variables to be examined more deeply. This study shows that Brunei Darussalam, Indonesia, Malaysia and Philippines have developed border cooperation within the BIMP-EAGA subregionalism cooperation. The presence of sub-regional cooperation is a good opportunity to encourage the development of connectivity. The construction of such connectivity becomes an important supporting element in ASEAN. \(^{36}\)

This journal helps the author to find out studies and research on sub-regional cooperation. The author can see the similarities in this research related to sub-regional cooperation, only with different areas and linkages with connectivity relationships built by sub-regional cooperation with the aim of achieving common interests or goals and is expected to not only affect the subregion, but also Southeast Asia in general.


Nur, F. Tia. (2016) in the Journal of UPAYA BIMP-EAGA DALAM MEMBANGUN KONEKTIVITAS ANTAR KAWASAN explains and demonstrates the similarity of research areas undertaken in the sub-regional cooperation in the development of state connectivity of BIMP-EAGA. This journal is the author’s reference to understand the research that has been done with one of the variables that the author uses related to the development of infrastructure connectivity in BIMP-EAGA country. BIMP-EAGA is a combination of the interests of each member country to increase its economic growth, especially for Indonesia who want to expand the market network and provide convenience for foreign tourists coming to Indonesia which later this will also impact on national income. Sub-regional economic cooperation is done by a country to gain profit and Indonesia also get the benefits from the cooperation of BIMP-EAGA. The development of sub-regional connectivity by BIMP-EAGA brings a positive influence for Indonesia.

This journal helps the author to see and examine more deeply about the cooperation of BIMP-EAGA especially in the development of connectivity between BIMP-EAGA region, this has a positive impact for member countries especially Indonesia. With the participation of Indonesia in an effort to build connectivity between regions can not be denied that it will also have a positive impact for Indonesia.

Paul, G. Dominguez (2012) in the Journal of Brunei Darussalam Indonesia Malaysia Philippines East ASEAN Growth Area (BIMP-EAGA). This journal explains and describes the East ASEAN Growth Area comprising Brunei Darussalam, Indonesia, Malaysia and Philippines, otherwise known as BIMP-EAGA. This journal explains the brief history of BIMP-EAGA, the reason for the establishment of BIMP-EAGA and its unifying vision, its structure and policy framework and its early achievements so as to help the author understand the


38 Ibid
specific significance of this area of eastern ASEAN growth. The BIMP-EAGA program is also a key strategy of participating governments to focus their development efforts in areas of their country that in the past have not fully benefited from rapid economic growth over the last ten years. Therefore, the BIMP-EAGA project has received strong support from the central government of participating countries in light of their shared desire to promote balanced growth in their country. In fact, BIMP-EAGA is currently one of the main mechanisms used to strengthen trade and economic relations of countries incorporated in BIMP-EAGA.

Thus, this journal helps the author as a supporting reference in understanding BIMP-EAGA in more depth in addition to the BIMP-EAGA documents and its existing roadmap development. This journal helps the author to understand that with the enhancement of sub-regional economic cooperation, despite the current economic difficulties, there is still a strong consensus among community leaders consisting of BIMP-EAGA that the long-term goals set by BIMP-EAGA will be achieved.

*Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area (2006) in the Document of Roadmap to Development 2006-2010* describes the east ASEAN Growth Area (BIMP-EAGA) as sub-regional cooperation initiatives launched as a key strategies of participating governments to address social and economic development in their less developed and more remote areas. Its immediate objective is to promote increased trade, investment and tourism in sub-regions. The long-term goal is to transform the BIMP-EAGA economy from one based on the extraction of resources into one based on high order processing and non-resource-based activities. Significantly, the

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40 Ibid

development of this sub-regional grouping rests on the private sector as a growth engine, with the government providing a facilitative environment that will enable the promotion of private sector investment and the sub-regional institutional framework is designed to operationalize the BIMP-EAGA initiative.\(^{42}\)

This document helps the author to see a clear description of BIMP-EAGA, from the start of the establishment and the launch of the Roadmap for regional countries in BIMP-EAGA. So this document became the author’s reference in seeing BIMP-EAGA’s in deeper understanding including with the aims to be achieved.

\textit{Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area (2012) in the Document of Implementation Blueprint 2012-2016} become the author’s reference to understand the basic concepts of BIMP-EAGA formation and Implementation Blueprint as an overview of BIMP-EAGA more deeply. Implementation Blueprint provides information from the Target Road Map to increase trade, investment, and tourism in EAGA over a period of 5 years (2006-2010) more or less achieved; however, the implementation of the Roadmap has made modest progress. In October 2010, the 15th Ministerial Meeting decided that a replacement document should be the Implementation Blueprint (IB) covering the period 2012-2016 to focus on project implementation that will produce tangible results towards sub-regional realization.\(^{43}\) In Implementation Blueprint provides information about Roadmap to the Implementation Blueprint and also the principles guiding the Implementation Blueprint.\(^{44}\)

\(^{44}\) Ibid
This document helps the author to review and explain the overview of BIMP-EAGA from Roadmap to Development (2006-2010) to Implementation Blueprint (2012-2016) and provides detailed information on implementation focus in the period of 2012-2016 before being replaced by BEV (BIMP-EAGA Vision 2025), Implementation Blueprint this should be a guideline for the BIMP-EAGA countries to be implemented in the 5-year implementation period, and the author take some information as the author’s reference as an overview to see the sub-regional cooperation of BIMP-EAGA.

Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area. (2017) in the Document of BIMP EAGA VISION 2025 become the author’s reference for viewing and reviewing the BIMP-EAGA and the continuation of the vision until 2025, in which there are several program designs and objectives of mutual agreement by BIMP-EAGA. This document explains the vision of BIMP EAGA 2025 is: Resilient, Inclusive, Sustainable and Economically competitive to reduce the gap between regions of BIMP EAGA. The vision of BIMP-EAGA 2025 (BEV 2025) is formulated to ensure that member countries are aligned with regional and global development trends, opportunities and challenges that will affect the future of economic cooperation. BEV 2025 is built on the success and progress achieved by BIMP-EAGA so far, it is based on commitments made by member countries through their national and local development plans to promote subregional cooperation.

This publication document of BIMP-EAGA Vision 2025 helps the author to see and examine more deeply about Indonesia’s cooperation within BIMP-EAGA, in relation to the programs that have been designed and agreed. This document helps the author to see the designs and visions related infrastructure connectivity development programs and SME improvement between BIMP-EAGA region.

46 Ibid
1.8 Theoretical Framework

Theoretical framework is necessary to guide the analysis of the problems discussed in this research. In theoretical framework will contain relevant theories in explaining the problem. Then the theoretical framework is used as a basis theory or rationale in research conducted. It is therefore very important for a researcher to construct a theoretical framework containing the points of thought that will illustrate from which angle a problem will be highlighted. There are some theories that may fit to analyze Indonesia’s participation in its cooperation with BIMP-EAGA for infrastructure connectivity and small medium enterprise: Liberal Institutionalism Theory and Liberalism Interdependence Theory.

1.8.1 Liberal Institutionalism Theory

The perspective of liberal institutionalism holds that in international relations it involves many actors, not just state actors and according to this understanding one country has many weaknesses, so one country needs help by another. Liberal institutional means that mutual relations between countries must be controlled within an organizational institution. Often the role of the institution in question tends to the country. International institutions help promote cooperation between countries.

Robert and George Sorensen (1999) stated that:

“In liberal institutionalism, the existence of international institutions is able to encourage and promote cooperation among countries. The existence of international organizations can be a set of rules governing state action. With the existence of international institutions will help reduce suspicion between one country to another”.

Liberal institutionalism is more about institutionalization. Institutional liberals agree that international institutions can make cooperation much easier. International institutions are more than just the creation of a strong state. They are

48 Ibid, P.138
49 Ibid, P.139
of independent interest, and they can promote cooperation between countries.\textsuperscript{50} According to institutional liberals, an international institution is an international organization or a set of rules governing state action in a particular field. They argue that international institutions can promote cooperation among nations and thereby help reduce the distrust between countries and the fear of each other that is considered to be a traditional problem.\textsuperscript{51}

This flow of liberalism takes on earlier thought about the effects of international benefits. International institutions is an international organization and claiming that international organization help promote cooperation between countries.\textsuperscript{52} Liberal institutionalism which means that international institutions are actors of international relations that have independent interests, not just as an institution created by a particular country in order to achieve its interests. The existence of this independent international institution can promote cooperation between countries.

In this study the liberal position can be a paradigm in viewing the ASEAN regional cooperation established to generate favorable cooperation for the joined countries. Thus the authors use this theory to see the cooperation formed by the countries in Southeast Asia incorporated in ASEAN especially for the sub-regional cooperation namely BIMP-EAGA and in cooperation BIMP-EAGA Indonesia is one of the countries incorporated in it and participate to run any cooperation agreement between countries sub-region BIMP-EAGA.

1.8.2 Liberalism Interdependence Theory

Liberalism Interdependence is Liberalism which focuses more on reciprocity between people and government in various influences. In this case each country seeks as hard as possible to develop its own potential in the framework of international competition), the world is conscious to develop (the


\textsuperscript{51} Ibid, P.141

\textsuperscript{52} Ibid, P.142
resources are optimally rather than dependent on (existing resources).\textsuperscript{53} In the theory of liberalism interdependence states that the states are not independent actors as a whole, but countries depend on each other. No single country can, in its entirety, fulfill all its own needs and interests, but rely on the resources of the state itself and from other countries.\textsuperscript{54} Therefore, policies issued by a country will have a rapid impact on the other countries.

This theory is based on Robert and Sorensen assuming that all existing cooperation must be done by experts from their respective fields. So the integration in a relationship experiencing developments can not be ignored. Interdependence means: people and governments are influenced by what’s going on anywhere, by the actions of their peers in other countries.

Robert and Georg Sorensen (1999) stated that:

\textquotequote{The highest level of transnational relations between states means that the highest level of interdependence, transnational becomes increasingly important and in liberalism interdependence, military force is a less useful instrument, and welfare (not security) which is the primary goal of states, means that the world of international relations is more cooperative”}.\textsuperscript{55}

Liberalism interdependence means interdependence can arise both to the people and the government in relation to other countries.\textsuperscript{56} This interdependence arises from the modernization that occurs. Modernization is a process that involves progress in most areas of life. The process of modernization enlarges the scope of cooperation across international borders.

These liberals argue that the high division of labor in the international economy raises inter-state interdependence, and this suppresses and reduces violent conflict between countries, so it can be argued that these peoples are

\textsuperscript{54} Ibid, P.144
\textsuperscript{55} Ibid, P.145
\textsuperscript{56} Ibid, P.145
concerned about the flow of economic relations and mutual dependence between the people and government.\textsuperscript{57}

In this study the liberalism interdependence position can be a paradigm in viewing there is a mutually beneficial interrelationship between the sub-region of BIMP-EAGA countries, where the integration leads to regional integration of a country such as the ASEAN sub-regional, BIMP-EAGA which eventually creates a common interdependence among member states, since the state is not an independent actor as a whole, but the state is interdependent with one another. So it can be drawn from the results of the description between the theory that I will use to analyze this topic with topics that will be analyzed into a research framework, can be seen in the figure 1.2

1.9 Research Methodology

This research used **Qualitative** approach as its type because quantitative approaches would not suitable since this research only used a few amount of number as indicator of variable to answer research matter. The level of analysis itself is at descriptive to analyze and present the facts in systematic arrangement;
furthermore, it could be understandable and summed up.\textsuperscript{58} This research is tend to use qualitative approaches in order to obtain the data, the motives that prefer to used qualitative approaches because of the characteristic on the qualitative approaches are the very suitable for this research and examination. The data collected take the form of words or pictures rather than numbers. It is based on its characteristics, this research uses descriptive analysis approach. \textit{Descriptive} research has a certain nature, which is that the study focused on solving problems that exist in the present and actual. Then the data is organized, analyzed, described, and interpreted.\textsuperscript{59}

The method used in this research is \textbf{Library Research}, on which it analyzes historical records and documents. The sources will be obtained through e-books, printed book, journals, articles, official reports, government reports, newspapers, ASEAN documents, BIMP-EAGA documents and internet.

1.10 Thesis Outline

This thesis consists of five chapters and it starts with introduction followed by description of Cooperation of BIMP-EAGA, analysis of research about Indonesia’s participation to BIMP-EAGA which resulted in the program of infrastructure connectivity development and SMEs improvement. The last part is conclusion.

\textbf{CHAPTER I: INTRODUCTION}

This chapter is containing the Background of the Study, Problem Identification, Research Questions, Objective of Research, Significance of Research, Scope and Limitation of Research, Literature Review, Theoretical Framework, Research Methodology and followed with Thesis Outline and Definition of Terms.


\textsuperscript{59} Ibid
CHAPTER II: DEVELOPMENT OF BIMP-EAGA COOPERATION

This chapter will describe and discuss the core aspects of cooperation of BIMP-EAGA. Here the author will write about the background of BIMP-EAGA, followed by the Implementation Blueprint (2012-2016) which includes Roadmap to the Implementation Blueprint and principles guiding to the Implementation Blueprint, then the BIMP-EAGA Vision (BEV 2017-2025) with the strategic pillars and strategic priority of BEV 2025 related to infrastructure connectivity and SMEs. The author also write about the infrastructure connectivity program and SMEs improvement program that conducted by BIMP-EAGA namely Priority Infrastructure Projects (PIPs) and SMEs Working Group Meeting: BIMP-EAGA Expo and Business Matching.

CHAPTER III: INDONESIA’S PARTICIPATION TO BIMP-EAGA FOR INFRASTRUCTURE CONNECTIVITY THROUGH THE PRIORITY INFRASTRUCTURE PROJECTS (PIPs)

This chapter will describe and discuss about Indonesia’s participation to BIMP-EAGA for infrastructure connectivity through the priority infrastructure projects (PIPs) agreed upon by BIMP-EAGA countries. Indonesia has development priorities and implemented by Indonesia in line with the RPJMN (National Medium-Term Development Plan) 2015-2019 in Indonesia as participation and its role in BIMP-EAGA in facilitating connectivity among ASEAN countries such as the development of Manado-Bitung Toll Road, Samarinda-Balikpapan Toll Road, development of border in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port.

CHAPTER IV: INDONESIA’S PARTICIPATION TO SMEs IMPROVEMENT IN BIMP-EAGA THROUGH THE BIMP-EAGA EXPO AND BUSINESS MATCHING

This chapter will describe and discuss about Indonesia’s participation to small and medium enterprises improvement in BIMP-EAGA through the BIMP-EAGA Expo and Business Matching. This chapter will discuss the meetings
attended by Indonesia in the BIMP-EAGA Expo which has been run from 2014 to 2017. This chapter also provides information on the Indonesian territory that follows the BIMP-EAGA Expo program and presents their region’s superior products from West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, Southeast Sulawesi, Gorontalo, Central Sulawesi, North Sulawesi, West Sulawesi, Maluku, North Maluku, Papua and West Papua.

CHAPTER V: CONCLUSION

In this last section of the research explains the conclusion of the research as well as the limitation contained. In this chapter describes the role of Indonesia as one of the countries in BIMP-EAGA participates to the BIMP-EAGA based on the results of the analysis of cooperation that has been done and programs implemented in Indonesia.

1.11 Definition of Terms

a) BIMP-EAGA: Brunei Darussalam, Indonesia, Malaysia and Philippines East ASEAN Growth Area is a sub-regional economic cooperation established as a participatory key government strategy to promote the social and economic development of their less developed and remote areas with territories covering all the Sultanate of Brunei Darussalam, provinces in Kalimantan, Sulawesi, Maluku and Papua, the states of Sabah, Sarawak and Federal Territory Labuan Malaysia, Mindana Island and Palawan provinces in the Philippines.60

b) Participation: Participation is taking part, engage or involve to the outward circumstances. This understanding explains the role of a person or society in taking part, or participating in contributing energy and thoughts into an activity, in the form of ego or self or personal involvement that is more

than mere physical activity. In general, participation can be interpreted as a person’s involvement in an activity, either directly or indirectly in a particular social situation.

c) Infrastructure: Physical facilities developed or required by public agencies for government functions in water supply, electric power, waste disposal, transport and similar services to facilitate social and economic goals and are socially and economically sustainable systems which simultaneously become the relation system of the environment. So infrastructure is the physical system needed to meet basic human needs in the social and economic field.

d) Connectivity: relationships, networks, connections, that can facilitate all affairs (activities); connected state; or the ability to connect or communicate. Connectivity is the key to the successful establishment of a good system in the country, including Indonesia. Indonesia should prioritize its inter-regional connectivity because connectivity has three important dimensions: poverty reduction, regional development, and increased competitiveness.

e) Small and Medium Enterprise: Small Enterprise is a stand-alone productive economic enterprise, carried out by an individual or business entity that is not a subsidiary or not a branch of a company owned, controlled, or becomes part of either directly or indirectly from a Medium Business or a Large Business that meets the Business criteria of Small

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Business as defined in this Law No 20 year 2008 on MSMEs. Furthermore, Medium Enterprises are stand-alone productive economic enterprises, carried out by individuals or business entities that are not subsidiaries or branches of a company owned, controlled, or become part of directly or indirectly with Small Business or Large Business with total wealth net or annual sales proceeds as stipulated in the Law No.20 of 2008 on MSMEs.  

CHAPTER II

DEVELOPMENT OF BIMP-EAGA COOPERATION

This chapter will describe and discuss the core aspects of cooperation of BIMP-EAGA. Here the author will write about the background of BIMP-EAGA, followed by the Implementation Blueprint (2012-2016) which includes Roadmap to the Implementation Blueprint and principles guiding to the Implementation Blueprint, then the BIMP-EAGA Vision (BEV 2017-2025) with the strategic pillars and strategic priority of BEV 2025 related to infrastructure connectivity and SMEs. The author also write about the infrastructure connectivity program and SMEs improvement program that conducted by BIMP-EAGA namely Priority Infrastructure Projects (PIPs) and SMEs Working Group Meeting: BIMP-EAGA Expo and Business Matching.

2.1 Background of BIMP-EAGA

Sub-Regional Economic Cooperation is an economic cooperation forum between geographically adjacent cross-country region. Indonesia is involved in two subregional economic cooperation, one of which is BIMP-EAGA, coordinated by the Coordinating Ministry for Economic Affairs Republic of Indonesia. The implementation of Sub-Regional Economic Cooperation is conducted to benefit and complement each other in accelerating economic development through increasing investment flows, infrastructure development, natural and human resources development, and industrial development. The main objective of establishing growth sub-regions is to integrate the strengths and potentials of each border region into a dynamic growth area. Sub-regional economic cooperation, often referred to as a growth area, is one form of linkage

(economic linkage) between regions with international elements. Regional members of such cooperation more than one country.\textsuperscript{66}

The idea of establishing the East ASEAN Growth Area (BIMP-EAGA) was first presented by Philippine President Fidel Ramos in October 1992 to connect the Southern Philippines region to the Eastern Territories of Indonesia and the Eastern Territories of Malaysia. The idea was then presented to Malaysian Prime Minister Mahathir Muhamad and President Republic of Indonesia Soeharto.\textsuperscript{67} The sub-regional cooperation program of Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) was established in 1994 and attended by four countries in the eastern region of ASEAN; Brunei Darussalam, Indonesia (East Kalimantan, West Kalimantan and North Sulawesi), Malaysia (Sabah, Sarawak, and Labuan), and the Philippines (Mindanao and Palawan).\textsuperscript{68} BIMP-EAGA established to address the socio-economic development of underdeveloped, marginalized and remote areas; and narrow the development gap within the sub-region. Geographically, this sub-regional covers the entire Sultanate of Brunei Darussalam; nine provinces in Kalimantan and Sulawesi, the Maluku island chain, and Papua (Indonesia); State of Sabah and Sarawak and Federal Territory of Labuan (Malaysia); and the whole island of Mindanao (26 provinces) and the island province of Palawan (Philippines).\textsuperscript{69}

These areas are among the poorest in their respective countries; but they are linked by a long history of centuries-old trade and economic relations with barter as the main form of trade until several decades ago. The long-term goal of the program is to change the BIMP-EAGA economy from resource-based extractions to one based on higher processing-based activities. Its main strategy to


\textsuperscript{68} Ibid

mobilize the private sector as a growth engine, with the government providing a facilitative environment that enables the promotion of private sector investment. Following the 1997 Asian financial crisis, renewed interest in BIMP-EAGA cooperation emerged in 2001, due to the recognition that changes in the regional and global economic environment are now influencing subregional development perspectives.70

Blessed with the abundance and diversity of natural resources, BIMP-EAGA’s greatest comparative advantage lies on the development of agriculture/agribusiness and tourism development. This productive sector, comprised mostly of small and medium enterprises (SMEs), is a major contributor to GDP in many areas of EAGA focus.71 Therefore, they have become the focus of priority subregional actions and resources. Acceleration of trade, investment and business activities in the economies of member countries. In the program that will be discussed in this research are Priority Infrastructure Projects (PIPs) and SMEs Improvement which is BIMP-EAGA Expo and Business Matching, then there are two guidance that referred by countries in BIMP-EAGA region that is referring to Implementation Blueprint (2012-2016) and BIMP-EAGA Vision 2025 (BEV 2017-2025).72

2.2 Implementation Blueprint (2012-2016)

The Roadmap of BIMP-EAGA for Development 2006-2010 identifies broad strategic objectives and specific cluster / sector objectives and targets to guide the implementation project. The Roadmap expands its initial goal of promoting intra-EAGA trade, to develop subregion competitive advantage in regional and global markets by promoting cross-border supplement, productive industry and value chain.

71 Ibid
2.2.1 Roadmap to the Implementation Blueprint

Roadmap to Development 2006-2010 establishes BIMP-EAGA’s vision, mission, objectives and strategy. BIMP-EAGA’s main objective is to narrow development gap in EAGA member countries. The direct objective of the Roadmap is to increase subregional trade, investment and tourism with the following targets in 2010: (i) increased intra- and extra-trade trade between EAGA focus areas by 10%; (ii) increased investment in subregional EAGA by 10%, and (iii) increased tourist arrivals in the EAGA subreguler by 20%.73 To achieve the objectives of the BIMP-EAGA subregional development program, the Roadmap establishes the following strategic objectives for 2006-2010.

Taking into account the recommendations of the MTR, as well as new directions from the high-level meetings and the BIMP-EAGA ministerial meetings, member states decided to streamline the strategic areas of the program into four pillars to centralize and consolidate sector initiatives. The four pillars are: Improve connectivity in BIMP-EAGA and also with other regions outside BIMP-EAGA; Building BIMP-EAGA as a food basket for ASEAN and other Asian regions; Promoting BIMP-EAGA as a major tourist destination; and Ensure sustainable environmental management.74

2.2.2 Principles Guiding the Implementation Blueprint

Following the approval of the Implementation Blueprint (IB) concept by the Strategy Meeting in January 2011 and the National Secretariat Meeting (NSM) in February 2011 then supported the rationale, guidance and content of IB. The guiding principles of IB are as follows:

(i) The subregional project in the IB shall supplement the national development plans and targets; Therefore, the IB should be fully

74 Ibid
consistent with, and where possible, get up national development plans of member countries.

(ii) The social and environmental impacts on the livelihoods of people in remote areas should be considered in formulating projects, in line with the aim of narrowing the development gap between rich and poor regions in EAGA member countries, and between the BIMP-EAGA regional focus.

(iii) Projects in IB should serve as catalysts to accelerate private sector investment, including SMEs, which are the basic production units at BIMP-EAGA, and through innovative public-private partnership modalities, including for infrastructure connectivity.

(iv) Private sector participation should be encouraged in IB projects, since the private sector is a key driver of development in BIMP-EAGA; and the government should be able to harness the great potential of the private sector to contribute in subregional development. Projects with commercial potential should identify where appropriate to expand private sector participation.75

2.3 BIMP-EAGA Vision (BEV 2017-2025)

In formulating the Vision of BIMP-EAGA 2025 (BEV 2025), member states are aligned with the trends, opportunities and challenges of regional and global development that will affect the future of economic cooperation. In order for BIMP-EAGA to remain relevant over the long term, it must respond to these trends, take advantage of opportunities and mitigate potential negative impacts from those challenges.76 Economic progress in BIMP-EAGA is seen to increase progressively, but development gaps persist in and across the country and in

76 Ibid
ASEAN as a whole. The incidence of poverty has increased significantly but is still higher than the national average of member countries.

BIMP-EAGA is considered to have the potential to contribute to the realization of ASEAN’s single market supply base, providing a steady supply chain and value and active participation and promoting SME participation. SMEs are critical to achieving sustainable private sector development, economic growth and poverty reduction in BIMP-EAGA. They provide nurseries to cultivate entrepreneurial skills, generate jobs, expand participation in productive sectors of the economy, meet domestic demand for low-cost goods and services. Enhance the mobility of people and goods that require reliable multimodal-air, land and sea transportation, combined with an efficient logistics and services industry.\(^7^7\) Measures to improve the flow of goods across the border through dynamic trade facilitation and infrastructure development are also needed to enhance the smoothness of connectivity between countries in ASEAN especially BIMP-EAGA.

BEV 2025 builds on the notable success and progress achieved by BIMP-EAGA so far. This is based on commitments made by member countries through their national and local development plans to promote subregional cooperation. A national sectoral consultation and planning workshop was undertaken to ensure the widest possible participation by BIMP-EAGA stakeholders (national and local governments, sector groups and working groups, and private sector) in the formulation of BEV 2025.\(^7^8\) Considering the BIMP-EAGA initiative is considered a building block of economic integration ASEAN, the Ministerial Meeting of BIMP-EAGA agreed to harmonize the period of this strategic plan with ASEAN Vision 2025: Forging Ahead Together.\(^7^9\)

\(^7^9\) Ibid
BEV 2025 is conceived as a replacement document for both Roadmap and Implementation Blueprint (IB). It is built on all previous BIMP-EAGA strategy, framework and landing documents and designed to effectively address the critical challenges of BIMP-EAGA identified by stakeholders: (i) weak private sector and local government participation; (ii) lack of coordination; (iii) slow the implementation of the project; (iv) lack of coherence / clarity in terms of the broad development goals of BIMP-EAGA and sector initiatives; (v) the need for convergence (multi-sectoral); and (vi) the need for sub-regional projects with added value guided by clear sector strategies.80

BIMP-EAGA stakeholders also noted that despite steady progress and considerable achievements in implementing Roadmap and IB, it is difficult to measure accurately as far as the four countries have successfully achieved BIMP-EAGA goals. Stakeholders identify the need for better monitoring and evaluation, and for multi-sectoral coordination to maximize yield. The important requirement is for BIMP-EAGA to determine real and realistic results that can be submitted within the period 2017-2025. Finally, it is stipulated that BIMP-EAGA, as an ASEAN subset, should be more proactive in contributing to the realization of regional integration, in accordance with ASEAN Vision 2025.81

2.3.1 Strategic Pillars of BIMP-EAGA Vision 2025 related to Infrastructure Connectivity and SMEs

The highlights of the sector strategies outcomes and outputs that will be emphasized in this study are summarized below:

a. Transport: Subregions linked by seamless and secure multimodal transport. Outputs: improving the movement of goods and people, with items for each sub-sector (air, sea and land); intra-EAGA air routes and

81 Ibid
airport facilities; ferry service and port facilities; roads and other infrastructure facilities.  

b. Trade and Investment Facilitation: Continuous and competitive cross-border trade within subregional (intra-EAGA trade) and with the rest of the world (extra-EAGA) and conducive investment environments in the subregion. Outputs: efficient rules, regulations and procedures to facilitate cross-border trade; SMEs are integrated in the supply / value chain; and joint trade and promotional initiatives.  

2.3.2 Strategic Priority of BIMP-EAGA to Infrastructure Connectivity and SMEs

a) Improved infrastructure and facilities at designated priority seaports, airports and land routes.

An important agenda for the transport sector is the completion of critical physical infrastructure and facilities such as upgrading (i) determining priority of airports and seaports and associated facilities, and (ii) the road to these ports from the production area, including from the interior. The list of PIPs associated with the transport sector will be reviewed and revalidated to clearly define the specific sub-regional impacts of these priority projects. Since most PIPs are currently driven by the public sector, the confirmation will be made in line with the country’s priority development plans as well as the financing of commitments to the budget project. The transport sector will consult with the private sector and local government to ensure that their infrastructure requirements are included in the second generation Priority Infrastructure Project (PIPs).  

b) Increasing SME participation in the corridor supply / value chain.

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83 Ibid

84 Ibid
As the backbone of the BIMP-EAGA economy, SMEs greatly affect the growth of trade, investment and tourism. SMEs across BIMP-EAGA face similar challenges, including limitations imposed by company size, poor management skills, and lack of access to information, technology, financing and markets. Through the development of sub-regional supply / value chains, BIMP-EAGA will progressively tackle challenges and facilitate SME trade and investment. The economic corridor will provide a platform to leverage the capacity of SMEs to cross-border trade and investment, in preparation to engage broader regional and international markets. Steps will focus on increasing SME access to finance, technology and markets at the domestic level.  

2.4 Infrastructure Connectivity Program and SMEs Improvement Program

2.4.1 Priority Infrastructure Projects (PIPs)

The Priority Infrastructure Project (PIPs) has been agreed upon since the meeting at the 12th Brunei Darussalam-Indonesia-Malaysia-Phillipinnes East ASEAN Growth Area (BIMP-EAGA) on 29 April 2017 at the Philippines International Convention Center (PICC), Manila, Philippines. The implementation of the 2017 BIMP-EAGA Summit has a very important meaning since the Head of State agreed to adopt a new planning document to replace the Implementation Blueprint 2012-2016 that has ended. The planning document is BIMP-EAGA Vision (BEV) 2025 with the vision of BIMP-EAGA Resilient, Inclusive, Sustainable and Economically Competitive (RISE) to narrowing development gap, to create BIMP-EAGA sub-region as a strong, inclusive, sustainable and economically competitive in 2025. To support this, the Priority

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87 Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area. (2017).
Infrastructure Projects (PIPs) have been agreed upon in the BIMP EAGA region with a value of up to USD 21.4 billion. The amount is channeled to airport projects, ports, roads, bridges and rails. The priority connectivity projects for Indonesia include the construction of Manado-Bitung Toll Road, Samarinda-Balikpapan Toll Road, the construction of border development in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port.\(^8\)

Priority Infrastructure Projects (PIPs) which will increase the connectivity of this region until 2025. A total of 16 (sixteen) USD 5.9 billion worth of projects are in Indonesia covers the construction of roads, bridges, terminal goods, ports, electricity, trade facilities and environmental conservation. The scope of the region in the sub-regional economic cooperation forum is the border area between Indonesia and the other Member States both land and sea. There are 14 provinces in Kalimantan, Sulawesi, Maluku and Papua which are included in the framework of BIMP-EAGA cooperation.\(^9\) And this priority infrastructure project is one of the concentrations for countries in the BIMP-EAGA region that are expected to have a major impact on the development of the BIMP-EAGA regional cooperation region.

BIMP-EAGA emphasized the importance of sub-regional connectivity to be a key factor in supporting economic activity. In this BIMP EAGA a program has been developed related to the implementation of the ASEAN Economic Community in the field of infrastructure improvements that are essential in facilitating the flow of goods and services in the ASEAN Economic Community (AEC), which is also a contribution of BIMP-EAGA to the ASEAN Economic

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Community in connection with the vision of BIMP-EAGA 2025 in line with ASEAN Vision 2025.90

With the existence of clear programs and projects in the BIMP-EAGA cooperation agreement, it is expected that BIMP-EAGA member countries will fully contribute to the implementation of this program and initiate the development that has been registered in the related PIPs program, in addition to having a positive impact for the BIMP-EAGA, but the development of this infrastructure connectivity can also affect the welfare of the state community in the BIMP-EAGA region itself, including Indonesia.

2.4.2 BIMP-EAGA Working Group Meeting: BIMP-EAGA Expo and Business Matching

A number of Southeast Asian countries incorporated in the East Asean Growth Area or EAGA are committed to strengthening cooperation in encouraging small and medium enterprises in the border region as a strategic component of the regional economy. As is well known, the objective of establishing BIMP-EAGA is to develop subregional cooperation between member countries in order to promote economic growth in the subregion. The priority sector of cooperation is one of them is SME sector.91

BIMP-EAGA in this SME program includes SME Development Working Group Meetings: BIMP-EAGA Creative Expo, and Business Matching for SMEs organized to aim to follow up cooperation agreement in subregion in SME development through cooperation between SME and stakeholders. On the occasion, the SMEs in subcontinent are expected to be able to take advantage of Expo and Business Matching in the development of SMEs, especially SMEs with

the potential for export. BIMP EAGA Working Group Meeting consists of BIMP-EAGA Expo and Business Matching activities. In the Expo activities will be presented a number of SMEs from countries incorporated in BIMP-EAGA and introduce the superior products of SMEs among sub-regions through a booth that has been provided in the implementation of this activity. While Business Matching Meeting is a scheduled business meeting between businessmen, retailers, agents, distributors with potential investors or partners. It should be underlined that this meeting takes place between two parties with a business background of a matching business. Usually, delegates will come in group formation to find potential buyers that fit their business targets. Just like an official business meeting, there will initially be an introductory session or exchange of business cards and continued with product explanations and discussions and if the discussion goes well, there is often a business deal through the Memorandum of Understanding (MoU) signing directly by both parties.

The BIMP-EAGA Forum is also oriented towards the preparation of a strategic plan for inter-regional cooperation. BIMP-EAGA specifically aims to reduce the gap between the eastern sub-regions located in the territory of the four countries. The focus is on improving the welfare and economic growth of the people in the border areas of the BIMP-EAGA countries, where the development of the SME segment together is expected to become the driving force for cooperation, while the government acts as a regulator and facilitator. The Indonesian territory of BIMP-EAGA is West Kalimantan, East Kalimantan, South Kalimantan, Central Kalimantan, North Sulawesi, Southeast Sulawesi, South Sulawesi, Central Sulawesi, West Sulawesi, Gorontalo, Maluku, North Maluku,

94 Ibid
Papua and West Papua.\textsuperscript{96} Cooperation and agreement on increasing SMEs between BIMP-EAGA countries was established to attract local and foreign investors to invest and increase trade in eastern ASEAN region in accordance with the Implementation Blueprint and BEV 2025 from BIMP-EAGA itself. And this agreement is realized in BIMP-EAGA SMED Working Group Meeting and Related Activities, starting since early July 2013, until now this program has been going on for 5 years.\textsuperscript{97}


CHAPTER III

INDONESIA’S PARTICIPATION TO BIMP-EAGA FOR INFRASTRUCTURE CONNECTIVITY THROUGH THE PRIORITY INFRASTRUCTURE PROJECTS (PIPs)

This chapter will describe and discuss about Indonesia’s participation to BIMP-EAGA for infrastructure connectivity through the priority infrastructure projects (PIPs) agreed upon by BIMP-EAGA countries. Indonesia has development priorities and implemented by Indonesia in line with the RPJMN (National Medium-Term Development Plan) 2015-2019 in Indonesia as participation and its role in BIMP-EAGA in facilitating connectivity among ASEAN countries such as the development of Manado-Bitung Toll Road, Samarinda-Balikpapan Toll Road, development of border in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port.

3.1 BIMP EAGA - Priority Infrastructure Projects (PIPs)

Inter-country connectivity is the subject matter in BIMP-EAGA as a framework to realize BIMP-EAGA’s vision as a food barn of ASEAN and part of Asia as well as the main objective of regional ecotourism. To realize BIMP-EAGA vision, air, sea and land connectivity between countries must be implemented. This is to facilitate the movement of people and goods between countries, it requires integrated transportation connectivity between countries. Furthermore, such connectivity is very important considering the role of BIMP-EAGA is very important in supporting ASEAN economic integration. Good connectivity will be able to smooth the flow of goods, investment, people,

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services and information so as to facilitate ASEAN economic integration.\textsuperscript{100} In addition, regional connectivity can also support ASEAN connectivity with the region outside ASEAN. Indonesia affirmed its support for BIMP-EAGA sub-regional connectivity as it is in line with ASEAN connectivity and can also bridge the development gap between ASEAN, particularly eastern Indonesia.\textsuperscript{101}

The Priority Infrastructure Project (PIPs) has been agreed upon since the meeting at the 12th Brunei Darussalam-Indonesia-Malaysia-Phillipinnes East ASEAN Growth Area (BIMP-EAGA) on 29 April 2017 at the Philippines International Convention Center (PICC), Manila, Philippines.\textsuperscript{102} The implementation of the 2017 BIMP-EAGA Summit has a very important meaning since the Head of State agreed to adopt a new planning document to replace the Implementation Blueprint 2012-2016 that has ended. The planning document is BIMP-EAGA Vision (BEV) 2025 with the vision of BIMP-EAGA Resilient, Inclusive, Sustainable and Economically Competitive (RISE) to narrowing development gap, to create BIMP-EAGA sub-region as a strong, inclusive, sustainable and economically competitive in 2025.\textsuperscript{103}

The infrastructure development program contained in the Priority Infrastructure Projects (PIPs) in the BIMP-EAGA region with a value of USD 21.4 billion consisting of airport development projects, ports, roads, bridges and trains.\textsuperscript{104} The target is to increase the value of trade, investment, industry, tourism and SMEs to provide greater benefits to the community. And this priority infrastructure project is one of the concentrations for countries in the BIMP-EAGA region that are expected to have a major impact on the development of the BIMP-EAGA regional cooperation region. Priority Infrastructure Projects (PIPs) which will increase the connectivity of this region until 2025. A total of 16


\textsuperscript{101} Ibid

\textsuperscript{102} Ibid

\textsuperscript{103} Ibid

(sixteen) USD 5.9 billion worth of projects are in Indonesia covers the construction of roads, bridges, terminal goods, ports, electricity, trade facilities and environmental conservation. The scope of the region in the sub-regional economic cooperation forum is the border area between Indonesia and the other Member States both land and sea. There are 14 provinces in Kalimantan, Sulawesi, Maluku and Papua which are included in the framework of BIMP-EAGA cooperation.

3.2 Indonesia Priority Infrastructure Projects

In cooperation with BIMP EAGA, Indonesia seeks to increase infrastructure connectivity development in Indonesia as participation to BIMP-EAGA, where the infrastructure program is also in line with the Indonesian government’s priority program. In addition to infrastructure development on connectivity projects, Indonesia also added another priority infrastructure project agreed with the BIMP EAGA Vision (BEV) 2025 document, Indonesia has included several infrastructure projects in the document, among others, road construction in Tanjung Selor, Pontianak, Entikong, Manado-Bitung, Balikpapan-Samarinda, then also the construction project of railway Makassar-Pare-pare, the construction of the port of Manado-Bitung, Makassar, the construction of an international terminal in West Kalimantan, as well as power projects in North Kalimantan. Indonesia has development priorities and implemented by Indonesia as participation and its role in BIMP-EAGA in facilitating connectivity among ASEAN countries such as the development of Manado-Bitung Toll Road.
Samarinda-Balikpapan Toll Road, border development of West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port.\(^{108}\)

In connection with the agreement in BEV 2025 about *Priority Infrastructure Projects (PIPs)*, infrastructure development in Indonesia should focus on connectivity.\(^{109}\) With the involvement of Indonesia in the sub-regional cooperation under ASEAN which is BIMP-EAGA, Indonesia is obliged to participate in the agreed programs between the countries in the BIMP-EAGA region. One of the approved programs is the Priority Infrastructure Projects (PIPs). In accordance with Law No. 17 Year 2007 on the National Long Term Development Plan 2005-2025 stipulates that the vision of national development is to create an independent, progressive, fair and prosperous Indonesia. Efforts to realize the goals of the state are implemented through a gradual, planned, integrated and sustainable process.\(^{110}\)

Among the vision of Indonesia’s national development in RPJMN (National Medium-Term Development Plan) 2015-2019 that is aligned with the vision and program of PIPs in BIMP-EAGA are in realizing a competitive nation by building qualified and competitive human resources; enhance the mastery and utilization of science and technology through research, development, and implementation towards innovation on an ongoing basis; development of advanced infrastructure and reforms in the field of law and state apparatus; and strengthening the domestic economy based on the advantages of each region to a competitive advantage by building linkages of production, distribution and service systems including domestic services,\(^ {111}\) and realizing equitable development by


\(^{111}\) Ibid, P.4
enhancing regional development; reducing social disparities in a comprehensive manner, siding with communities, groups and regions / areas that are still weak; tackling poverty and unemployment drastically; providing equal access for the community to various social services and economic facilities and infrastructure.\textsuperscript{112}

From several stages of development of RPJMN (National Medium-Term Development Plan) then development in RPJMN-3 (2015-2019) is directed to further strengthen the overall development in various fields with the drafting of the draft of RPJMN RPJMN (National Medium-Term Development Plan) 2015-2019\textsuperscript{113}: Sustainable Development that emphasizes the achievement of competitiveness of the economy based on the superiority of natural resources and human resources quality and the ability of science and technology continues to increase.\textsuperscript{114} In accordance with the vision of national development 2015-2019 will be directed to achieve the main objectives, among them in line with the infrastructure connectivity program in BIMP-EAGA\textsuperscript{115}, can be seen in the following table:

Table 3.1

<table>
<thead>
<tr>
<th>No</th>
<th>Development of Basic Infrastructure and Connectivity</th>
<th>Baseline 2014</th>
<th>Target 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electrification ratio</td>
<td>81.5%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Access to drinking water is feasible</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>Sanitation is feasible</td>
<td>60.5%</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>Steady road conditions</td>
<td>94%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>Highway construction</td>
<td>260,0km</td>
<td>1,194.9km</td>
</tr>
</tbody>
</table>


\textsuperscript{113} Ibid, P.11

\textsuperscript{114} Ibid, P.12

\textsuperscript{115} Ibid, P.29
Table 3.2
THE NATIONAL DEVELOPMENT TARGET OF RPJMN (NATIONAL MIDDLE TERM DEVELOPMENT PLAN) 2015-2019

<table>
<thead>
<tr>
<th>No</th>
<th>Development of National Connectivity</th>
<th>Baseline 2014</th>
<th>Target 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction of ports to support sea tolls</td>
<td>--</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Development of ferry ports</td>
<td>210</td>
<td>270</td>
</tr>
<tr>
<td>3</td>
<td>Construction of pioneer ship</td>
<td>50 unit</td>
<td>104 unit</td>
</tr>
</tbody>
</table>

Through the agreement of BIMP EAGA related to the Priority Infrastructure Project (PIPs) in line with Indonesia’s government policy in RPJMN, it has been implemented in Indonesia on Indonesia’s priority connectivity projects with some development targets to be completed:

3.2.1 Manado-Bitung Toll Road

Construction of Manado-Bitung Toll Road along 39.9 kilometers (km) is still ongoing. The construction of toll road in North Sulawesi is targeted to be completed and can be fully operational in accordance with the target in 2019. The presence of Manado-Bitung Toll connecting Manado City to Bitung International

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117 Ibid

118 Ibid
Harbor has been greatly awaited by the community. Because traffic on national arterial roads often occur congestion and prone to traffic accidents. Toll will shorten the traffic of goods and services that previously had to go through the Port of Tanjung Priok, Jakarta. It will also support the development of Bitung Special Economic Zone. According to President Commissioner of PT Jasa Marga (Persero) Tbk Refly Harun, the progress of Manado-Bitung Toll Road development is in accordance with the expected. Therefore, he is optimistic that this project can be completed on target in the first quarter (January-March) in 2019. The Manado-Bitung Toll Road is divided into four sections, can be seen in table 4.1. The toll road construction right is divided into two, namely Section 1A and 1B held by the Government, while Sections 1B and 2B are held by Toll Road Enterprises.

<table>
<thead>
<tr>
<th>Section</th>
<th>Area</th>
<th>Kilometer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1A</td>
<td>Ring Road Manado-Sukur</td>
<td>7,9 km</td>
</tr>
<tr>
<td>Section 2A</td>
<td>Sukur-Airmadidi</td>
<td>7,0 km</td>
</tr>
<tr>
<td>Section 1B</td>
<td>Airmadidi-Danowududu</td>
<td>11,50 km</td>
</tr>
<tr>
<td>Section 2B</td>
<td>Danowududu-Bitung</td>
<td>13,50 km</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>39,9 km</strong></td>
</tr>
</tbody>
</table>

Source: Retrieved from Ministry of Public Works and People’s Housing, Republic of Indonesia (2017)

As of mid-December 2017, Section 2A and 2B construction progresses managed by PT Jasamarga Manado Bitung (PT JMB) as a subsidiary of PT Jasa

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119 Ministry of Public Works and People’s Housing, Republic of Indonesia. (2017). Minister Pushed the Completion of the Accelerated Manado-Bitung Toll Road, Retrieved from https://www.pu.go.id/
121 Ministry of Public Works and People’s Housing, Republic of Indonesia. (2017). Minister Pushed the Completion of the Accelerated Manado-Bitung Toll Road, Retrieved from https://www.pu.go.id/
122 Ibid
Marga (Persero) Tbk has reached 39.4% for Section 2A, this indicates a positive progress exceeding the target plan of 37.5%, as for Section 2B construction will begin in January 2018 for free land.\(^\text{123}\) As for the progress of land acquisition area on the Manado-Bitung toll road reached a quite positive progress. Can be seen in the following table:

Table 3.4
Progress of Land Acquisition for Manado-Bitung Toll Road

<table>
<thead>
<tr>
<th>Section</th>
<th>Area</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1A</td>
<td>Ring Road Manado-Sukur</td>
<td>90%</td>
</tr>
<tr>
<td>Section 2A</td>
<td>Sukur-Airmadidi</td>
<td>65%</td>
</tr>
<tr>
<td>Section 1B</td>
<td>Airmadidi-Danowududu</td>
<td>93%</td>
</tr>
<tr>
<td>Section 2B</td>
<td>Danowududu-Bitung</td>
<td>47%</td>
</tr>
</tbody>
</table>

Source: Retrieved from Detikfinance News (December, 2017)\(^\text{124}\)

Meanwhile, the construction progress of Manado-Bitung toll road project in section 1A, 2A, 1B and 2B can be seen in the following table\(^\text{125}\):

Table 3.5
Construction Progress of Manado-Bitung Toll Road

<table>
<thead>
<tr>
<th>Section</th>
<th>Area</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1A</td>
<td>Ring Road Manado-Sukur</td>
<td>14.84%</td>
</tr>
<tr>
<td>Section 2A</td>
<td>Sukur-Airmadidi</td>
<td>35.1%</td>
</tr>
<tr>
<td>Section 1B</td>
<td>Airmadidi-Danowududu</td>
<td>33%</td>
</tr>
<tr>
<td>Section 2B</td>
<td>Danowududu-Bitung</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Retrieved from Committee for Acceleration of Priority Infrastructure Delivery. (2017, December 4)\(^\text{126}\)


\(^\text{124}\) Ibid

President Director of PT JMB (Jasa Marga Manado-Bitung), George IMP Manurung revealed that the acceleration effort is done considering the toll road divided into four sections will be an alternative way to increase connectivity from Manado City to Bitung City. Manado-Bitung Toll Road can also cut more than half of Manado-Bitung travel time. If it is completed, it only takes travel time for 45 minutes from the usual travel time, which is about 90 to 120 minutes. Later, with the Manado-Bitung Toll Road, travel time between the two cities can be partially cut. Not only the travel time, the toll road is also expected to increase the acceleration of the development of North Sulawesi region, especially the economic development of Bitung city.

3.2.2 Samarinda-Balikpapan Toll Road

Balikpapan-Samarinda toll road project which has a length of 99.02 Km continues to be done. Will be an expansion of the total length of the original toll to be 99.35 Km. As of mid November 2017, the project managed by Jasa Marga Subsidiary, PT Jasamarga Balikpapan Samarinda (PT JBS), showed a positive progress. President Commissioner of PT Jasa Marga (Persero) Tbk, Refly Harun, is optimistic that the first toll road in Kalimantan will be fully operational by the end of 2018.

By the end of 2018 it is expected that Indonesia already has its first toll in Kalimantan. It is expected that this toll road can be utilized not only by people in Balikpapan or Samarinda, but also to benefit Kalimantan Island in general. Even for the future, Balikpapan-Samarinda Toll Road can be the pioneer of Trans Kalimantan Toll Road. The government continues to speed the land acquisition of the Balikpapan-Samarinda toll road project in East Kalimantan so that all the land

128 Ibid
can be released this year.\textsuperscript{130} The Balikpapan-Samarinda toll road is designed by dividing into five sections. Can be seen in the figure 3.1 and table 3.6

\textbf{Figure 3.1}

\textit{Location Map of Samarinda-Balikpapan Toll Road}

\begin{center}
\includegraphics[width=\textwidth]{figure3.1}
\end{center}

\textbf{Source: Ministry of Public Works and People’s Housing, Republic of Indonesia. (2017)}\textsuperscript{131}

\textbf{Table 3.6}

\textbf{Division Area of Samarinda-Balikpapan Toll Road}

\begin{tabular}{|c|c|c|}
\hline
\textbf{Section} & \textbf{Area} & \textbf{Kilometer} \\
\hline
Section 1 & Balikpapan Km 13-Samboja & 22,03 Km \\
Section 2 & Samboja-Muara Jawa & 30,98 Km \\
Section 3 & Muara Jawa-Palaran & 17,3 Km \\
Section 4 & Palaran-Samarinda & 17,95 Km \\
\hline
\end{tabular}

\textsuperscript{131} Ministry of Public Works and People’s Housing, Republic of Indonesia. (2017). \textit{Balikpapan-Samarinda Toll Road is targeted to be completed on December 2018}, Retrieved from https://www.pu.go.id/
From the five sections, the Ministry of Public Works and Human Settlements and also the Provincial Government of East Kalimantan provide support for the construction of section 1 and section 5 so that the toll road project is financially feasible. Meanwhile, for section 2.3 and 4 is the responsibility of Toll Road Enterprise, namely PT Jasa Marga Balikpapan.

### 3.2.3 Border Development in West Kalimantan

One of the priority development agenda of President Joko Widodo in Kalimantan is the completion of parallel border road works built parallel to the Indonesia-Malaysia border line in West Kalimantan. In addition, the development of the border in West Kalimantan is also one of Indonesia’s priority infrastructure projects in BIMP-EAGA.

Ministry of Public Works and People’s Housing (PUPR) through the National Road Implementation Center (BBPJN) XI, Directorate General of Highways continues to spur the completion of the border parallel road construction in West Kalimantan Province. A parallel road of approximately 850 km from Temajok to the West Kalimantan boundary is divided into 12 corridor segments are targeted to be able to penetrate entirely in 2019. Development carried out by National Road Implementation Center (BBPJN XI) and carried out in all segments in the pavements, bridges construction and also for the opening of

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133 Ministry of Public Works and People’s Housing, Republic of Indonesia. (2017). *Balikpapan-Samarinda Toll Road is targeted to be completed on December 2018*, Retrieved from https://www.pu.go.id/

forest roads in cooperation with the Army. Construction of parallel border road has a width of at least 7 meters and the space belongs to the road at least 25 meters.\textsuperscript{135} The development of this border road is of strategic value because in addition to the defense and security functions of the state as well as opening and growing the economy of the border region.

The corridors are Temajuk-Aruk (90 km), Aruk-Seluas (78 km), Seluas-Entikong (84 km), Entikong-Rasau (99 km), Rasau-Sepulau-Sintang (99 km), Sintang-Nanga Badau (43 km). Then Nanga Badau-Lanjak (46 km), Lanjak-Mataso (26 kilometers), Mataso-Tanjung Work (56 km), Tanjung Kerja-Putussibau (37.84 km), Putussibau-Nanga Era (37 km), Nanga Era- Boundary of East Kalimantan (158 km).\textsuperscript{136}

For now the parallel road borders that have been coated soil has reached 323.57 km, while the remaining 490.52 km are in the form of aggregate or in the form of soil and stone. Based on data from the Directorate General of Highways, Ministry of Public Works and People’s Housing (PUPR), until the end of 2017, the parallel road of the border of West Kalimantan that has not completed yet along 336.6 km.\textsuperscript{137}

Currently, Indonesian government seeks to make the Indonesian homepage more developed. One of its efforts is to build a border parallel road which is built parallel to the Indonesia-Malaysia border in West Kalimantan. Not only parallel roads, but also built access roads to the three Cross Country Border Post (PLBN) in West Kalimantan namely Aruk, Entikong, and Badau which was inaugurated by President Jokowi.\textsuperscript{138}

\textsuperscript{136} Ibid
\textsuperscript{137} Ibid
Related to the border, the plan of the border road will be divided into three crossings, namely the north cross, the middle cross and the south cross. The three cross-lines will also be cross-regional. For West Kalimantan, parallel road works will continue through Temajuk to Nanga Era (East Kalimantan boundary). The handling of border access is also done by widening the road to Cross Country Border Post in Aruk, Entikong and Nanga Badau.

In 2017, the Ministry of Public Works and People’s Housing targets a 161.1 kilometer border road in Kalimantan. Particularly in West Kalimantan, the border road is built to facilitate connectivity to three integrated Cross Country Border Post (PLBN) there, namely Entikong, Badau, and Aruk.

Table 3.7
Cross Country Border Post Development in West Kalimantan

<table>
<thead>
<tr>
<th>Cross Country Border Post</th>
<th>Area</th>
<th>Kilometer</th>
<th>Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entikong</td>
<td>Kembayan Balai District-Karangan-Entikong-Serawak Border</td>
<td>42 Km</td>
<td>PT Wijaya Karya, Tbk, PT Istana Karya, PT Daya Mulia Turangga</td>
</tr>
<tr>
<td>Badau</td>
<td>Lajak-Naga (Simpang)</td>
<td>27,55 Km</td>
<td>PT Brantas Abipraya, Tbk</td>
</tr>
<tr>
<td>Aruk</td>
<td>Galing Road-Simpang</td>
<td>46,42 Km</td>
<td>PT Waskita Karya, Tbk, PT Yasa Patria Perkasa</td>
</tr>
</tbody>
</table>

Source: Retrieved from Detikfinance News (2017)

140 Ibid
141 Ibid
These three Cross Country Border Posts have been built since 2015. In total, Jokowi has directly inaugurated three Cross Country Border Posts in West Kalimantan namely Entikong, Badau, and Aruk in mid-2017. Jokowi mentioned these three Cross Country Border Post in West Kalimantan included in the category of the most luxurious among the seven Cross Country Border Post built by the Ministry of Public Works and People’s Housing.\(^{142}\)

### 3.2.4 Bitung Special Economic Zone, Bitung Port

The development process of Bitung Port, North Sulawesi, which is prepared as a port of international relations will be accelerated. According to Yudi Prasetyo, Project Manager of PT Adhi Karya Tbk., as the contractor for the construction of wharf extension and reclamation for Bitung Port stated that although the work has been running positive, but will be accelerated to be completed soon.\(^{143}\)

President Joko Widodo instructed his staff to develop North Sulawesi, as one of the border provinces, as the center of Indonesia’s economic growth. As is known, North Sulawesi is the outermost province in the northern region of Indonesia which is directly adjacent to the territory of neighboring countries.\(^{144}\)

The construction of Bitung port, which is currently being developed as a Special Economic Zone is accelerated so that Bitung can soon become a port of connection as well as entrance to the northern region of Indonesia.

The Bitung Port development project to extend the wharf and reclamation to support the realization of the Bitung International Relations Port only reached 40% of the completion target in September 2017. With the acceleration plan the project is expected to be fully completed or 100% by September 2018.\(^{145}\)

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\(^{144}\) Ibid.

\(^{145}\) Committee for Acceleration of Priority Infrastructure Delivery. Bitung International Hub
3.2.5 Makassar Port

The Port of Makassar is one of the Indonesian connectivity included in BIMP EAGA Vision 2025 on *Priority Infrastructure Projects (PIPs)*, the port-making contractor that is PT Pelindo IV (Persero) and targets the completion of the Makassar New Port (MNP) Phase I project in October 2018. Vice President Jusuf Kalla admitted quite satisfied with MNP progress. MNP project expected can be completed on time so it can be operated in 2019. Total physical construction or aggregate realization of Makassar New Port Phase I project as of 24 January 2017 has reached 59.65%. Phase I of the MNP project is divided into three phases, can be seen in the following table:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Development Program</th>
<th>Cost</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1A</td>
<td>reclamation for wharfs includes: construction of road access and container capacity piling fields, installed to 1.5 million twenty-foot equivalent units</td>
<td>Rp 326 Billion</td>
<td>60.20%</td>
</tr>
<tr>
<td>Phase 1B</td>
<td>reclamation of sea covering 13 hectares, causeway works of approximately 1,276 meters, container pitches of approximately 16 hectares, and dredging ponds as deep as 16.0 mean low water springs (mLWS).</td>
<td>Rp 1,06 Trillion</td>
<td>63.69%</td>
</tr>
</tbody>
</table>

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Based on the report from the President Director of Pelindo IV, Doso Agung claims that the physical construction of the project has reached 36.54% or in accordance with the construction schedule and is targeted to be completed by the end of 2018. After the completion of MNP’s physical construction at the end of 2018 and in the beginning of 2019. Even the achievement of this physical construction has exceeded the initial estimate for September 2017 which is 35.81%. Meanwhile, physical work is still ongoing, even in some segments spurred, so the percentage of construction meets expectations.

The Ministry of SOEs highly appreciates the efforts of Pelindo IV to continue to speed up the development of one of the National strategic projects which is Indonesia’s priority infrastructure projects in BIMP-EAGA, although in the midst of development there are many obstacles found, including land and weather factors. Not to mention the discovery of 9 mines in the form of detected bombs are still active, which certainly takes time to tame the bomb. However, with the current progress of MNP it is hoped that the construction of MNP can be completed as soon as possible. According to President Director of PT Pelindo IV, Doso Agung, the total construction of MNP Phase I is targeted to be completed by the end of 2018, so that the operational of container service is possible in early 2019.


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151 Ibid

152 Ibid


154 Ibid
CHAPTER IV

INDONESIA’S PARTICIPATION TO SMEs IMPROVEMENT IN BIMP-EAGA THROUGH THE BIMP-EAGA EXPO AND BUSINESS MATCHING

This chapter will describe and discuss about Indonesia’s participation to small and medium enterprises improvement in BIMP-EAGA through the BIMP-EAGA Expo and Business Matching. This chapter will discuss the meetings attended by Indonesia in the BIMP-EAGA Expo which has been run from 2014 to 2017. This chapter also provides information on the Indonesian territory that follows the BIMP-EAGA Expo program and presents their region’s superior products from West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, Southeast Sulawesi, Gorontalo, Central Sulawesi, North Sulawesi, West Sulawesi, Maluku, Papua, West Papua and North Maluku.

4.1 SME Development Working Group Meetings: BIMP-EAGA Creative Expo, and Business Matching for SMEs

This BIMP-EAGA event will formulate strategic plan in cooperation between regions. BIMP-EAGA in this SME program includes SME Development Working Group Meetings: BIMP-EAGA Creative Expo, and Business Matching for SMEs organized to aim to follow up cooperation agreement in subregion in SME development through cooperation between SME and stakeholders. On the occasion of BIMP-EAGA Expo and Business Matching, the SMEs in subcontinent are expected to be able to take advantage of Expo and Business Matching in the development of SMEs, especially SMEs with the potential for export. In addition there is activities will be presented a number of SMEs from countries incorporated in BIMP-EAGA and introduce the superior products of

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SMEs among sub-regions through a booth that has been provided in the implementation of this activity.

A number of SMEs from four countries in East ASEAN who are members of BIMP-EAGA sub-regional cooperation held a joint exhibition in BIMP-EAGA Creative Expo event. The holding of cooperation and meetings of a number of SMEs from BIMP-EAGA is believed to fellow ASEAN members should not mutually drop but synergize because the spirit of ASEAN is not a negative competition spirit. The ASEAN single market is also expected to bring mutual benefits so that an ASEAN cluster can become a new economic power in the world. We are well aware that the world in facing the weakening of the economy including Indonesia is also experiencing the economic downturn. Because, basically BIMP-EAGA cooperation is pioneered to deal with underdeveloped socio-economic issues in the sub-region, including minimizing the gap between BIMP-EAGA countries. So, on the BIMP-EAGA Working Group Meeting which includes BIMP-EAGA Expo and Business Matching programs, dozens of SME actors from four East ASEAN countries namely Brunei Darussalam, Indonesia, Malaysia and the Philippines display their superior products. Featured products on display include handicrafts and decoration supplies, food and herbal products, accessories and fashion, as well as beverages.

In the event BIMP-EAGA will also be held event titled ‘business matching’ which aims to establish business cooperation among SMEs in the ASEAN region. In this meeting scheduled presence of SMEs from the four member countries and activities will be conducted at BIMP EAGA Creative Expo held and enlivened by a number of SMEs from the four member countries in order to smooth and improve the SMEs of member countries. Business Matching Meeting is a scheduled business meeting between businessmen, retailers, agents,

Cooperation and agreement on increasing SMEs between BIMP-EAGA countries was established to attract local and foreign investors to invest and increase trade in eastern ASEAN region in accordance with Roadmap to Development and Implementation Blueprint from BIMP-EAGA itself. And this agreement is realized in BIMP-EAGA SMED Working Group Meeting and Related Activities, starting from the first meeting in Kuching, Sarawak, Malaysia in early July 2013\footnote{163 BIMP-EAGA Business Council News Portal. (2016). SMED Working Group Meeting. Retrieved from https://bimpeagabc.com/wp-content/uploads/2016/05/Doc2.pdf}, until now this program has been going on for 5 years.

For the expo, the participating provinces of Indonesia are West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, Southeast Sulawesi, Gorontalo, Central Sulawesi, North Sulawesi, West Sulawesi, Maluku, Papua, West Papua and North Maluku.\footnote{164 Ibid}

\subsection*{4.1.1 2nd Small and Medium Enterprises Development (SMED) Working Group Meeting & BIMP-EAGA Integrated Culture Expo 2014}

In this meeting, Brunei Darussalam through the Ministry of Industry and Primary Resources was honored to host the second SME Development (SMED) Working Group Meeting held at the Airport Mall from 18 to 19 June 2014. Present to lead the opening ceremony meetings were Haji Khairuddin bin Abdul Hamid, Deputy Secretary of Permanent (Industrial Development and Entrepreneurship), Ministry of Industry and Primary Resources. The 2-day meeting is chaired by Mr. Meliadi Sembiring, Chairman of the BIMP-EAGA SMED Working Group, Deputy Minister for Research and Development for SME
Cooperatives and Resources, Ministry of Cooperatives and Small and Medium Enterprises, Republic of Indonesia.\textsuperscript{165}

One highlight of the meeting was a discussion of the SMED Working Group Action Plan and reviewed the progress and achievements achieved by the SMED Working Group as set forth in the BIMP-EAGA Blueprint. The meeting will also discuss ways forward in Developing Innovative BIMP-EAGA SMEs as Winners including Best Practice Sharing in SME Access to the Market.

Along with the meeting, the Ministry of Industry and Primary Resources with the collaboration of BIMP-EAGA Business Council (BEBC) Brunei Darussalam was also hosted the inaugural BIMP-EAGA Integrated Culture Expo 2014 held from 18 - 22 June 2014, at Atrium, The Airport Mall. The BIMP-EAGA Integrated Culture Expo 2014 will feature a variety of SME products from the four countries of the BIMP-EAGA countries. Apart from the exposition, there are also many activities held every day including the BIMP-EAGA Forum based on four (4) strategic pillars of BIMP-EAGA, namely: 'Food Basket', 'Tourism', 'Connectivity' and 'Environment'. Incidentally, considering school holidays, BEBC also organizes family fun activities including: Family Hunting, Cooking Competition, Art Competition, and more.\textsuperscript{166}

\textbf{4.1.2 The 3rd BIMP-EAGA SMED (Small and Medium Enterprises Development) Working Group Meeting and BIMP-EAGA Expo 2015}

The commitment is realized through the forum of The 3rd Brunei, Indonesia, Malaysia, Philippine-East ASEAN Growth Area (BIMP-EAGA) entitled \textit{“The 3rd BIMP-EAGA SMED (Small and Medium Enterprises Development) Working Group Meeting and BIMP-EAGA Expo 2015”}


\textsuperscript{166} Ibid
Development) Working Group Meeting and Related Activities” centered in Makassar, from 9-11 September 2015. BIMP - EAGA (Brunei Darussalam - Indonesia - Malaysia - Philippines East Asian Growth Area) will showcase SME products from the four ASEAN countries. The products are exhibited in the form of agricultural products, fisheries, industry, services, tourism, and logistics.

This program is a continuation agenda from the previous one that was held in 2014. In this activity held 60 SME product booth. This activity is devoted to business actors from outside Java, namely Kalimantan, Sulawesi, Maluku, Gorontalo, and Papua. The goal, to uniform competitiveness of SME products throughout Indonesia. The purpose of this event is to follow up the cooperation agreement in the sub-region of BIMP-EAGA in the development of SMEs through cooperation between SMEs and stakeholders in the sub-region of BIMP-EAGA or outside the sub-region.

Various SME products are offered in this BIMP-EAGA Expo 2015, from Indonesia such as from West Kalimantan offering superior products such as beverages (Aloevera) from Pontianak City, Borneo Lentera Prima (Singkawang), Sanggau District, (amplang) Ketapang Regency, Rotiku Hidup (Aloevera drink) Pontianak City, Mavera (Aloevera drink) Pontianak City, Along, Suka Rasa, New Business (amplang) Ketapang Regency. Also presented are excellent products food and beverages Aloe vera, banana chips, sticks keladi, banana jam, anchovy kremes, bread cap, and milkfish presto. While from Central Kalimantan offers rattan wicker handicraft products used as various products such as bags, purses or sandals that actually become distinctive and unique and many are interested. Even the agate that once was famous, now it becomes interesting and re-demand.

Padalle oil (lizard) became the most unique product at SME BIMP EAGA Expo 2015 event at Clarion Hotel, Makassar. The maker is Dina Mahardika. Padalle oil bottle price is Rp 50,000 with a dose of 150 ml. This oil is packed in

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169 Ibid
clear bottles. This oil has many benefits such as treating many injuries outside and inside.  


“Flavors of BIMP EAGA: Culture and Food Expo 2016”, product and cultural exhibitions of four countries from Brunei, Indonesia, Malaysia and Philippines have been successfully held in Bandar Seri Begawan from 30 March to 3 April 2016. The exhibition offers visitors an experience enjoy the wealth of products, culture and traditions of the four countries. More than 30 booths consisting of small and medium enterprises from these countries fill the exhibition area.

As with other participants, Indonesia was given several booths that were used to introduce and sell its country’s unique products. The Embassy of the Republic of Indonesia and Bandar Seri Begawan cooperate with the North Sulawesi Industry and Trade Agency and Central Sulawesi, the Indonesian Women Business Association and Hassa Batik and Craft, to build the Pavilion Indonesia.

Various excellent products from Indonesia are offered. The local government of North Kalimantan introduces its unique products, such as beads that are applied in the form of bags, wallets, pencil cases, and necklaces. So also with Central Sulawesi who introduce and sell original regional food products, with processed fish products that become seed. While Indonesian Women Business Association focuses on selling Indonesian favorite foods such as meatballs, pempek and siomay. Hassa Batik and Craft, which had several times

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172 Ibid
173 Ibid
following the exhibition in Brunei, still exhibiting a collection of Muslim fashion and batik is always in demand by consumers of Brunei Darussalam.\(^{174}\)

On the other hand, Head of Department of Industry and Trade of Central Sulawesi, Abubakar Almahdali used talks with local journalists to promote the benefits of Central Sulawesi. Central Sulawesi has been known for its excellent products in the form of fishery resources, cocoa, coconut, palm oil, rattan and nickel.\(^{175}\) In addition to encouraging the progress of SMEs, Abu Bakar also expressed the readiness of Central Sulawesi to welcome foreign investors, including Brunei, Malaysia and Philippines in the region. Various steps are claimed to have been taken by the Central Sulawesi government to accommodate investors, in particular the continued development of infrastructure. The existence of a Special Economic Zone of one thousand five hundred hectares equipped with various facilities and attractive incentives is expected to provide the best for investors. This is an effort of Indonesia in conducting business cooperation that can be established during the Expo run,\(^ {176}\) both to the country of Indonesia itself as well as the country incorporated in BIMP-EAGA.

Meanwhile, the Director of Hassa Batik and Craft received a very good response from Brunei's consumers. Consumers continue to come and buy the various products it offers. Previously, Hassa Batik and Craft Products also participated in the previous exhibition held in Brunei, at Brunei International Trade and Consumer Exhibition (BITC), early March 2016.\(^ {177}\)

4.1.4 5th BIMP-EAGA Small and Medium Enterprises Development (SMED) Working Group Meeting: BIMP-EAGA Culture and Food in Tourism Expo 2017

The BIMP-EAGA EXPO event which takes place on 27-30 July 2017 in Brunei Darussalam is held annually to enhance cooperation between Small and

\(^{175}\) Ibid
\(^{176}\) Ibid
\(^{177}\) Ibid
Medium Enterprises from member countries such as Brunei Darussalam, Indonesia, Malaysia and Philippines. In addition to Nusantara Tour, Indonesia presents eight SME entrepreneurs who are members of the Association of Indonesian Muslim Entrepreneurs. They sell creative products from various regions in Indonesia such as Javanese blouse (kebaya), hijab, batik and also muslim clothes which become the favorites of the buyers. In addition to their merchandise were sold out. Meanwhile, Nusantara Tour also got 65 customers who have joined register tour package to Indonesia.

BIMP-EAGA Expo 2017 this time presents discussion forums, cooking competitions, art performances from local schools, to the launch of cookbooks for children. The event closed on July 30, 2017 officially by the chairman of BIMP EAGA Business Council of Brunei Darussalam, Pengiran Yura Kesteria Yusuf.

Indonesia SME products at BIMP EAGA Expo 2017 were sold out and it was in great demand by other countries. Especially Javanese blouse (kebaya) and batik cloth were sold out and very interested, there are even four travel agents who invite to cooperate with some Indonesian SME producers, namely the owner of Nusantara Tour from Bali who participated in the event BIMP-EAGA EXPO 2017.

4.2 Indonesia’s SMEs Product are Exhibited in BIMP-EAGA

For the expo, the participating provinces of Indonesia are West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, Southeast Sulawesi, Gorontalo, Central Sulawesi, North Sulawesi, West Sulawesi, Maluku, Papua, West Papua and North Maluku. So that from

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179 Ibid

180 Ibid

181 Ibid

some of these areas presenting superior SME products to be present in BIMP-EAGA Expo and Business Matching. For the Expo itself, Indonesia can attract enthusiasts for buyers who love Indonesian products. SME products presented at the BIMP-EAGA Expo are competitive products which is a superior products of several regions presented to increase the flow of investment and cooperation that occurs between countries in BIMP-EAGA. While Business Matching itself can be done if there is a meeting or agreement on products agreed between the two countries concerned, the BIMP-EAGA Expo is also an opportunity Indonesia to cooperate with other BIMP-EAGA member countries, moreover if some who are interested in Indonesian products and offer ongoing cooperation and just a business conversation where there is a match.

4.2.1 West Kalimantan

West Kalimantan offering superior products such as beverages (Aloevera) from Pontianak City, Borneo Lentera Prima (Singkawang), from Sanggau Area, (amplang) Ketapang Regency, Rotiku Hidup (Aloevera drink) from Pontianak City, Mavera (Aloevera drink) from Pontianak City. Along, suka rasa, amplang from Ketapang Regency. Also presented are excellent products food and beverages Aloe vera, banana chips, sticks keladi, banana jam, anchovy (crispy), bread cap, and milkfish presto. Head of West Kalimantan Provincial Office of Cooperatives and SMEs, Ignatius IK said that Kalbar has started to develop superior products of Aloe vera food and beverage, banana chips, sticks, banana

184 Ibid
jam, kremes anchovy, bread stamp, and presto milkfish. In addition in Sambas and Sintang also developed weave and songket.\textsuperscript{186}

4.2.2 East Kalimantan

The products exhibited from East Kalimantan are superior products from the work or processed products in the form of handicrafts, snacks which are characteristic of East Kalimantan. The handicraft products featured such as key chains, necklaces, bracelets, made of beads, woven fabrics, fan, wicker and wooden handicraft, taper embroidery, wicker rattan, woven root hides, wicker beads, weaving ‘ulap doyo’, ceramic, craft shells, clothes and others. While snack products such as lemongrass tea, fish crackers and other typical food of East Kalimantan.\textsuperscript{187}

Sarong Samarinda is one of the typical handicraft from Samarinda. Sarong Samarinda is a kind of traditional woven fabric of the city of Samarinda, East Kalimantan. This sarong is made by woven using Non-Weaving Machine. In addition, East Kalimantan has a diversity of plants and germplasm, among others, is the plant Doyo (Curculigo latifolia). Doyo plant is a specific plant with morphology resembling pandanus plants. These plants include low plants (shrubs) that have habitat on the forest floor.\textsuperscript{188} This product is also one of the leading SME products in East Kalimantan and some are featured on BIMP-EAGA Expo.

4.2.3 South Kalimantan

South Kalimantan leading SME products featured on BIMP-EAGA Expo are among others processed wood and furniture; Handicrafts (webbing and jewelry),\textsuperscript{189} processed foods include pastries and buffets; typical restaurants and


\textsuperscript{188} Ibid

\textsuperscript{189} Analisis Pengembangan Komoditas dan UKM Unggulan Daerah Kalimantan Selatan – Badan Penelitian dan Pengembangan Daerah (Balitbangda). (2015, November 11). Retrieved from
culinary of South Kalimantan in several booths and small huts at BIMP-EAGA Expo event. In addition, some of the superior products of South Kalimantan are now recognized by the central government, among others, water jars from Martapura, Banjar Regency, Martapura jewelry and weaving from Pagatan Tanah Bumbu Regency. Products like water urns, so far known only in Thailand and Martapura craftsmen also have a similar industry, with different characteristics. These superior products are typical products of South Kalimantan that have special characteristics, so it deserves to be a superior product.\(^\text{190}\) Some of those products that are presented by South Kalimantan in BIMP-EAGA Expo and Business Matching followed by Indonesia.

### 4.2.4 Central Kalimantan

Central Kalimantan offers rattan wicker handicraft products used as various products such as bags, purses or sandals that actually become distinctive and unique and many are interested. Even the agate that once was famous, now it becomes interesting and re-demand.\(^\text{191}\) In addition, there are also household processed products that have become one of the icon of the region’s superior products and there are also products in the form of handicrafts either rattan or from other materials. There are also typical Kapuas products for snacks such as Kelakai Chips, Spinach Chips, and Cassava Leaf Chips. While the typical beverages from Kapuas are presented such as Dragon Fruit Juice, Cendol Ikan Patin and various agricultural crop products namely citrus seedlings and mango.\(^\text{192}\)

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However, there are some backwardness experienced in the development of superior products and SMEs in Palangkaraya City, especially in Tulungagung District, Central Kalimantan. Among the capacity and quality of products that are still low and do not have brand image. Admittedly there are still many shortcomings. Implementation of consumer protection and supervision of goods / services circulating in the market is also not optimal. Likewise with the development of product quality, design, trademark are not optimal and still weak in the packaging system. Therefore, to promote SMEs sector and marketing of superior products, it is necessary cross-sectoral and cross-regional in the framework of cooperation development of small and medium enterprises, this is why the increase of SMEs at the border is strongly emphasized by the state of BIMP-EAGA, one of them is Indonesia.

4.2.5 North Sulawesi

The leading business type of North Sulawesi SMEs that in the first rank is copra processing business. The promising value-added potential reaches 120 percent making copra processing business feasible to be the leading business type of SME from North Sulawesi, with potential development sites in East Bolaang Mongondow Regency. In the second rank there is coconut cultivation as a source of business input. Next in the third rank, there are business sectors catching caught fish, rice field cultivation, food stalls / restaurant, cultivation of mujair and tilapia (nila) fish. Clove cultivation, tuna fishing, grocery stores and clove sales, also have high economic potential. In addition, there are so many export demands for virgin coconut oil (VCO), nata de coco, abon fish and nutmeg syrup, one of which is virgin coconut oil (VCO) products exported to Malaysia. At every

194 Ibid
196 Ibid
opportunity of both national and international exhibitions, North Sulawesi SMEs superior products continue to bring these products to be in demand by investors.\textsuperscript{197}

\subsection*{4.2.6 Southeast Sulawesi}

Some SME products from Southeast Sulawesi presented at the Expo is the original woven fabric of the region of Southeast Sulawesi is very in demand by the fashion designers to be a blend of exclusive high-performance ‘batik’ weaving selling, even though the price of weaving is still expensive because it is made traditionally. In addition, Southeast Sulawesi famous snack is a cashew bagea made of sago and cashew nuts.\textsuperscript{198} Southeast Sulawesi’s best known product is usually only found in cashew nuts and woven fabrics. However, from the various products available in the Southeast Sulawesi pavilion is forest honey with the price Rp 100,000 is the most popular product. But even so, there is still an appeal from the ministry of cooperatives and SMEs to Southeast Sulawesi pavilion province more in eksplor again. And according to the survey, in addition to forest honey, the preferred consumers are woven fabrics and bosara (hood) with a price of Rp. 200,000.\textsuperscript{199}

\subsection*{4.2.7 South Sulawesi}

Some of the flagship products that have been developed such as banana horn chips, moon fish, mackerel fish nuggets, and some handicraft products and all souvenirs have unique characteristics that can compete. In addition, the handicrafts such as Basocraft flowers are much in demand by the buyers, there are


\textsuperscript{198} SMEs Southeast Sulawesi - SME Products Center Southeast Sulawesi. (2013). Retrieved from https://ukmsultra.wordpress.com/author/ukmsultra/

also products of rattan and honey. Padalle oil (lizard) became the most unique product at BIMP EAGA Expo for SMEs 2015 event at Clarion Hotel, Makassar and the maker is Dina Mahardika. Padalle oil bottle price is Rp 50,000 with a dose of 150 ml. This oil is packed in clear bottles and has many benefits such as treating many injuries outside and inside.

4.2.8 Central Sulawesi

Central Sulawesi SME products presented at the Expo are rattan handicraft, organic garbage craft, bamboo processed craft, coconut craft waste, traditional musical instruments, batik bomba and silar leaf craft. Other SME products such as cocoa, coconut, corn, paddy rice, cloves, fried onions, marine tourism. It is necessary to maintain its production through intensification so as to meet the demand of the surrounding area. Especially for cocoa, it is time for the Central Sulawesi Provincial Government to form a Working Team under the coordination of the Governor to design the cocoa revitalization by optimizing the cocoa land of approximately 175,000 ha, including cocoa fermentation and secondary processed prospects and market network.

4.2.9 West Sulawesi

West Sulawesi SME products presented at the Expo include woven fabric Sekomandi. Woven fabrics Sekomandi is a traditional woven cloth Kalumpang, Mamuju Regency - West Sulawesi. The specialty of this woven fabric lies in

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the motive and the way of making it. The dyeing technique also uses natural ingredients, namely plants such as galangal, ginger, cayenne pepper, pecan, tree roots, charcoal from pallin wood and various other foliage. Sekomandi fabric is made of thick and large, can be used as a material combination of clothing, shawl, tablecloth, or wall hangings. In addition, there are also various products such as snacks, among others, there are various typical cakes such as Baye, Dadar Balanda, Baruas, Kasippi, Putu, Karasa. For processed food there is Tortilla Pumpkin, Seaweed Chips, Fish Abon, Mamasa Typical Coffee, and Mandar Typical Coffee.205

4.2.10 Gorontalo

Several leading commodities of SMEs in Gorontalo Province are laying hens, broilers, furniture, coconut, beef cattle, maize, chicken, tilapia, and tuna. In addition there are also excellent products areas, which are still being developed and promoted the organic coffee Pinogu and palm sugar from Bulango Ulu.206 Some of the typical food that is presented by Gorontalo is chicken iloni is a chicken-based food that is cooked using a typical seasoning Gorontalo. Chicken iloni usually use chicken breast part mixed with herbs and added coconut milk. When finished mixed, then the chicken is baked until cooked and chicken iloni ready to be served.207 In addition, there are also binte biluhuta or other names are corn soup. Bintuhuta binte food made from corn mixed with fish or shrimp and added with the typical seasoning of Gorontalo, causing sweetness, salty and spicy mixed into one. One additional information, binte biluhuta has another name which is Gorontalo milu siram. The city of Gorontalo also has a typical cake of the people of Gorontalo named a sabongi cake. The sabongi cake is actually almost similar to a combro cake. The sabongi cake uses shredded cassava as well

207 Ibid
as combro, which distinguishes the inside of the cake, if the combro cake uses brown sugar as the ingredients, the sabongi cake uses a sliced plantain. The cake will be textured more crispy than the combro cake.208

4.2.11 Maluku and North Maluku

Some superior products of SMEs from Maluku and North Maluku are also presented in BIMP-EAGA Expo. Maluku brings several products such as handicraft weav ing, light decoration handicrafts, craft shells, crafts from cloves, craft accessories and also various regional specialties snacks.209 There are also some culinary from Maluku which is a typical food of Maluku including named papeda based staple food of the people of Maluku, namely sago. Papeda is a sago porridge that is often served with tuna fish or peppered fish. Nutmeg soup (ikan kuah pala banda) as a special food of Maluku region originating from the Banda Islands has been known for its delicacy since centuries ago. Even this culinary was once known by the food of the Dutch high officials who came to Indonesia210, there are also typical Maluku food that is very famous which is ‘asar’ fish and made from raw tuna. In addition, North Maluku presents some excellent products such as coconut, essential oil, spices such as nutmeg, cloves and cinnamon and fishery products. And that is not less interesting is the furniture and crafts from bamboo spotted.211

4.2.12 Papua and West Papua

Papua has four main agricultural commodities, namely cocoa, sweet potato, seaweed, and arabica wamena coffee which has export opportunities to

various countries. The production of cocoa crop management in Papua, in addition to having good quality, also has a distinctive aroma compared to production from other regions in Indonesia. The size of the Papuan fruit is very large, for the size of one kilogram of Papua cocoa ranges from 75 to 85 grains, while other types of cocoa reach above 100 grains. Papua cocoa production has now been traded inter-island to Makassar, Surabaya, Jakarta, and other regions in Indonesia. In fact, the results of cocoa farmers in Papua production, until now still in demand and traded to various neighboring countries, such as Malaysia and Singapore. Therefore, Papua presents superior SME products, in addition to many interests also opens big business opportunities in BIMP-EAGA Expo. And the famous of West papua is presenting sago macaroons, in addition there are also processed products from mangrove plants such as cakes, jams, syrups and even medicines.

CHAPTER V

CONCLUSION

Based on the result of the research and analysis, it can be seen that one of the prominent issues in the sub-regional economic cooperation of BIMP-EAGA is sub-regional connectivity. In this case, sub-regional connectivity is expected to support the realization of regional connectivity in the ASEAN region. In an effort to realize BIMP-EAGA’s vision, Indonesia has collaborated with Brunei Darussalam, Malaysia and the Philippines in sub-regional cooperation (BIMP-EAGA) since 1994, BIMP-EAGA has an infrastructure connectivity development program consisting of airport projects, ports, roads, bridges and trains, for balanced development efforts and to smooth the flow of goods into the country with adequate infrastructure preparation. In the implementation of this priority infrastructure projects (PIPs) Indonesia has built and implemented priority connectivity for Indonesia such as the development of Manado-Bitung Toll Road, Samarinda-Balikpapan Toll Road, border development in West Kalimantan, Bitung Special Economic Zone, Bitung Port and Makassar Port. The project is still under development and targeted to be completed before 2025. This Priority Infrastructure Projects (PIPs) program for Indonesia’s priority infrastructure is in line with the RPJMN (National Medium Term Development Plan) 2015-2019 in Indonesia. It is implemented by Indonesia as a participation and its role as a member country of BIMP-EAGA and to facilitate connectivity among ASEAN countries especially BIMP-EAGA.

In addition BIMP EAGA also produces an agreement program to improve and develop SMEs from the ASEAN region, especially among BIMP-EAGA member countries. BIMP-EAGA is committed to strengthening cooperation in encouraging Small and Medium Enterprises in the border region as a regional strategic economic component. BIMP-EAGA itself agrees to a commitment to hold BIMP EAGA Expo and Business Matching every year to unite SMEs from ASEAN member countries and introduce superior products from their countries
especially in areas that have become BIMP-EAGA’s priority countries. Indonesia participates every year to attend this SME meeting, the participating countries of Indonesia in BIMP-EAGA Expo are West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Kalimantan, Southeast Sulawesi, Gorontalo, Central Sulawesi, North Sulawesi, West Sulawesi, Maluku, Papua, West Papua and North Maluku. In the meeting, Indonesia introduced the superior products of SMEs from various regions, in BIMP-EAGA Expo 2015 Padalle oil (lizard) became the most unique product at BIMP-EAGA Expo for SME 2015 event, and in BIMP EAGA Expo 2017, Indonesian SME products sold out, such as Javanese Clothing (Kebaya) and batik cloth, and even four travel agents ask to cooperate with some Indonesian SMEs. One of the Indonesian SMEs is the owner of Nusantara Tour from Bali who participated in BIMP-EAGA EXPO 2017 event get some cooperation offer.

Thus, it can be concluded that Indonesia is participated to the realization and the success of BIMP-EAGA’s vision of infrastructure connectivity in the BIMP-EAGA country through an agreed program of the Priority Infrastructure Projects (PIPs) and the enhancement of SMEs to the BIMP-EAGA country through the SMED Working Group Meeting there are several meetings to discuss the improvement of SMEs between countries in BIMP-EAGA, BIMP-EAGA Expo and Business Matching which presents meetings between BIMP-EAGA SME actors and presenting superior products to improve business for each other and business cooperation, more broadly as well as increasing export potential SMEs.

Therefore, BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area) is sub-regional cooperation to increase prosperity and economic growth of society in border area of BIMP-EAGA countries and the objective of establishing BIMP-EAGA is to develop sub-regional cooperation between member countries in order to promote economic growth in the sub-region and Indonesian territories belonging to BIMP-EAGA.
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**Internet Sources**


iNews Finance: Ministerial Meeting of BIMP-EAGA Encourages Connectivity


APPENDICES
APPENDIX A:

PRESS RELEASE

2ND SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (SMED) WORKING GROUP MEETING & BIMP-EAGA INTEGRATED CULTURE EXPO 2014

18th – 22nd June 2014, Brunei Darussalam

Wednesday, 18th June 2014
By The Ministry of Industry and Primary Resources

BANDAR SERI BEGAWAN – BIMP-EAGA is seen as important building block for further political, social and economic integration of the ASEAN region. As the establishment of the ASEAN Economic Community (AEC) 2015 draws closer, it is important for BIMP-EAGA to ensure the long-term credibility, viability and sustainability of BIMP-EAGA by strengthening convergence initiatives through existing growth corridors within the sub-region, to promote sub-regional cooperation in trade, investment, and the tourism sector, with a view of contributing to the region’s goal of realizing AEC 2015.

In this view, Brunei Darussalam through the Ministry of Industry and Primary Resources is honoured to host the 2nd Small and Medium Enterprises Development (SMED) Working Group Meeting, currently held at the Airport Mall from the 18th to 19th June 2014. Attending to officiate the opening ceremony of the meeting was Haji Khairuddin bin Abdul Hamid, Deputy Permanent Secretary (Development of Industry and Entrepreneurship), Ministry of Industry and Primary Resources. The 2-day meeting is chaired by Mr. Meliadi Sembiring, the standing Chairman of BIMP-EAGA SMED Working Group, Deputy Minister for Research and Development for Cooperatives and SME

One of the highlights of the meeting will be the discussion on the SMED Working Group Action Plan 2014-2015 and review on the progress and achievements made by the SMED Working Group as stipulated in the BIMP-EAGA Blueprint. The meeting will also discuss the way forward in Developing Innovative BIMP-EAGA SMEs as Champion including Sharing of Best Practices in the area of SME Access to Market.

In conjunction with the meeting, the Ministry of Industry and Primary Resources with the collaboration of BIMP-EAGA Business Council (BEBC) Brunei Darussalam is also hosting the inaugural BIMP-EAGA Integrated Culture Expo 2014 held from 18th – 22nd June 2014, at the Atrium, The Airport Mall. The BIMP-EAGA Integrated Culture Expo 2014 will showcases varieties of products and services from the BIMP-EAGA countries. Apart from the exposition, there are also lots of activities held daily including BIMP-EAGA Forums based on the four (4) strategic pillars of BIMP-EAGA, namely: ‘Food Basket’, ‘Tourism’, ‘Connectivity’ and ‘Environment’. Coincidentally, taking into account of the school holidays, BEBC is also organizing family fun activities including: Family Treasure Hunt,

Cookout Competition, Art Competitions and many more. More information and detail activities of the BIMP-EAGA Integrated Culture Expo 2014 can be accessed from the official media web-partner: www.padian.com

/END OF STORY/
Date: 18th June 2014
APPENDIX B:

BIMP- EAGA 2ND SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (SMED) WORKING GROUP MEETING & BIMP-EAGA INTEGRATED CULTURE EXPO 2014

Bandar Seri Begawan, Brunei Darussalam
18 – 22 June 2014

WELCOMING REMARKS BY
YANG MULIA HAJI KHAIRUDDIN BIN HAJI ABDUL HAMID
DEPUTY PERMANENT SECRETARY
(DEVELOPMENT OF INDUSTRY AND ENTREPRENEURSHIP)
MINISTRY OF INDUSTRY AND PRIMARY RESOURCES

BISMILLAHIR RAHMAN NIRRAHIM
Distinguished Head of delegation from Indonesia and Chairman of the BIMP-EAGA SME Development (SMED) Working Group Meeting, Mr. Meliadi Sembiring;
Head of delegation from Malaysia, Ms. Irene Joibi;
Head of delegation from Philippines, Mr. Ibrahim Guiamadel;
Head of BIMP-EAGA Facilitation Centre, Ms. Susanna Chew;
President of BIMP-EAGA Business Council (BEBC), Pg Yura Kesteria bin Pg Setia Negara Haji Yusuf;
Senior Government Officials;
Exhibitors from the EAGA Countries;
Distinguished guests and delegates;
Ladies and Gentlemen;
Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning to all of you.
Alhamdullillah, we are grateful to Allah the Almighty for His gracious blessing in allowing us to gather here and giving me an honour to officiate the Opening Ceremony of the 2nd Small and Medium Enterprises Development (SMED) Working Group Meeting & the Launching of BIMP-EAGA Integrated Culture Expo 2014 here in Bandar Seri Begawan, Brunei Darussalam.

First and foremost, on behalf of the government of His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam, I would like to extend a warm welcome to all of you to Brunei Darussalam, our Abode of Peace.

Ladies and Gentlemen,
BIMP-EAGA is seen as important building block for further political, social and economic integration of the ASEAN region. As the establishment of the ASEAN Economic Community (AEC) 2015 draws closer, it is important for BIMP-EAGA to ensure the long-term credibility, viability and sustainability of BIMP-EAGA by strengthening convergence initiatives through existing growth corridors within the sub-region, to promote sub-regional cooperation in trade, investment, and the tourism sector, with a view of contributing to the region’s goal of realizing AEC 2015.

As we all aware, BIMP-EAGA being the largest sub-regional grouping in ASEAN by virtue of its geographical coverage and one of the most important sub-regional groupings in terms of economic size, we are in a position to offer enormous synergy for accelerating economic integration in ASEAN. In marking the 20th year of BIMP-EAGA, it is therefore, our commitment to further strengthen our co-operation within the overall context of narrowing development gaps in the EAGA-region in changing our perspective from focusing on merely an intra to extra trade, investment and tourism outward market orientation - BIMP-EAGA as one unit exporting to the rest of the world.
Toward achieving these objectives, I believed that partnerships, engagements and commitments of EAGA stakeholders, both the public sector and BIMP-EAGA private sectors especially through BIMP-EAGA Business Council (BEBC) should be combined to create greater economic opportunities in developing the competitiveness of SMEs the EAGA region.

Ladies and Gentlemen,
This 2nd BIMP-EAGA SMED Meeting is crucial since we will be looking back at what we have done in the past years as a sub-region, as a working group, and to some extent, as a country. I am sure this meeting will chart another concerted action and prioritise deliverables to further enhance the development of SMEs in the BIMP-EAGA region and to support the BIMP-EAGA long-term objectives of establishing BIMP-EAGA as a regional food basket and promoting BIMP-EAGA as a premiere ecotourism destination.

In this opportunity, I would like to convey my message as follows: ‘Let us together as One Community in BIMP-EAGA and ASEAN continue to collaborate in developing enabling mechanism to provide opportunities for SMEs; establish an exchange platform on a common issues in development of SMEs; and enhance cooperation in the key areas through the implementation of the BIMP-EAGA and ASEAN Community Blueprints by showing a clear vision of building the ASEAN Community in 2015 with the three pillars: political and security, economic and social-cultural communities’.

In closing, allow me to express my sincere thanks to the Entrepreneurial Development Centre, Ministry of Industry and Primary Resources as the organizer of the 2nd BIMP-EAGA SMED Meeting and BIMP-EAGA Business Council (BEBC) Brunei Darussalam as co-organizers of the BIMP-EAGA Integrated Culture Expo 2014 for all the hard work they have put together in making this meeting and expo successful.
To all the meeting delegates, I wish you all a very fruitful and successful meeting. I look forward in hearing more initiatives will be taken by the SMED Working Group to spur SME growth in the EAGA-region.

WABILAHITAUFIK WALHIDAYAH, WASALAMUALAIKUM WARAHMAATULLAHI WABARAKATUH.

Thank you.

[NOTE: After the Opening Remarks by GOH, Remarks by SMED Chairman and Remarks by BEBC President, all of them will be invited again to the stage for the Official Opening of the Meeting and Launching of the Expo.]

GOH:

With the kalimah BISMILLAHIRAHMANIRRAHIM, I declare this 2nd Small and Medium Enterprises Development (SMED) Working Group Meeting & BIMP-EAGA Integrated Culture Expo 2014 open]
APPENDIX C:

BIMP-EAGA CREATIVE EXPO FOR SMEs 2015
APPENDIX D:

PRESS CONFERENCE BIMP-EAGA EXPO 2015
I. INTRODUCTION

1. The 4th BIMP-EAGA Small & Medium Enterprises Development (SMED) Working Group Meeting was held from 14 – 15 April 2016 at The Legend Hotel, Puerto Princesa, Palawan, Philippines. The meeting was attended by 44 delegates comprising of BIMP-EAGA officials, BIMP-EAGA Facilitation Center (BIMP-FC), BIMP-EAGA Business Council (BEBC) and Asian Development Bank (ADB).

2. The meeting was chaired by Mr. Peter Brian Wang, Director of Ministry of International Trade and Industry of Malaysia, who also headed the Malaysian delegation. Mr. Hasan Jauhari, Advisor to the Minister, Ministry of Cooperatives and SMEs of the Republic of Indonesia headed the Indonesian delegation. The Philippine delegation was headed by Mr. Romeo Castanaga, Provincial Director of the Department of Trade and Industry – Davao del Norte, Region XI. Brunei Darussalam extended her apologies for not being able to attend the meeting in view of unforeseen circumstances.

3. Prior to the Meeting, an Exhibit of Palawan’s Products was formally opened by Mr. Cipriano Barroma, President of Palawan Economic Development Council and graced by BIMP-EAGA SME Development Working Group Heads of Delegation.
II. PLENARY SESSION

Turn–over of Chairmanship from Indonesia to Malaysia

4. Mr. Hasan Jauhari, Outgoing Chair from Indonesia thanked the Philippines for hosting this meeting. He also thanked the member countries for the support given to Indonesia under their chairmanship for the past three years and enjoined the SMED Working Group to provide same support to Malaysia. He highlighted on the 3 main challenges of the SMED WG namely: (i) to come-up with more realistic deliverable programs and projects; (ii) development of the BIMP-EAGA database that will provide information to stakeholders; and (iii) facilitate SMEs the use of digital network in doing business. Indonesia turned over the Chairmanship to Malaysia.

5. As the new Chairman, Mr. Peter Brian Wang, welcomed all Heads of Delegation and participants to the Meeting and informed that Malaysia is honored to chair the meeting. He extended his gratitude to the outgoing chairman for his valuable contribution in advancing various initiatives in support of the SME development of BIMP-EAGA. He also extended the apologies of the Deputy Permanent Secretary, Ministry of Industrial Development Sabah as the official chair of the SMED WG for not able to attend the meeting. He emphasized on the SMED Working Group’s challenging role in the development of SMEs in BIMP-EAGA region. He highlighted that SMEs are in the forefront of APEC and other regional agenda. He also mentioned that 90% of the BIMP-EAGA private sector comprises of SMEs, however it is also recognized that SMEs contribution to Gross Domestic Product is very low. Further, the Chair urged and enjoined everyone to work together in the implementation of various initiatives in the next BIMP-EAGA Blueprint.

Adoption of the Agenda

6. The meeting agreed to adopt the agenda, with additional discussions under Other Matters.
Appointment of Drafting Committee Members

7. The members of the drafting committee are the following:

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>Ms. Destry Anna Sari</td>
</tr>
<tr>
<td></td>
<td>Ms. Ima Rahmania</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Mr. Peter Brian Wang</td>
</tr>
<tr>
<td>Philippines</td>
<td>Ms. Marilou D. Laguting</td>
</tr>
</tbody>
</table>

Welcome Message of the Host Country

8. Mr. Romeo Castanaga, Philippine Head of Delegation welcomed delegates to Palawan. He shared on two UNESCO Heritage Parks found in Palawan, the Tubataha Reef and Subterranean River National Park. He encouraged everyone to explore and enjoy the place.

III. MATTERS ARISING FROM THE 3rd SMED WORKING GROUP MEETING

9. The BIMP-FC presented the matters arising from the 3rd BIMP-EAGA SMED Working group held on 8 – 11 September 2015 at Makassar, Indonesia which among others highlighted the completion and launching of the 2015/2016 BIMP-EAGA SME Directory, the proposal to establish the BIMP-EAGA Trade, Investment and Tourism Promotion Centre, the proposed project on the BIMP-EAGA Products Display at the ASEAN Japan Center for submission to the government of Japan, and the agreement to expand the Business Matching and Conference in big cities, e.g. Manila and Jakarta.

10. The Meeting noted the launching of the 2015/2016 BIMP-EAGA SME Directory during the 19th BIMP-EAGA Ministerial Meeting in 2015 and highlighted on the need to upload the information in the BIMP-EAGA
website. The Meeting also mentioned that the information should be regularly updated.

11. The Philippines’ project proposal to establish the BIMP-EAGA Trade, Tourism and Investment Promotion Center, which is a one stop development facility of information and product promotion for SMEs, investors and other stakeholders. Named ECOFUSION, the Center was launched in October 2015, during the Trade and Investment Facilitation Cluster Meeting. The Center serves as a platform for promotion not only of products but also tourism destinations and investment opportunities in Palawan and Mindanao. The Philippines proposed for the Trade, Tourism and Investment Facilitation Center in Davao to be expanded to include products and services from other member countries. It was also proposed for other member countries to establish the same facility in their home countries.

12. The BEBC raised the issue on the unilateral decision made by Malaysia to freeze trade at the three ports of Sandakan, Tawau and Kudat. BEBC suggested that consultation with the private sector should be done before a decision which affects the private sector. The Meeting notes that concern raised by BEBC and will forward this to the relevant working group to address.

Highlights of BIMP-EAGA Meetings:

13. BIMP-FC presented the highlight of the 19th BIMP-EAGA Ministers meetings, 2nd BIMP-EAGA and Northern Territory Ministerial Meeting as follows:
   a) Expedite the work on the projects under the Implementation Blueprint 2012-2016;
   b) Endorse the Guiding Framework of the BIMP-EAGA Vision 2025 and finalise the BEV2025” in time for the 12th BIMP-EAGA Summit;
   c) Noted on the Investment Profiling in BIMP-EAGA’s Economic Corridors
d) Encourage the national statistics and relevant agencies to fully support the development of a sub-regional database

e) Recognized the pivotal role of the private sector in BIMP-EAGA and urged the BEBC to be more proactive in attracting private sector individuals, groups and industry associations to invest and support initiatives in BIMP-EAGA.

f) Noted the cooperation with the BIMP-EAGA Development Partners;

14. BIMP-FC also presented the outcome of the 2016 Strategic Planning Meeting which highlighted the need for convergence and synergies at sector strategy and projects, and the clusters and working groups to conduct their meeting the latest 1st week of September.

15. ADB informed that the 2nd Joint BIMP-EAGA and IMT-GT meeting on the development of the database will be held in May 2016 and the meeting will be attended by the TIF Cluster representatives and National Statistics Office. It is expected that the development of the database to be completed by December 2016. ADB also informed that ADB is assisting to update the BIMP-EAGA website. The Meeting was informed that the data that is available is the national level data but what needs to be compiled is the cross-border trade data and the commodities that are being traded at the border. ADB also mentioned that ADB is more selective on the kinds of assistance that can be provided to the BIMP-EAGA and assistance should be demand-driven.

16. The Meeting noted that the Investment Profiling Study was presented at the SPM which highlighted on some of the industries at the BIMP-EAGA region. It was mentioned that the study should look at the low hanging fruits and identify the priority industries for the subregional value-chain. The Meeting stressed the importance of having a BIMP-EAGA database as it will provide information on the progress of the development in
BIMP-EAGA, and also to support the planning of various programs and projects.

17. The Meeting agreed on the importance of cooperation with the BIMP-EAGA Development Partners as they are ready to provide the support especially in the area of capacity building. The Meeting highlighted that there should not be duplication of initiatives between BIMP-EAGA and ASEAN but more on alignment of initiatives.

IV. 2016 DELIVERABLES/ UNFINISHED BUSINESS
18. The Meeting provided updates on projects deliberated as unfinished business of the IB 2012-2016.

18.1 The SME Directory was completed and launched in 2015, therefore it was agreed for the item to be taken out from the list of the Unfinished Business for 2016.

18.2 On the BIMP-EAGA Business Matching Expo & Conference: Three activities are being targeted as deliverables for 2016 namely: (i) The Palawan Trade, Tourism, Investment Forum and Exhibit and Business Matching in Puerto Princesa held on 13 14 April, 2016, (ii) The Sabah International Expo on 15 - 18 September 2016 in Kota Kinabalu, and (iii) 3rd BIMP-EAGA & IMT-GT Trade Expo Conference and Business Matching in Makassar on 14-16 October 2016. Indonesia informed that BIMP member countries are allotted at least 40 booths each, and to date, Brunei Darussalam and Philippines have confirmed their participation. The Philippines informed that they have reserved 50 booths. Indonesia urged Malaysia to confirm their participation and number of booths required.

18.3 The Meeting proposed that the Trade and Investment Mission to China and proposed cooperation with Japanese/Korean SMEs in M&E Manufacturing and Engineering related sector be deleted in the roster of
unfinished business and re-aligned to 2017 projects, as these are still at the proposal stage.

18.4 The BIMP-EAGA Products Display at the ASEAN Japan Centre was presented during the BIMP-EAGA and Japan Senior Officials Consultation during the 19th BIMP-EAGA Ministerial Meeting held in December 2016 in Kota Kinabalu. It was proposed the project be programmed for 2017, as no information was gathered from Japan yet. Relatedly, the Philippines informed that since the project has three components - preparation stage, product development and actual participation, the project duration can be more than a year.

18.5 The Philippine - EAGA Display Center was already established, however, the unfinished business lies under other countries decision to replicate the Center in their respective areas. Both Malaysia and Indonesia informed that establishment of BIMP-EAGA Display Center is still being discussed.

BEV 2025 Guiding Framework

19. The BIMP-FC and ADB briefed on the results of Strategic Planning Meeting and presented the BIMP-EAGA Vision 2025 Guiding Framework, with the Vision: Resilient, Inclusive, Sustainable, Economically competitive BIMP-EAGA to narrow development gap. It has identified three sub-regional goals, namely: (a) competitive and green manufacturing, (b) sustainable, competitive, and climate-resilient agro-industry and fisheries, and (c) sustainable tourism destination. The SMED Working Group plays an important role in realizing the three sub-regional goals, particularly in catalyzing the growth of the manufacturing sector.

20. The Meeting concurred the goal of the TIF which is sustainable and competitive crossborder trading and conducive business climate within the
sub-region and the rest of the world, as well as its objectives, identified as follows:

a. Freer movement of goods and services in the subregion;
b. Increased movement of capital and investment within the subregion;
c. Increased participation of SMEs in corridor and global value chain; and
d. Simplified and facilitative trade rules, regulations and procedures (RRPs).

**20.1** The Meeting deliberated on objective number 3 as the SMED Working Group’s priority objective, wherein 4 strategic objectives were further identified, as follows: a. Crossborder trade facilitation strengthened b. Intra/inter-industry linkages created; c. Trade and investment promotion intensified; and d. Institutional arrangements and implementation and monitoring mechanisms strengthened.

**21.** Indonesia proposed for the inclusion of cross border trade financing to be included in the priority objective. Relatedly, in ADB’s Private Sector Development Fund study, it was concluded that BIMP is not yet ready to undertake crossborder financing. It was agreed that access to financing be considered in-country.

**22.** The BEBC urged the Meeting to consider CIQS concerns as it would address trade facilitation concerns of SMEs. However, since said concern is not within the scope of SMED, the matter was proposed to be discussed by the CIQS Working Group.

**23.** The Meeting agreed that priority industries be identified by the private sector for subregional supply/value chains.

**24.** The Meeting agreed to refine and consolidate some of the projects listed under the SMED WG strategic priorities
COOPERATION WITH DEVELOPMENT PARTNERS

25. The Chair on behalf of Malaysia presented the following proposals
   a. Proposal to Organize Trade and Investment Mission to China; and
   b. Proposed Collaboration with Japanese/Korean SMEs in Machinery and Engineering and Related Sector.

26. Malaysia invited member countries to suggest improvements and value add into the proposals. It was agreed that the member countries to provide their feedback in time for the Trade and Investment Facilitation Cluster Meeting which will be held in August to enable the project proposals to be presented during the BIMP-EAGA engagement with development partners in November 2016.

Other Matters

27. BEBC proposed to include “Training to the indigenous people on Cultivation of Bird nest” as one of the new initiatives. It was proposed for the private sector to take the lead and for Indonesia and Malaysia to provide the relevant contact to BEBC

ACKNOWLEDGEMENT

Indonesia and Malaysia thanked the Government of the Republic of the Philippines and the Provincial Government of Palawan for the hospitality accorded and the excellent arrangements made.
APPENDIX F:

BIMP-EAGA CREATIVE EXPO FOR SMEs 2016

for further information, please contact asterabunei@gmail.com

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Event Organiser

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APPENDIX G:

BIMP-EAGA CREATIVE EXPO FOR SMEs 2017

Fruits of BIMP-EAGA Expo Culture & Food 2017

27th - 30th June 2017
APPENDIX H:

INDONESIA BOOTH IN BIMP-EAGA CREATIVE EXPO FOR SMEs 2017
APPENDIX I:
SITUATION IN BIMP-EAGA CREATIVE EXPO FOR SMEs 2017
## APPENDIX J:

PRIORITIZED INFRASTRUCTURE PROJECTS (PIPs)

### PRIORITIZED INFRASTRUCTURE PROJECTS (PIPs)

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<tr>
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<th>Estimated Project Cost (US$ Million)</th>
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<td>Turfing Bridge</td>
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<td>2</td>
<td>Tampin Bridge to Sarawak Border Road</td>
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<td>3</td>
<td>Pantai Eharabi-Tanjung Balau Link (Tawau-Sabah Road Rehabilitation)</td>
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<td>Balikpapan-Pan-Pan (Borneo)</td>
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<td>Western Mindanao Development Corridor Roads</td>
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<td>Tanjung Priok City Airport Passenger Terminal</td>
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<td>Buton Island Airport (Ambon)</td>
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<td>Sabah International Airport Development</td>
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<td>Pangkajene Airport Development</td>
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<td>Southern Palawan International Airport</td>
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<td>Manado-Bitung Link (Bitung International Port Expansion)</td>
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<td>Expansion of Saemangeum Bay Container Port</td>
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<td>Eastern Incinerator and km. /node</td>
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<td>General Santos (Mindanao Wharf Port)</td>
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<td>Bicol Naval Base Port</td>
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<td>General Santos Port</td>
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<td>Lintang Hydro Project (Sarawak-Galabat Interconnection)</td>
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<td>Lintang Hydro Project 2 (Sarawak-Galabat Interconnection)</td>
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<td>Lintang Hydro Project 3 (Sarawak-Galabat Interconnection)</td>
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<td>Labuk Hydro Project (Sarawak-Galabat Interconnection)</td>
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<td>Viarasa Windfarm Interconnection Project</td>
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<td>Mindanao Development Initiative</td>
<td>102</td>
<td>DSWD</td>
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<td></td>
<td><strong>GRAND TOTAL</strong></td>
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A. Background and Rationale

The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) subregional cooperation initiative was formally launched in 1994 as a key strategy of the participating governments to address the social and economic development of their less developed and more remote territories. The immediate objective is to encourage increased trade, investments and tourism in the subregion which covers the island economies of Brunei; North, Central, South and Southeast Sulawesi, Central, East, West and South Kalimantan, Maluku and Irian Jaya in Indonesia; Sabah, Sarawak and Labuan in Malaysia; and Mindanao and Palawan in the Philippines. Its long-term goal is to change the economy of BIMP-EAGA from one based on resource extraction to one based on higher order processing and non-resource based activities. Significantly, development of this subregional grouping rested on the private sector as the engine of growth, with the governments providing the facilitative environment that would allow the promotion of private sector investments.

A subregional institutional framework was devised to operationalize the BIMP-EAGA initiative. The main mechanism for consultation between the participating countries is the Senior Officials and Ministers Meeting (SO/MM). Working Groups (WGs) were also established as the operational mechanism of the cooperation exercise to address a range of issues and demands. Consistent with the agreement to adopt a decentralized structure, a ministry of agency within the participating countries was designated as National Secretariat (NS). The NS provided administrative support and quickly became the focal point for the exchange of information and the coordination of programs related to the growth areas, and carried the task of ensuring that in-country initiatives were maintained. In response to the public sector’s initiatives, the private sector created the East...
ASEAN Business Council (EABC). It subsequently obtained recognition as the official representative of the private sector in BIMP-EAGA and by 1997 was granted a fifth country status that allowed private sector to have its own separate delegation during SO/MMs.

Implemented during a period of economic prosperity for the participating countries, the BIMP-EAGA initiative achieved early gains. Its first three years saw the strengthening of the member countries’ bonds through subregional meetings, events, and activities. Joint venture business projects in agribusiness, tourism, transport and trading were initiated. Air and sea transport linkages across EAGA destinations were opened. Cross-border visitor traffic increased. Inter-country business and social linkages and networks expanded; so did the linkages of EAGA organizations with external partners such as Australia, Japan, Palau, Papua New Guinea and other Pacific Island Nations.

Development in the subregion, however, was seriously set back by the 1997 Asian financial crisis and the El Nino weather phenomenon that hit most of the subregion in 1998. By the end of the decade, peace and order concerns in some areas of the subregion affected the entire BIMP-EAGA, which suffered by perception and association and resulted in declines in tourism, further displacement of trade, and loss of investor confidence.

As the crisis subsided and the concerned economies moved towards economic recovery, renewed interest in the economic cooperation initiative was revived in 2001. During the 7th ASEAN Leaders Summit in November 2001 in Brunei Darussalam, the BIMP leaders renewed their commitment and support to the economic cooperation initiative in EAGA, paving the way for the revitalization of cross-border development activities.

Together with this renewed interest to revitalize EAGA was a strong sense that changes in the regional and global economic environment now more greatly affect the subregion’s own development perspective. While intra-EAGA trade remains an objective, promoting the development of EAGA trade with other regional and
global markets has emerged as an equally important, if not more important, goal. EAGA has shifted its current development approach to enhancing its competitive advantage in the world market as a subregion through cross-border consolidation, complementation, industry clustering and value chain management.

The last few years also saw efforts to restructure and improve EAGA institutional mechanisms to better respond to these new directions. The Asian crisis demonstrated the vulnerability of the EAGA initiative to sudden shifts in the national development agenda of the respective participating countries. Although an open regionalism and informal cooperation scheme provide greater flexibility in the adoption of processes and mechanisms, a loose organizational structure is generally expected to result in the slower paced and less focused prioritization and implementation of projects, as has been the case in EAGA. To address this, an EAGA-wide institutional coordination framework has been formulated in 2004. Among the recent structural changes are the creation of the BIMP Facilitation Center (BIMP-FC) which has assumed a central coordinating role among EAGA institutions; the clustering of the subregional working groups; and the restructuring of the EABC into the BIMP-EAGA Business Council (BEBC).

During the 12th SOM/9th MM in Balikpapan in November 2004, it was also agreed to formulate a BIMP-EAGA roadmap to development, which will identify broad targets for the subregion and cluster/sector-specific targets that will guide implementation of EAGA projects and activities. BIMP-FC was tasked to prepare the first draft of the roadmap, with the assistance of the ASEAN Secretariat. With technical assistance support from the Asian Development Bank (ADB) and the German Technical Cooperation Agency (GTZ), and guidance from ASEAN, BIMP-FC has already prepared several versions of the draft roadmap after an iterative process of gathering, validating and consolidating inputs from EAGA stakeholders.

In this ongoing process of roadmap preparation, there arose a need to prepare two separate documents. The first is a broad-based roadmap containing the strategic
cooperation measures for EAGA; while the other is a more detailed EAGA action plan that will support the implementation of the strategic measures and achievement of the roadmap objectives. It is envisioned that the Clusters will also eventually develop their own cluster action plans that will define their work programs for their respective sectors in support of the overall EAGA action plan. Aside from guiding the EAGA stakeholders, the EAGA roadmap, EAGA action plan, and cluster action plans are expected to facilitate EAGA cooperation with its existing and prospective development partners and partner organizations. For one, they indicate the readiness of the subregional cooperation to pursue its development goal and targets. Secondly, these documents give its partners a better idea of which areas they can deal with and support EAGA and how they can go about it. This can also contribute to sourcing funds and technical assistance from partner organizations for EAGA development activities. The following sections discuss the BIMP-EAGA Roadmap to Development.

**B. BIMP-EAGA Development Goal**

In pursuit of its vision of integrating the economies of its member countries into an ASEAN Community by 2020,² the Association of Southeast Asian Nations (ASEAN) is faced with the challenge of narrowing the development gap across the more advanced ASEAN member countries (ASEAN 6) and its younger and less developed members (CLMV). For example, the per capita GDP of Singapore in 2003 was 21 times that of Indonesia and the Philippines, and from 44 to 121 times that of the CLMV countries. In 2002, Indonesia had a Human Development Index (HDI) rank of 25 compared to Singapore’s 111. Even among the ASEAN 6, there is also a wide gap within countries, particularly Indonesia and the Philippines. While the poverty incidence rate in Jakarta and Bali had gone down to single digit levels in 2002, it remained high at 15 per cent in West Kalimantan, 25 percent in Central and Southeast Sulawesi, and 42 percent in Papua. In the Philippines, poverty incidence in Metro Manila in 2000 was at 9 percent, compared to 66 percent in the Autonomous Region of Muslim Mindanao.
The Vientiane Action Programme (VAP) 2004-2010, adopted by ASEAN Leaders at their last Summit, includes regional cooperation measures toward the realization of economic integration and narrowing of the development gap in ASEAN.

In the context of VAP, BIMP-EAGA can help narrow the development gap among ASEAN 6 countries and within Indonesia, Philippines and, to a lesser extent, Malaysia through intensification of cross-border trade, investment and tourism among adjacent provinces that are lagging behind and with Brunei. This, in turn, would facilitate formation of the broader ASEAN Economic Community. The ultimate goal of BIMP-EAGA is to narrow the development gap across and within the EAGA member countries as well as across the ASEAN-6 countries. Its immediate goal is to increase trade, investments and tourism within EAGA. Towards this end, the following targets shall be achieved within the five-year planning period (2006-2010) of the EAGA Roadmap to Development:

- Increase intra-and extra-trade among EAGA focus areas by 10% by 2010;
- Increase investments in the EAGA subregion by 10% by 2010; and
- Increase tourism movement in the EAGA subregion by 20% by 2010.

It should be noted that there are current limitations on consolidating subregion-level socioeconomic statistics on BIMP-EAGA. This, however, is part of the priority programs for the subregion and will help validate the feasibility and monitor progress towards achieving EAGA’s development targets.

Accelerating intra- and extra-EAGA trade, investments and tourism is expected to contribute to increasing socioeconomic development in the focus areas of EAGA. By achieving relatively higher growth targets in these areas than national targets, it is envisioned that these underdeveloped areas will eventually catch up with the rest of the countries. This would decrease poverty and economic disparity within and across BIMP, thus contributing to the narrowing of the development gap.
C. Strategic Objectives

To achieve the development goal and targets set forth in this roadmap, BIMP-EAGA will pursue the following strategic objectives:

1. Promote intra- and extra-EAGA trade, investments and tourism in selected priority sectors, namely: agro-industry and natural resources, tourism, transport, infrastructure and ICT, with particular emphasis on SME development in these sectors;
2. Coordinate the management of natural resources for sustainable development of the subregion;
3. Coordinate the planning and implementation of infrastructure support economic integration, with active participation of the private sector; and
4. Strengthen the BIMP-EAGA institutional structures and mechanisms for effective implementation of the EAGA roadmap and action plan.

Blessed with an abundance and diversity of natural resources, BIMP-EAGA’s greatest comparative advantage lies in agriculture/agribusiness development and in tourism development. These productive sectors, largely composed of small and medium enterprises (SMEs), are major contributors to GDP in many of the EAGA focus areas. Thus, they have become the focus of priority subregional cooperation measures and resources. Accelerated trade, investment and business activities in these sectors are expected to contribute to a faster growth in the economies of the member countries.

As with any other responsible nation, the member countries of EAGA put sustainable development at the forefront of their economic development goals. Recognizing that its greatest comparative advantage is its resource base, EAGA is taking conscious and deliberate steps towards conservation and sustainable management of these resources in the pursuit of its economic development programs.
One of the biggest challenges of EAGA is how to integrate a geographically disjointed area separated by distance and by sea. The focus areas of the subregion are widely spread apart and, especially those in Indonesia and the Philippines, are composed of many islands. While these areas enjoy vast resources in the agri-based and tourism sectors, efforts to increase business activities in these sectors should combine with effective programs to develop both hard and soft infrastructure support facilities and services. Of primary importance are the air, sea and land transport logistics, ICT, and human resource development that should promote greater cross-border flow of goods and people to, from and within the subregion.

As a subregional cooperation initiative, EAGA is still very young. From its inception, it has tried to avoid some of the perceived pitfalls of other multilateral development initiatives in order to achieve its objectives in the shortest possible time. For example, it chose to be a less formally structured and loose organization, thinking that having the least bureaucracy will give maximum leeway for the private sector to be the engine of growth in the subregion. Lessons from these and other organizational “birth pains” have moved EAGA to review its institutional structures and mechanisms to meet the changing demands and opportunities presented by an increasingly more complex and rapidly changing world economic order. The improvement of such mechanisms will remain a continuing strategy for the subregion.

**D. Subregional Cooperation Measures**

In summary, the following broad-based subregional cooperation measures will be pursued under the EAGA roadmap:

1. Promote and facilitate intra- and extra-EAGA trade and investments in priority sectors, especially those with high impact on SME development;

2. Facilitate the cross-border flow of goods and people to, from and within EAGA;

3. Improve the flow of trade, investment and tourism information within and outside EAGA;
4. Improve subregional coordination for the sustainable development of natural resources and biodiversity in EAGA;
5. Promote sustainable development practices in the management of economic development projects;
6. Improve EAGA air, sea and land connectivity;
7. Improve basic infrastructure facilities in EAGA;
8. Improve the information and communication technology (ICT) facilities and services in EAGA;
9. Strengthen intra-EAGA institutional coordination; and
10. Strengthen extra-EAGA linkages and coordination.

As a living document, the EAGA roadmap will be periodically reviewed against success (or failure) in achieving its targets. Necessary changes or refinement in the subregional cooperation measures will be made accordingly.

E. Implementation Arrangements

The implementation of the roadmap will require close cooperation and coordination among all the concerned EAGA institutions indicated in the matrix of subregional cooperation measures. Many actors are involved and responsibilities cut across these public and private institutions. In principle, the EAGA private sector is expected to take the lead in subregional cooperation activities. The key role of the public sector is to enable, facilitate and support the private sector in doing business at the least cost.

Following are the general institutional arrangements for implementing the roadmap.

1. Senior Officials and Ministers Meeting (SOM/MM)

The SOM/MM remains as the highest decision-making body in EAGA. Firstly, the approval of the roadmap and its endorsement to the EAGA Leaders will come from the SOM/MM. Once approved by the Leaders, the SOM/MM will continue to be the venue for formally reporting progress on roadmap implementation and
for discussion of high-level multilateral implementation issues or matters needed to be brought to the attention of EAGA Leaders. The Informal SOM will continue to serve as the more informal problem-solving and decision-making venue especially for EAGA issues that need urgent attention in between SOM/MMs.

2. Working Group Clusters

The NRD, JTD, SMED and TIID Clusters will take the lead in facilitating the implementation of many of the subregional cooperation measures. The Clusters are the convenors of the main implementers of these measures. These implementers include all the public agencies and private sector organizations of the member countries directly or indirectly involved in the implementation of the priority projects and activities under the cooperation measures. As such, the Clusters act as the coordinator and facilitator of implementation of the measures in their respective priority sectors.

Specifically, the Clusters have the following roles:

- Define the strategic directions for their respective clusters and periodically review the implementation of subregional cooperation measures to ensure that they are attuned to these directions;
- Facilitate the identification and implementation of priority flagship projects in their respective sectors and the periodic review of these projects;
- Support the private sector in assuming leadership in the identification and implementation of projects;
- Work closely with the cluster representatives of BEBC in facilitating the active participation of the EAGA private sector in cluster-related activities and implementation of sector projects;

Facilitate the discussion and resolution of issues and bottlenecks in project implementation;

- Assist in sourcing technical and financial resources for implementing its flagship projects; and
• Monitor and report on the progress of implementation of cluster projects and activities.

3. BIMP Facilitation Center
As secretariat to the SOM/MM, BIMP-FC serves as the coordinator and facilitator of subregional public sector activities in EAGA. Reporting to the SOM Standing Chair, it will liaise between the SOM/MM and the other EAGA institutions as well as with EAGA external partners. BIMP-FC will take the lead in coordinating the flow of information within EAGA as well as in strengthening the institutional coordination mechanisms, procedures and protocols for implementing the roadmap. Specifically, BIMP-FC will do the following:

• Facilitate consultations among EAGA stakeholders to gather inputs, prepare, validate, refine and periodically review the EAGA roadmap and action plan;
• Facilitate subregional activities in support of roadmap implementation, working closely with the Clusters, NS, BEBC, and other EAGA institutions;
• Monitor the progress of implementation of the roadmap measures and projects and report this to the SOM/MM and other EAGA institutions;
• Coordinate the flow of information among the various EAGA institutions and with external partners in support of roadmap implementation;
• Liaise and coordinate EAGA linkages and activities with the ASEAN Secretariat, ASEAN bodies and dialogue partners, other multilateral agencies, and partner organizations related to roadmap implementation; and
• In general, coordinate and facilitate activities and projects beyond the scope of the NS.

4. National Secretariats
The NS are the in-country counterparts of BIMP-FC. They serve as the secretariat and coordinator for all in-country public sector EAGA-related activities. Although the lead ministries and agencies in the implementation of the roadmap projects are
represented in the Clusters, much of the ground-level implementation of these
projects is undertaken in each member country. The NS, therefore, play a crucial
coordinative and facilitative role in the roadmap implementation.
Specifically, the NS will do the following:

• Serve as in-country liaison and coordinator with other EAGA country
  secretariats, BIMP-FC, BEBC and other EAGA bodies;

In coordination with the BEBC in-country focal organizations, facilitate all in
country activities of the government and private sectors in deliberations
concerning EAGA, advocacy for policies and programs supporting EAGA,
planning and programming of in-country participation in EAGA activities, and
implementation of the roadmap;

• Serve as in-country databank for EAGA and other related data and
  coordinate the flow of information among in-country EAGA stakeholders
  and, through BIMP-FC and BEBC, to their counterparts in other member
countries;
• Initiate and facilitate sourcing of technical and other forms of assistance to
  mainly in-country EAGA projects/ initiatives but also for subregional
  projects;
• Monitor developments in EAGA and follow through agreements entered
  into by country representatives; and
• Provide effective technical and administrative support services for country
  EAGA operations and coordinate budget requirements for this purpose.

5. BIMP-EAGA Business Council
The BEBC is the private sector counterpart of the government EAGA institutions.
The Council, with its 5th country status at the SOM, is the representative of the
EAGA private sector at the SOM. The BEBC Secretariat is the private sector
counterpart of BIMP-FC while the BEBC in-country focal organizations are the
counterparts of the NS in the member countries. Recognized as the primary
engine of growth in EAGA, the EAGA private sector represented by BEBC is expected to take a lead role in facilitating the subregional development process in the subregion.

Specifically, BEBC will do the following:

- Foster closer relationships and economic cooperation among business sector organizations in EAGA, represent them in EAGA deliberations and programs, and encourage their active participation in subregional cooperation activities;
- Advocate for policies, programs, projects and implementing rules and guidelines supportive of increasing private sector participation in business and development activities in EAGA and effectively implementing the roadmap;
- Initiate the identification of EAGA flagship projects and take the lead in implementing priority projects; and
- Consonant with the industry clustering and value chain approach, develop and market an EAGA brand of business projects that generate joint participation of the private sector in the member countries.

The BEBC Secretariat and Focal Organizations have the following roles:

- Provide technical and administrative support to BEBC and its members in the planning, implementation and monitoring of its programs, projects and activities;
- Develop a databank of mainly business related information on EAGA and coordinate the flow of information among EAGA private sector;
- Facilitate intra- and extra-EAGA business-related activities (e.g., trade and investment missions, business forums, fairs/ expositions, training seminars, workshops, business information materials, etc.) that will support the private sector’s role in implementing the roadmap;
- Facilitate revenue generating and fund sourcing activities in support of EAGA private sector programs and projects, including grants and relevant forms of assistance from external partners; and
- Monitor and report on the progress of BEBC activities.
6. In-Country Public and Private Organizations

The ground-level implementers of the EAGA subregional cooperation measures are the various government ministries and offices that have been designated by their respective countries as representatives to the different Clusters. For example, the CIQS agencies of the member countries will be among the implementers of in-country activities related to the CIQS-related cooperation measures. The national tourism organizations will be involved in the implementation of joint tourism development measures.

The in-country private sector counterparts are the various business organizations designated by BEBC as focal organizations for the Clusters and/or flagship projects. These may include specific member chambers, associations, other business organizations, special committees or task forces, or even specific companies.

7. Other Subregional Organizations

Since the launching of BIMP-EAGA in 1994, several sector-specific EAGA-wide organizations have evolved. These organizations were born out of the need to have core groups, particularly from the private sector, that are focused on facilitating development activities in key sectors of the subregional cooperation initiative. They are also expected to take the lead in generating the wide participation of the member countries’ private sector representatives in sectoral programs.

Among the first of such EAGA organizations, aside from EABC which was established in 1994, is the BIMP-EAGA Tourism Council (BETC). With joint tourism development as a priority sector in the subregion, BETC was created in 1996 to rally EAGA’s private sector tourism players behind the JTD programs. Since then, BETC has been greatly involved in promoting joint tourism
investment projects, developing an EAGA tourism brand, and developing and marketing EAGA tour packages.

More recently, in 2004, BIMP-FC facilitated the creation of the BIMP-EAGA Media and Communicators Association (BEMCA). Composed of media, public relations, and communications practitioners in the EAGA focus areas, BEMCA aims to encourage the direct and active participation of media in the development of EAGA by using its extensive network of newspapers and publications to deliver business and other news on the subregion. BEMCA is currently organizing a media workshop and is in the process of establishing an internet-based EAGA “news wire.”

Perhaps the newest subregional core group in the offing is the BIMP-EAGA Air Alliance (BEAA). Under the aegis of BEBC, the air alliance is currently being formally registered in Malaysia. BEAA is envisioned to be a conglomeration of small and medium-scale air transport service operators who will jointly invest in and develop air commuter service operations in EAGA. This is in response to the need to develop cheaper air transport services to, from and within EAGA, particularly in the routes that are not currently being serviced by any airlines or where the present supply of air services is still lacking.

Generally, the role of these and other EAGA-wide organizations (that may be established later) are as follows:

• In coordination with BEBC, BIMP-FC and the Clusters, facilitate active participation of their members and stakeholders in the implementation of sectoral development programs, projects and activities;
• Take the lead in implementing specific sectoral projects and activities;
• Strengthen and expand the network and linkages of their constituents with allied sectoral organizations and other EAGA institutions;
• Facilitate the mobilization of financial, technical and human resources in support of sectoral project implementation;
• Monitor and report to EAGA institutions (through their respective Clusters) on their implementation of sectoral programs, projects and activities.

8. EAGA Development Partners and Multilateral Partner Organizations

In the implementation of the roadmap, the various EAGA institutions will tap the support of its development partners and partner organizations. The Northern Territory (NT) of Australia has recently acceded as a BIMP-EAGA + 1 development partner. EAGA will explore mechanisms on how to expand trade, investments and tourism with NT. As a development partner, NT will help mobilize its resources to implement cooperation measures with EAGA for this purpose. NT may also mobilize resources, including development assistance through the Australian Agency for International Development (AusAID), to support any of the EAGA programs, projects and activities.

Other countries have also expressed their interest to become more active partners of EAGA. These include China, Japan and Korea which are looking towards getting at least an observer status in the subregional cooperation. When this happens, these prospective development partners will play a similar role as NT. As BIMP-EAGA’s regional cooperation adviser, the Asian Development Bank (ADB) will provide advisory services and technical guidance to EAGA in the implementation of its roadmap. ADB will mobilize its resources, through technical assistance, grants or loans, to support EAGA development activities. The Bank will also help EAGA network with other multilateral organizations to tap other resources for its development initiatives. Since 1995, ADB has already funded many TA projects supporting the EAGA subregional cooperation initiative. Its most recent project actually helped initiate the preparation of the EAGA roadmap.

The German Technical Cooperation Agency (GTZ) is currently implementing since January 2005 its technical assistance project on promoting economic cooperation in EAGA. The project, which will be undertaken in close
coordination with ADB, will focus on strengthening the capacity of BEBC and its national/regional focal points, strengthening the coordination mechanism among the public sector agencies in particular the BIMP-FC, enhancing cooperation between BIMP-EAGA and relevant international/regional agreements (e.g. WTO, ASEAN), and strengthening intra and extra cross-border trade (e.g., through the promotion of selected economic clusters/ value chains). It is expected that the project will support many of the capacity building needs for roadmap implementation as well as facilitate implementation of some flagship projects.

As a subregional cooperation scheme, BIMP-EAGA can be viewed as a sub-set of ASEAN. Consistent with that view, EAGA initiatives to deepen subregional economic integration should be pursued within the broader ASEAN integration effort. This requires closer cooperation between EAGA and ASEAN. Upon EAGA’s request, the ASEAN Secretariat has already started providing advisory services in the initial preparation of the EAGA roadmap. It is expected that the ASEAN Secretariat will continue to advise and guide EAGA in further refining its roadmap based on its extensive experience in this area and its knowledge of contextualizing the EAGA initiatives within the ASEAN. It will also continue to assist EAGA in more clearly defining the coordination relationships between EAGA institutions and the ASEAN Secretariat and its various bodies. As the subregional cooperation measures become more defined, ASEAN can help source and mobilize resources for the implementation of some measures.

**Financing the Roadmap Implementation**

Since EAGA was launched, participation of the member countries in subregional activities has been largely financed by themselves. The various in-country coordinating and implementing government agencies fund their EAGA-related activities from their respective agency budgets. Private sector participation is also mainly self-financed. The host country normally foots the bill for hosting EAGA meetings, conferences and other forums. Grants from multilateral development organizations like ADB, US Agency for International Development (USAID), etc. are also tapped to fund EAGA-related studies, conferences, training and capacity
building, travel and limited commodity support. The EABC office in Brunei Darussalam was initially hosted by the Brunei Government, then later by the Sarawak Government when it transferred to Kuching. The Malaysian Government has been hosting the BIMP-FC office in Kota Kinabalu since August 2003.

Financing the implementation of the EAGA roadmap is expected to follow previous arrangements but with a few significant changes. Participation of the government agencies and the private sector organizations of member countries will continue to be funded from their agency budgets. It is, however, proposed for member countries to explore the possibility of allocating “EAGA funds” earmarked for use by the various organizations for subregional activities. One way to do this is to allocate a regular annual budget, probably lodged with the NS of each member country, from where the agencies can draw their funding requirements. The other and more practical option is for each of the participating organization to allocate, as part of their regular annual budget, a portion for their respective EAGA activities. This would necessitate a conscious effort by each organization to include EAGA activities in their regular planning, budgeting and programming cycle. In addition, member countries will start a system of contributing towards the funding of EAGA logistical requirements for implementing subregional activities. This will start with multilaterally funding the operations of BIMP-FC. A similar arrangement may be adopted by the EAGA private sector whereby the focal organizations (and their members) in the member countries will share in funding the operations of the BEBC secretariat also in Kota Kinabalu. The same principle of sharing may be undertaken for EAGA-wide development projects.

Funding and technical assistance from EAGA’s development partners and partner organizations will continue to be tapped.

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