

**Germany's Facilitation to Indonesia in Cleaner
Production Norm Diffusion Processes:
The Case of Pro LH II Project (2004-2008)**

Inaugural-Dissertation
Zur Erlangung des Doktorgrades
der Philosophischen Fakultät
Der Westfälischen Wilhelms-Universität in Münster

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2014

OPTIMUS

Bibliografische Information der Deutschen Bibliothek

Die Deutsche Bibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.ddb.de> abrufbar.

Susanto, Siti Rokhmawati

Germany's Facilitation to Indonesia in Cleaner Production Norm Diffusion Processes:
The Case of Pro LH II Project (2004-2008)
ISBN 978-3-86376-145-5

Als Dissertation an der WWU Münster,
Fachbereich Politikwissenschaft angenommen.

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1. Auflage 2015

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URL: www.optimus-verlag.de

Printed in Germany

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To
Arif, Dayyinah, Tsabita, Hafidz,
and those who strive to learn

Acknowledgement

First and foremost, I thank Allah SWT, the almighty, for making this extraordinary journey possible. More than arranging one of academic-puzzles, writing a dissertation is another collective learning process of a human-being to re-gain wisdom and life-comprehension. Therefore, this dissertation is the product of collective endeavors from many individuals whom I cannot name each and everyone.

I am sincerely grateful to Professor Doris Fuchs, Ph.D., my first supervisor who always provides me with extreme patience, supports, and motivation during my study in Germany. It is a great opportunity for me to be one of her research students and gaining an experience to be “reborn” as a political researcher as well as a scholar. I also would like to express my gratitude to Professor Dr. Markus Lederer, who has agreed to be my co-supervisor and is willing to allocate his time to improve the scientific quality of my dissertation. I am thankful to Professor Dr. Susanne Feske, my former co-supervisor, who always wholeheartedly gives me constructive comments and continuous supports, including during my defense-preparation.

I would express my thankful to *Deutscher Akademischer Austausch Dienst* (DAAD). During my study in Münster, DAAD has facilitated my doctoral scholarship and supported my family to earn a very meaningful experience in Germany. I also thank Graduate School of Political Science (GRAsP), University of Münster, for providing me a fruitful learning atmosphere. Meeting a lot of passionate and inspiring individuals during my years at the institute is a truly privilege. Stephan Engelkamp, the “Asian-alike” colleague and mentor, who gives endless support and assistance for my research. Katharina Glabb, who is very thoughtful and continuously providing me constructive inputs. Antonia Graf, Ulrich Hamenstädt, Tobias Gumbert, Marilyn Brämer, Erik Antonczyk, Björn Goldstein, and all Professor Fuchs’s staff for every enlightening discussion and academic assistance.

I sincerely thank to my research sources, especially GTZ Pro LH II and staff (GIZ Jakarta), Ministry of Environment, Ministry of Foreign Affairs, Indonesian Cleaner Production Center (ICPC), Laweyan *Batik* Development Forum (FPKBL), PT. Kawasan Industri Jababeka (KIJA), Environmental Office of Yogyakarta Province, Environmental Offices of Sleman District and Surakarta

Acknowledgement

District, the Seyegan's village, and all individuals who have contributed in this research.

I also thank to Irfa Puspitasari, Wiwik Mardiyanti, and Adiasri Purbantina, who were helpful in collecting additional data and information. Rhoda Emilio and Karen Paterson, who were very patience to improve the quality of my academic writing. I also acknowledge Faculty of Social and Political Sciences (FISIP), Airlangga University, which has supported my study in Germany.

Behind the striving journey, there are a lot of people who move "the invisible hands" to smoothen my way. For my parents, Ibu Susiyati and (the late) Bapak Dugel Rubiyanto, both have been giving me endless love, dhu'a, and strength. My brothers Luthfi Susanto, Arief Susanto, Taufiq Susanto with their families; and Ibu Mardhiyah's family for the prayers and supports.

Finally, I indebted a lot to my beloved family. My husband, Arif Irwansyah, for his prayers, love, and supports; and my children, Dayyinah, Tsabita, and Hafidz, for their smiles, love, and sincerity. "When parents strive for a goal, their children (definitely) strive, too." Without them, I would not be able to complete this journey.

As the author of this dissertation, I claim all remaining errors are my responsibility.

Siti R. Susanto

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Acronyms

ADB	Asian Development Bank
<i>Amdal</i>	<i>Analisis Dampak Lingkungan</i> (Environmental Impact Assessment Report)
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> (National Government Budget and Spending)
APEL	Awareness and Preparedness Estate Level
ASEAN	Association of South East Asian Nations
B3	<i>Bahan Beracun dan Berbahaya</i> (Toxic and Hazardous Substance)
<i>Bapedal</i>	<i>Badan Pengendalian Dampak Lingkungan</i> (National Environmental Impact Management Agency)
<i>Bapedalda</i>	<i>Badan Pengendalian Dampak Lingkungan Daerah</i> (Regional Environmental Impact Management Agencies)
<i>Bappeda</i>	<i>Badan Perencanaan dan Pembangunan Daerah</i> (District Planning and Development Agency)
BKKBN	<i>Badan Koordinasi Keluarga Berencana Nasional</i> (National Family Planning Coordinating Board)
BLH	<i>Badan Lingkungan Hidup</i> (Environmental Office)
BLU	<i>Badan Layanan Umum</i> (Public Service Provider)
BMZ	<i>Bundeministrium für Wirtschaftliche Zusammenarbeit und Entwicklung</i> (German Ministry for Economic and International Development)
BPPT	<i>Badan Pengkajian dan Penerapan Teknologi</i> (Technology Assessment and Application Agency)
CaC	Command and Control
CBI	Clean Batik Initiatives
CP	Cleaner Production
CPCU	<i>Klinik Produksi Bersih Universitas Mulawarman</i> (Cleaner Production Clinic University of Mulawarman)
CSIR	Council for Scientific and Industrial Research
CSR	Corporate Social responsibility

Acronyms

DED	<i>Deutsche Entwicklungsdienst</i> (German Development Service)
DI/TII	<i>Darul Islam/Tentara Islam Indonesia</i> (Indonesian Islamic State/Indonesian Islamic Army)
DM	<i>Deutsche Mark</i> (West Germany's official former currency)
DML	<i>Dana Mitra Lingkungan</i> (Environmental Partnership Fund)
EKONID	<i>Perkumpulan Ekonomi Indonesia-Jerman</i> (German-Indonesian Chamber of Industry and Trade)
ENGOS	Environmental Non-Governmental Organizations
EPA	Environmental Protection Agency
FoE	Friends of the Earth
FPKBL	<i>Forum Pengembang Kampung Batik Laweyan</i> (Laweyan Batik Village Development Forum)
GBHN	<i>Garis Besar Haluan Negara</i> (The State's Policies Guidelines)
GDP	Gross Domestic Product
GHK	Good Housekeeping
GIZ	<i>Deutsche Gesellschaft für International Zusammenarbeit</i> (German Government-Owned Enterprise for International Cooperation)
GmbH	<i>Gesellschaft mit beschränkter Haftung</i> (Private Limited Company)
GTZ	<i>Deutsche Gesellschaft für Technische Zusammenarbeit</i> (German Government-Owned Enterprise for Technical Assistance)
HKI	<i>Himpunan Kawasan Industri</i> (Industrial Estate Developer Association)
ICPC	Indonesian Cleaner Production Center
IDR	Indonesian Rupiah
IEPC	Industrial Efficiency and Pollution Control
IGOs	Inter-Governmental Organizations
<i>Inpres</i>	<i>Instruksi Presiden</i> (Presidential Instruction)
Inwent	<i>Internationale Weiterbildung und Entwicklung</i> (International Further Education and Development)
IPAL	<i>Instalasi Pengolahan Air Limbah</i> (Waste-Water Treatment Plant)
IR	International Relations
ISO	International Standard Organization
IUCN	International Union for Conservation of Nature

<i>Jatam</i>	<i>Jaringan Advokasi Tambang</i> (Networks for Mining Advocacy)
JICA	Japan International Cooperation Agency
JPF	Joint Production Facilities
<i>Kaguma</i>	<i>Karya Agung Mandiri</i>
KB	<i>Keluarga Berencana</i> (Family Planning)
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German Development Bank)
KIJA	<i>Kawasan Industri Jababeka</i> (Jababeka Industrial Complex)
LEs	Large enterprises
LPMD	<i>Lembaga Permusyawaratan Masyarakat Desa</i> (Village Assembly)
LPTP	<i>Lembaga Pengembangan Teknologi Pedesaan</i> (Center for Rural Technology Development)
<i>Malari</i>	<i>Malapetaka 15 Januari</i> (Disaster of January 15)
<i>Melok</i>	<i>Manajemen Lingkungan Berbasis Keuntungan</i> (Profitable Environmental Management)
MFA	Ministry of Foreign Affairs
MMF	Ministry of Marine and Fisheries
MoC-SMEs	Ministry of Co-operatives and Small-Medium Enterprises
MoE	Ministry of Environment
MoF	Ministry of Forestry
MoH	Ministry of Health
MoHA	Ministry of Home Affairs
MoHS	Ministry of Housing and Settlement
MoI	Ministry of Industry
MoU	Memorandum of Understanding
MRT	Ministry of Research and Technology
<i>Musrenbang</i>	<i>Musyawahah Rencana Pembangunan</i> (Multi Stakeholder Consultation Forum for Development Planning)
NCPC	National Cleaner Production Centers
NCRC	National Committee for Responsible Care
NGO	Non-Governmental Organization
NGOs	Non-governmental organizations
OHSAS	Occupational Health and Safety Management System Specification

Acronyms

P3BD	<i>Pusat Pengembangan Produksi Bersih</i> (Regional Cleaner Production Development Center)
<i>Paklim</i>	<i>Perubahan Iklim</i> (Climate Change)
PKI	<i>Partai Komunis Indonesia</i> (Indonesian Communist Party)
PNBN	<i>Penerimaan Negara Bukan Pajak</i> (Non-Tax State Revenue)
PPP	Public-Private Partnership
Pro LH II	<i>Program Lingkungan Hidup Fase II</i> (Environmental Program Phase II)
<i>ProduksiH</i>	<i>Produksi Bersih</i> (Cleaner Production)
<i>Prokasih</i>	<i>Program Kali Bersih</i> (Clean River Program)
<i>Proper</i>	<i>Program Penilaian Peningkatan Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup</i> (Business Environmental Management Performance-Rating Program)
PT	<i>Perseroan Terbatas</i> (Private Limited Company)
RBA	<i>Rencana Bisnis dan Anggaran</i> (Business and Budget Planning)
RETA	Regional Environmental Technical Assistance
RMS	<i>Republik Maluku Selatan</i> (Republic of South Maluku)
SACPC	South Africa Cleaner Production Center
SDI	<i>Syarikat Dagang Islam</i> (Islamic Trading Association)
SKPD	<i>Satuan Kerja Perangkat Daerah</i> (District Government's Working Units)
SMEs	Small and Medium Enterprises
UNCHE	United Nations Conference on Human and Environment
UNEP	United Nations Environment Program
US	United States
USSR	Union of Soviet Socialist Republic
VCPV	Vietnam Cleaner Production Center
VIP	Very Important Person
<i>Walhi</i>	<i>Wahana Lingkungan Hidup Indonesia</i>
WWF	World Wildlife Fund for Nature

Abstract

Deutschlands Beitrag zur Förderung der „Cleaner Production“ (CP) Normdiffusion in Indonesien: Das Beispiel des Pro LH II Projektes (2004 – 2008)

Die vorliegende Dissertation analysiert die Normdiffusion in Entwicklungsländern durch bilaterale Zusammenarbeit im Umweltbereich. Insbesondere ermittelt sie am Beispiel des so genannten Pro LH II Projektes Bedingungen, unter denen eine Diffusion der „Cleaner Production“ (CP) Norm in Indonesien möglich ist, die durch bilaterale Umweltkooperation zwischen Deutschland und Indonesien gefördert wird.

Eines der Ziele des oben genannten Projektes war die Verbreitung der CP Norm im innenpolitischen Kontext in Indonesien, ausgeführt durch vier Hauptprojekte, die dieser Arbeit als Fallbeispiele dienen: diese umfassen die Gründung des indonesischen „Cleaner Production“ Zentrums (ICPC), die Förderung der CP Norm unter mikro, kleinen und mittelgroßen Unternehmen in urbanen (Laweyan-Surakarta) und ländlichen (Seyegan-Sleman) Gebieten und die Gründung der ersten indonesischen Öko-Industrie, die im Industriekomplex Jababeka (KIJA) ansässig ist. Das Projekt wurde durch die Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ) koordiniert, die die deutsche Regierung repräsentiert; als Host Manager wurde das indonesische Umweltministerium bestimmt.

Ausgangspunkt der vorliegenden Arbeit ist die Tendenz globaler Normen, sich auf die innerstaatliche Politikebene zu verbreiten; dennoch ist zu beobachten, dass die Einhaltung dieser Vorschriften in vielen Ländern unterschiedlich gehandhabt wird. Diese unterschiedliche Einhaltung der Vorschriften ist abhängig von bestimmten Bedingungen, die die Normdiffusion beeinflussen.

Die vorliegende Dissertation strukturiert und validiert Hypothesen, die auf Grundlage von rationalistischen und konstruktivistischen Ansätzen formuliert werden. So werden insbesondere materielle innenpolitische Interessen, lokale politische Strukturen und soziales Lernen als grundlegende Faktoren identifiziert, die Normdiffusionsprozesse in Indonesien begünstigen. Es wird die Auffassung vertreten, dass die CP Normen innerhalb der indonesischen Politik

Abstract

verbreitet werden können, wenn die GTZ als Deutschlands Repräsentant a) die CP Normen mit indonesischen Wirtschaftsinteressen verbindet; b) die aktuellen Rahmenbedingungen der indonesischen Umweltpolitik einschließlich der Beziehungen zwischen nationalen staatlichen und nichtstaatlichen umweltpolitischen Akteuren einbezieht; c) zusammen mit indonesischen Akteuren die Wichtigkeit der Bedeutung der CP Normen durch wechselseitige Lernprozesse verinnerlicht.

Die Arbeit ist wie folgt aufgebaut: Im ersten Kapitel werden die Problemstellung, der Forschungshintergrund und die Forschungsfrage, die dieser Arbeit zugrunde liegen, die Instrumente, die zur Analyse der Forschungsfrage eingesetzt wurden, und die Struktur des gesamten Forschungsberichts näher erläutert. Im zweiten Kapitel wird der theoretische Rahmen erörtert, um eine wissenschaftliche Grundlage für eine umfassende Darstellung der Normdiffusion für die oben genannten Fallbeispiele zu schaffen. Das dritte Kapitel erläutert den historischen Kontext des Pro LH II Projektes und stellt dessen Beziehung zu den CP Normen dar. Außerdem wird ein kurzer Überblick über die Entwicklung der bilateralen Kooperation zwischen Deutschland und Indonesien vom Beginn bis zur Schaffung des Projektes Pro LH II gegeben. Dieser beinhaltet zudem eine kurze Beschreibung der vier Fallbeispiele und deren Mitwirkung am Pro LH II Projekt. Im vierten Kapitel wird die Rolle ökonomischer Interessen für die Beschleunigung der CP Normdiffusion in Indonesien analysiert. Insbesondere werden Ansätze der GTZ untersucht, die die CP Normen in den vier Fallbeispielen begünstigen. Diese basieren – das sei hier vorweggenommen – auf den Bestrebungen, die CP Normen mit den indonesischen Wirtschaftszielen zu verbinden. Das fünfte Kapitel skizziert die Rolle der aktuellen Strukturen für Umweltfragen, die die CP Normen in Indonesien begünstigen. Vor allem werden die Strategien analysiert, mittels derer die GTZ versucht, ihre Ziele mit lähmenden Rahmenbedingungen der Umweltpolitik in Indonesien in Einklang zu bringen. Anschließend beleuchtet Kapitel sechs die Rolle des sozialen Lernens, den vor der GTZ in den vier Pilotprojekten angewandt wurde, als Einflussfaktor der die CP Praktiken in Indonesien vorantreibt. Das siebte Kapitel fasst die Ergebnisse der Arbeit in einem Fazit zusammen.

1 Introduction

This dissertation centers on the investigation of norm diffusion processes in developing countries facilitated by environmental bilateral cooperation. It particularly identifies conditions promoting the diffusion of cleaner production (CP) norms¹ in Indonesia, supported by German and Indonesian environmental bilateral cooperation², known as the *Program Lingkungan Hidup*, phase II (Environmental Program-Pro LH II Project)³ from 2004-2008. One aim of the project was to disseminate CP practices in the Indonesian domestic context, carried out through four major projects, comprising the establishment of the Indonesian Cleaner Production Center (ICPC), the promotion of CP practices among small and medium-sized enterprises (SMEs) in urban and rural areas, and the establishment of the first eco-industrial estate in Indonesia, located in the Jababeka Industrial Complex (*PT. Kawasan Industri Jababeka-KIJA*⁴). The project was coordinated by the *Deutsche Gesellschaft für Technische Zusammenarbeit*

¹ This thesis focuses on norm diffusion processes. However, the word “norms” will be interchangeably used with “practices”. The former presents CP as an abstract concept which relates to a specific academic discourse and is mostly mentioned in the introduction and theoretical chapters; meanwhile, the latter illustrates CP as a concrete industrial technique and is mainly mentioned in the analysis chapters. A comprehensive definition of norms and CP is elaborated in another part of this chapter.

² To some extent, environmental cooperation is also defined as environmental assistance from developed to developing countries. According to Stokke (1995), environmental assistance, which is also known as environmental aid, environmental funds, or environmental financial transfer aid, is the second generation of development assistance, focusing on economic development and environmental preservation. It is usually given in various forms, such as official grants, technical assistance, and loans.

³ It was a part of the Pro LH Project, which was previously agreed by both countries to operate from 1999 to 2011. One objective of the project was to promote CP practices in Indonesia. However, GTZ changed the project’s objectives into Climate Change (*Perubahan Iklim Project-Paklim*) in 2008. Thus, the Pro LH project was conducted from 1999 to 2008. In its implementation, the project was divided into two phases, 1999-2003 and 2004-2008. In the first phase concerning CP practices (1999-2003), the project’s main objective was to promote CP practices among individual industrial companies. Yet, it was shifted in the second phase, into promoting CP practices among industrial clusters, both small and large due to the reasons of project effectiveness. To note, the second phase of the project becomes the focus of this thesis. In addition, the funds for the project came mostly from Germany; yet, it also included funds from Indonesia. According to the early plan of the Pro LH II project (2004-2011) for example, the German Ministry for Economic Cooperation and Development (*Bundeministerium für Wirtschaftliche Zusammenarbeit und Entwicklung*-BMZ) provided € 11.7million (BMZ 2005) and the Indonesian Ministry of Environment (MoE) contributed some parts of the funds, taken from the National Government Budget and Spending (*Anggaran Pendapatan dan Belanja Negara*-APBN). Despite being named as a program; this thesis defines the cooperation as an environmental project since the characteristics of the cooperation were closer to a project, for instance having a limited time-duration, a smaller number of personnel, and a smaller budget (Choudhury 1989; Prescott and Smith 1987).

⁴ PT stands for *Perseroan Terbatas*, an Indonesian term for joint-stock of a private company.

*GmbH*⁵ (GTZ), representing the German government, with the Indonesian Ministry of Environment (MoE) appointed as the host manager.

In general, this thesis delineates conditions required for CP norm diffusion processes, driven by environmental bilateral cooperation. The departure point of the thesis is the tendency of global norms to diffuse into national politics; yet, they produce different degrees of compliance towards different states (Checkel 1997; Finnemore and Sikkink 1998; Legro 1997). To some extent, the different degree of compliance is contingent on certain variables, particularly related to conditions surrounding the diffusion process.

This thesis argues that CP norms are to be diffused within Indonesian national politics when GTZ, as Germany's representative: first, associates CP norms with Indonesian economic interests; second, accommodates the involvement of Indonesia's current environmental structures, portraying the relationship of domestic environmental actors, between state and non-state; and third, involves collective participation among actors to understand the complete meaning of CP practices.

Finally, this introductory chapter elaborates on the problem statement, background, research questions, theoretical tools, methodology applied, and the structure of the study in order to lay-out the preliminary understanding of the topic.

1.1 Problem Statement

In studies about norm diffusion; international norms, such as human rights (Risse, Ropp, and Sikkink 1999), racial equality (Klotz 1995), women's suffrage rights (Finnemore et al. 1998), the non-usage of nuclear weapons (Florini 2001), and norms against bodily harm (Sundstrom 2005) are discerned as strategic variables in shaping global politics. Although norms are embodied in a form of ideas—in contrast to other material political entities, for instance geographical conditions, military capabilities, and people—they remain influential to determine

⁵ *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ) is a German government-owned enterprise, which specifically works and deals with international technical cooperation. It is responsible for the provision of administrative and professional assistance for developing countries on behalf of the German government. GTZ ensures that technical solutions and management methods used in the projects are compatible with the socio-cultural and economic conditions of developing countries (Stephen 2009). From 1 January, 2011, GTZ was merged with other German development institutions, such as the German Development Service (*Deutsche Entwicklungsdienst-DED*) and the International Further Education and Development (*Internationale Weiterbildung und Entwicklung GmbH-Inwent*), to establish the German Agency for International Cooperation (*Deutsche Gesellschaft für International Zusammenarbeit-GIZ*). This thesis refers to GTZ since the project was conducted during its administration. Additionally, *Gesellschaft mit beschränkter Haftung* (GmbH) is a German terminology for the legal status of a private company.

both domestic and international politics. Norms are flexible to spread worldwide and create particular behaviors among states, making their roles significant in the context of international relations (IR). Flexibility means that norms are transferable through states' interactions and they create "legitimacy". This legitimacy is incorporated in norm definitions either as "standards of behavior defined in terms of rights and obligations" (Krasner 1983: 2) and "shared (social) understanding of standard of appropriate behaviors" (Klotz 1995: 451). Consequently, states strive to comply with particular norms in order to obtain legitimacy. This portrays that the power of norms is sometimes more capable of influencing a country's policies than the power of material sources (Klotz 1995).

Several IR scholars, both rationalist (Axelrod 1986; Cortell and Davis 1996, 2000; O'Neill, Balsiger, and VanDeveer 2004) and constructivist (Checkel 1999, 2001; Finnemore et al. 1998; Risse and Sikkink 1999; Strang and Meyer 1993; Klotz 1995) agree that the ability of norms to spread worldwide, known as diffusion, is determined by interactions among political actors. In this regard, international cooperation becomes an effective way to disseminate particular norms worldwide, particularly between developed and developing countries. The latter tends to comply with norms that usually come from the former because most international norms are rooted in Western world culture that is highly rationalized, articulated, and sometimes consensual (Strang et al. 1993). These influential norms spread to developing countries with a conviction that they likely enable these countries to pursue their universal and desirable goals, such as justice/equality and progress/wealth accumulation (Finnemore 1996: 326).

This thesis focuses on the diffusion of CP norms in Indonesia under the Pro LH II project, as they became one main concern in the environmental bilateral cooperation between Germany and Indonesia. CP norms are examples of international references that increasingly shape environmental domestic policies in developing countries. Highlighting the industrial pollution prevention approach, these norms were officially introduced in 1989 by the United Nations Environment Program (UNEP). UNEP (1994) defined CP as "the continuous application of an integrated preventive environmental strategy to processes, products, and services, to increase efficiency and reduce risk to human and the environment". To some extent, CP norms present the assurance of justice and progress, two values representing the Western world culture. In the context of justice, CP norms provide equal opportunities for all human-beings in all generations to afford and to sustain their social and physical welfare, which indirectly incorpo-

rates the norms with the concepts of “sustainable development⁶” and “sustainable consumption⁷”. Likewise, CP also presents progress and wealth accumulation, which can be seen from its objectives to increase economic development and industrial productivity through the minimal use of energy, resources, and raw materials (Van Berkel 2011). Similar to other international norms that have been globally diffused, CP norms encounter constraints in conjunction with a state’s compliance, particularly in developing countries which are mostly not part of the Western entity. Even though nowadays many developing countries, including Indonesia, are gradually applying the norms; they still struggle to recognize CP in their domestic politics. This thesis, therefore, examines conditions for the diffusion of CP norms in Indonesia.

1.2 Thesis Background

In delineating the research question, this thesis is based on the framework of norm diffusion. The framework is relevant due to: first, the lineage of Indonesia’s environmental history shows that the institutionalization of environmental issues is usually propelled by the involvement of foreign actors or transnational-advocacy networks, ranging from inter-governmental organizations (IGOs) to international environmental non-governmental organizations (ENGOS). The establishment of the MoE in 1978 is an example of the significant international influence on Indonesia’s environmental policy. At that time, efforts to institutionalize environmental issues in a particular ministry was an unusual breakthrough because of the Cold War escalation. Nevertheless, the United Nations Conference on Human and Environment (UNCHE), known as the Stockholm conference in 1972, successfully changed the world’s constellation by spreading a new collective thought, environmental preservation. After the conference, countries which participated at the event were advised to set up an environmental institution in their domestic politics. Indonesia established the MoE—chaired by a cabinet member (Santoso 1999) and it became one of the first few states to do so (Gordon 1998: 160). Since then, Indonesia has gradually developed its concern

⁶ In 1980, the International Union for Conservation of Nature (IUCN) published the World Conservation Strategy (IUCN 1980) to introduce the concept of sustainable development. It defined the concept as “the management of human use of the biosphere so that it may yield the greatest sustainable benefit to present generations while maintaining its potential to meet the needs and aspirations of future generations.”

⁷ Sustainable consumption reflects a global environmental problem where developed countries experience consumptive prosperity and rising consumption levels; meanwhile developing countries experience the contrast conditions. Fuchs and Lorek (2005: 262) argue that sustainable consumption should focus on two developments: increasing industrial efficiency through technological improvements or eco-efficiency of consumption and changing consumption patterns by reducing consumption levels in industrialized countries.

for environmental issues and actively participated in international environmental initiatives.

Second, the development of Indonesian environmental NGOs—in number and quality, is inescapably associated with international support from environmental transnational networks. The development of *Wahana Lingkungan Hidup Indonesia (Walhi)*, the most prominent environmental NGO in the country (Cotton 1999: 18; Hardjono 1991) illustrates the argument. Even though the initiatives to establish the organization in 1980 came from Emil Salim, the first Minister of Environment and Population; *Walhi's* organizational and strategic transformations were mostly affected by an international ENGO, Friends of the Earth International (FoE) which provided intensive support (Raitzer 2008). Nowadays, the role of international ENGOs in Indonesia has developed, shown by the contribution of Greenpeace Southeast Asia and the World Wildlife Fund for Nature (WWF) that currently run their offices and projects in Indonesia (Cotton 1999). International ENGOs remain the significant pillar in Indonesia's environmental politics as they continuously advocate the environment, alongside with the government and national ENGOs.

To some extent, investigating the evolvement of environmental consciousness in Indonesia cannot be disentangled from the role of Germany. First, Germany has not only become one of the largest environmental donors⁸ worldwide (Hicks, Parks, Robert, Tierney 2008), but it also has become one of Indonesia's prominent environmental supporters. For years, Indonesia has been granted millions of dollars of development assistance, most of which has come from Japan, the United States, Australia, the Netherlands, and Germany (www.oecd.org). This financing trend does not, however, remain the same in the context of environmental assistance. It is not always the case that the largest donor is also the largest supporter of the environment. Germany's significant contribution to Indonesia's environment likely illustrates the argument that Indonesia is one of Germany's anchor countries⁹. Table 1.1¹⁰ shows Germany's significant efforts to provide environmental funds for Indonesia.

⁸ Germany shared its position together with the World Bank, the Asian Development Bank (ADB), and Japan (Hicks et al. 2008: 248). Accordingly, Germany obtains international recognition for its contribution worldwide as a country that has displayed strong national green sentiments for the longest period of time (Haas 2001: 163) as well as being the world's environmental pacesetter (*Time* 17 April 2008).

⁹ Germany had appointed countries with significant regional and global economic capabilities and political influences as anchors, such as China, India, Indonesia, Pakistan, Thailand, Egypt, Iran, Saudi Arabia, Nigeria, South Africa, Argentina, Brazil, Mexico, Russia, and Turkey (Hoven and Kanera 2004). Germany focuses on having a good partnership with these countries to help them to reduce poverty, to promote sustainable development, to sustain peace and security, to strengthen global governance, and to protect the collective good.

¹⁰ The table shows that from 2006 to 2007, Germany was the second largest environmental assistance donor to Indonesia, after Japan. Yet, according to several studies (Ensign 1992; Potter 1994), Japan's contribution is

Table 1.1 Environmental Assistance to Indonesia 2006-2007

No.	Donor countries	Environmental focused aid (in USD Million)	Environmental-focused aid (in percent)
1.	United States	Not identified	Not identified
2.	Japan	322	35%
3.	Germany	30.04	24%
4.	Canada	11	16%
5.	Australia	11	6%
6.	Netherland	5.31	3%

Source: “Aid in Support of Environment”, <http://www.oecd.org/dataoecd/53/54/43960145.pdf>.

Second, Germany became the first donor that officially applied constructive and empowering environmental assistance to Indonesia, the so-called “debt for nature swap”¹¹ in 2006 (Buckley and Freeland 2011: 36). The scheme constitutes an exchange mechanism between developed and developing countries in dealing with foreign debt by “trading” a certain amount of debtors’ loans with its local currency to be invested in domestic environmental projects, such as setting up environmental education or environmental policy (Lovejoy in Cole 1992: 73). Germany used the scheme to provide soft-loans for SMEs which adopted environmental aspects in their industries, known as the Industrial Efficiency and Pollution Control (IEPC) program and conducted under MoE (USAID, AECEN, ICEL, and MoE: 2008). Third, Germany particularly has provided Indonesia with a significant support, including development assistance, after entering a new phase of its political history, *reformasi*¹² in 1998 (www.auswaertiges-amt.de). In this regard, the Pro LH project I and II (1999-

considered insignificant in term of environmental aspects because it is merely derived from economic and business interests, instead of environmental concerns.

¹¹ Based-on Potter’s research (1994), ‘debt for nature’ swap is classified as an innovative arrangement for environmental assistance. There are similar commitments given by other donors, such as from the US and Japan, to Indonesia. However, the US commitment came later in 2009 (Buckely and Freeland 2011: 36; Cassimon, Prowse, Essers 2011); while the Japanese commitment has not yet been identified.

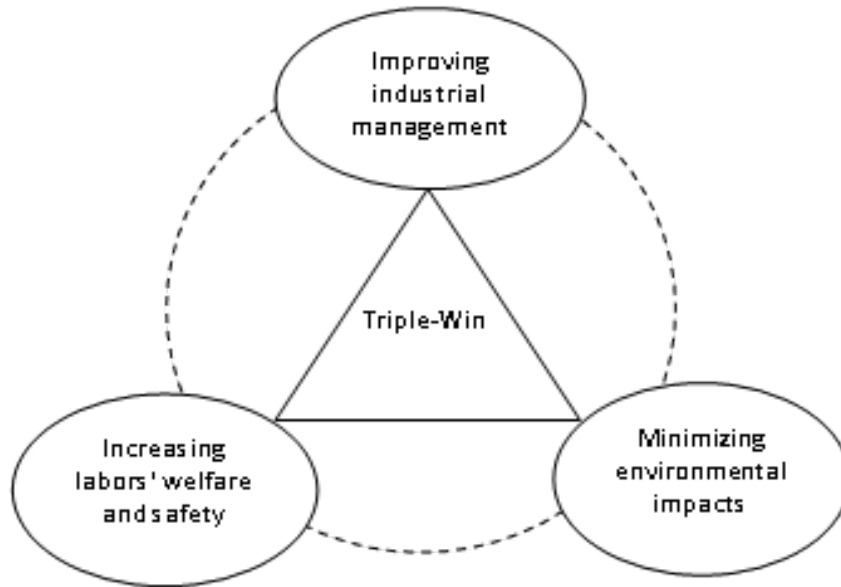
¹² For most Indonesians, *reformasi*—absorbed from the English-word “reform”, means Indonesia’s new political phase to re-embrace profound democratic principles representing equality, justice, welfare, and supremacy of law in the national systems. This commitment was re-strengthened after the collapse of Suharto’s administration due to the most massive and lethal social-political unrest, organized by Indonesian students and other civil society activists, on 8 May 1998. Indonesia had been under the Suharto’s pseudo-democratic regime for more than three decades. Suharto was the Indonesia’s second president, who held power from 1966 to 1998 replacing the former president, Sukarno, after successfully tackling a failed coup by the Indonesian Communist Party (*Partai Komunis Indonesia*-PKI) in 1965. With his ‘New Order’ regime, he committed to Western democracy and subsequently allowed enormous foreign investors to run their companies in Indonesia. Instead of strengthening democratic principles, Suharto’s administration gradually transformed into an authoritarian government and confined most public opinions and activities.

2008) exemplifies Germany's continuous support for Indonesia's environment as well as for democracy.

Therefore, Indonesia has obtained many benefits from Germany, material and non-material, to improve its environmental quality. Material support consists of financial and technical assistance to carry out environmental programs; whereas non-material supports are embodied in the form of environmental initiatives and norms that are diffused along with the material support. The promotion of the community forest-based management and CP practices are a few examples of Germany's non-material support to the country. This thesis examines both material and non-material aspects that are intertwined, but lays more emphasis on the diffusion of environmental norms.

In relations with Germany's environmental non-material support, the promotion of CP practices, particularly under the Pro LH II project – focusing on large and small industries, is one significant example; as it remains very strategic in Indonesia's environmental policies. First, it has a direct relationship with the industrial sector, one of the major national waste producers in Indonesia (López, Sterner, and Afsah 2004: 6). Produced by large (LEs) and medium, small/micro-sized enterprises (SMEs), industrial waste becomes a significant concern since it contains toxic and hazardous substances (*Bahan Beracun dan Berbahaya-B3*), that devastate and endanger the environment and all living creatures. To minimize such an impact, industrial waste requires particular treatments before finally being disposed to the nature and CP becomes an alternative solution to deal with the destructive impacts. Second, CP has a larger multiplier effect than its industrial concern. This known as the triple-win approach (Kürzinger and Miller 2009), a comprehensive benefit among industrial actors in practicing CP, consisting of the improvement of industrial management, the increasing welfare and safety of labor, and the minimization of environmental impacts. Indeed, these three issues are important in Indonesia's national context, especially after the era of *reformasi*.

Figure 1.1 The Triple-Win Approach



Source: Tischer and Scholaen 2003

1.3 Theoretical Tools

The diffusion of CP norms facilitated by bilateral cooperation constitutes a complex phenomenon, in terms of actors, methods, and objectives. It requires precise theoretical frameworks that can be used to analyze the case. To do so, this dissertation structures and validates the hypotheses based on rationalist and constructivist approaches as its theoretical ground. Rationalism is employed to give a foundation for a theory on domestic material interests; whereas, constructivism is used to explain theories on domestic political structures and social learning. Rationalism refers to a political mainstream which claims that material aspect and cost-benefit calculations are the most prominent factors to shape international politics. It portrays the pursuit of actors' interests and capabilities through establishing the most effective and efficient adjustment in order to deal with environmental limitations and constraints (Reus-Smit 2009: 216). To some extent, the rationalist approach emphasizes the role of agent. In contrast, constructivism perceives the importance of the world's non-material aspect containing a system of shared ideas, beliefs, and values. These non-material entities exert a powerful influence on social and political action (Reus-Smit 2009: 220). The constructivist approach merely focuses on the role of structure, which is defined as clusters of rules and stable meanings that result from institutional practices (Klotz and Lynch 2007).

Relating to the research question, theories of material domestic interests, domestic political structures, and social learning provide the inevitable basis to identify factors accelerating norm diffusion processes in domestic politics. Neither directly associated with the diffusion of CP norms nor with the development of Indonesia's environmental politics, these theories are useful as the basic analytical tools in delineating the phenomenon.

Firstly, the theory of domestic material interests is important since it highlights the contribution of material orientation espoused by state or societal group in the process of norm diffusion. Studies have shown that the adoption of international norms in national politics is important once they are perceived as a supporting variable to pursue domestic material interests, either for the economy or for security (Cortell et al. 2000: 77). International norms are unlikely to permeate national context unless they are linked to the important material interests of the state and efforts to do so will not weaken the norms (Cortell et al. 2000: 78). Although the case of norms diffusion mostly emphasizes the normative aspect of norms, relying on the role of cognitive and normative understanding rather than a cost/calculation approach; the use of material factors is still justifiable (Finne- more 2003: 140) as another point of view to delineate the process of norm diffusion.

Second, the utilization of domestic political structures theory in this thesis provides an adequate explanation of the role of a domestic system in stimulating political change. It is the basic requirement to be concerned with, because domestic political structures are the strategic entrance for new values to be officially recognized in domestic politics. Considering that norms mostly come from international origins; efforts to promote them in the national context must acknowledge domestic political structures. According to Risse-Kappen (1995: 6), accommodating domestic political structures is similar to opening the domestic channels and establishing "winning coalitions", so that norms can be integrated into political systems or become national policies. The theory is inevitable for this research because it strongly linkages domestic political structures and international norms.

Third, social learning theory which leans towards the constructivist approach is employed to dissect the mechanisms between promoter and recipient states in developing their collective understanding towards particular norms, including in dealing with their diffusion. Social learning is an integrated approach between the two parties to understand the norms, encompassing cognitive, relational, and complex processes in order to accomplish a consensual agreement (Checkel 2001; Breit and Troja 2003; Wildermeersch 2007). It usually relies on collective

persuasion, deliberation, and argumentation, rather than overt coercions, sanctions, and manipulations (Checkel 2001: 56).

1.4 Thesis Contributions

The main objective of this thesis is to conduct an empirical analysis examining conditions required for norm diffusion processes. In particular, first, this thesis examines a new case in the contemporary relations of Germany-Indonesia development cooperation based on the norm diffusion framework. This empirical case is relevant since the role of Germany's environmental assistance in Indonesia's environmental politics remains an unexplored research subject in both countries' development and IR literatures, even though the facts are ubiquitous. Second, it emphasizes the role of norms in influencing national policy. However, norm studies become a minor subject in Indonesia's IR due to the dominant influence of the rationalist approach. Students, who are interested in studying non-material structures, including norms, do not have adequate opportunity to profoundly acknowledge the topic. Therefore, they hardly identify the influential position of non-material structures in IR. Third, this thesis attempts to delineate experiences and responses of various domestic environmental actors simultaneously, once they have to deal with new particular norms. Most previous political and environmental research in Indonesia has not sufficiently dealt with this profile. Rather, it prefers to emphasize the dynamics of a single actor, either from the perspective of government (Santoso 1999; Shakeb, Laplante, Makarim 1996; Shakeb, Blackmann, Ratunanda 2000) or non-government actors (Nomura 2006; Di Gregorio 2011; Ichihara 2010), which sometimes undermines others.

This thesis attempts to provide more valid and comprehensive arguments in delineating the complete picture of Indonesia's environmental politics. Fourth, it investigates the relationships between *reformasi*, the development of democratic practices, and the recognition of international norms in Indonesia. Norm issues are inescapably relevant after Indonesia entered a new political dynamic, *reformasi*. Yet, these issues have not been comprehensively investigated by scholars, who have special interests in Indonesia. Post-*reformasi*, Indonesia's political profile is not only more open to the influence of grass-roots societies, but also to international actors who promotes international norms. To some extent, *reformasi* has transformed the Indonesian government and its people to be more committed in pursuing equality, justice, freedom, and welfare—values that have been associated with Western norms.

Fifth, this thesis highlights a specific theme in Indonesia's pollution issues, CP. So far, CP has been less explored within national environmental research since the national attention has been dominantly focused on general pollution issues¹³ (Cribb 1988; 1990) or several other more well-known policies, such as the Clean River Program (*Program Kali Bersih-Prokasih*), focusing on the discharge of industrial pollution in water ways (Kaiser and Schulze 2003; MacAndrews 1994) and the Business Environmental Management Performance-Rating Program (*Program Penilaian Peningkatan Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup-Proper*), the voluntary disclosure of a rating system among industrial companies towards environmental pollution compliance (Afsah and Vincent 1997; Afsah et al. 2000; Kaiser et al. 2003; López, Sterner, Afsah 2004). CP concepts are the basic aspects of most environmental regulations in Indonesia, but it has not been comprehensively examined.

Although it endeavors to investigate a new empirical case in Indonesia's environmental politics as well as IR, this thesis entails several limitations. First, although it includes bilateral development assistance as a tool to stimulate norm diffusion, it neither examines in much detail the impacts of environmental assistance nor claims that foreign assistance is always benign for recipients. Rather, this thesis emphasizes conditions that environmental foreign assistance should create in order to leverage norm diffusion in developing countries. Second, even though this thesis investigates the dynamic relations between developed and developing countries in promoting particular norms, it does not attempt to reveal the most significant actor who determines the diffusion process. Third, it does not focus on the context of CP policy transfer from Germany to Indonesia. To some extent, policy transfer merely highlights the more detailed national decision-making process or governmental activities that have not been the main focus of this thesis.

1.5 Research Methodology

This study employs qualitative analysis to delineate the topic. Qualitative analysis is drawn from qualitative data collected from respondents and related research reports. It enables one to understand a particular event, an individual case, a decision, an institution, a location, an issue, or a piece of legislation (King, Keohane, and Verba 1994: 4), which contains an enormous amount of information; yet sometimes only very little of the information is related to the phenomenon (Mahoney and Goertz 2006: 227). Classifying information and de-

¹³ It refers to water, air, and soil pollution.

Deciding whether the information relates to the event or not is the main goal of the analysis.

The qualitative analysis in this thesis refers to case studies. Case studies offer the possibility to comprehensively explore the event, even though the selected cases may not allow a broader generalization (King et al. 1994). According to Klotz (2009: 49), case studies trace a causal process that links the proposed independent variable to the dependent one, in order to provide an explanation for why the pattern emerges. In particular, this thesis selects four case studies to encompass three relevant activities conducted under the Pro LH II project: the establishment of the Indonesian Cleaner Production Center (ICPC), the promotion of CP practices among SMEs—*batik*¹⁴ industry in Laweyan-Surakarta and a to-fu¹⁵ industry in Seyegan-Sleman and the establishment of the first Indonesian eco-industrial estate in KIJA. Not only being mentioned in the project agreement, these case studies show the causality between the thesis's dependent and independent variables. Furthermore, they represent experiences of different actors, comprising the government, society-rooted SMEs in urban and rural areas, and LEs. Having various activities and actor typologies, this research attempts to validate its findings.

This thesis is based on Indonesian environmental actors' perspectives, represented by the government, environmental NGO activists, academics, and communities involved in the project. Being the *locus* of the CP project, Indonesia experienced a range of consequences—either success or failure of norm diffusion—which becomes the major concern of the thesis. However, this thesis also invokes the perspective of the German experts, represented by the staff of GTZ Pro LH II project and other related institutions, in order to strengthen the thesis's objectivity. Considering Indonesia post-*reformasi* when the demand for comprehensive policy reform is increasing, this thesis can also be a reference to demonstrate a balanced assessment of the impact of environmental bilateral cooperation in transforming Indonesia's environmental policies. Nevertheless, this assessment does not merely represent the governmental perspective; rather, connotes the dynamic interactions between local, national, and global environmental actors.

For the research's timeframe, this thesis starts its examination in June 2004 when the Pro LH II project agreement was signed, to December 2008 when the project ended and changed its orientation to climate change issues.

¹⁴ *Batik* is a certain traditional dyeing technique on textile/cloth, utilizing wax; yet, it currently applies modern equipments.

¹⁵ Tofu is also known as bean curd, half-cooked white block soybean product.

To collect data and information, this thesis used expert interviews and content analysis of public documents. Firstly, expert interviews focus on experts or elites to acquire primary data on a particular condition of political processes. According to Lewis (2006: 18), elite interview is used in order to treat interview respondents as subjects who are considered important and have very significant positions. The interview requires VIP (very important person) interviewing techniques to explore the respondents' comprehensive information and exposure related to the topic. For this project, the intensive elite interviews focused on Indonesian government officials who were involved in the project, for example bureaucrats from the Ministry of Environment (MoE), the Ministry of Foreign Affairs (MFA), the Indonesian Cleaner Production Center (ICPC), the Municipality/Regency Environmental Offices (*Badan Lingkungan Hidup Kabupaten/Kotamadya-BLH*) of Surakarta and Sleman, the District Planning and Development Agency of Sleman (*Badan Perencanaan dan Pembangunan Daerah-Bappeda*), the Seyegan Sub-district Office (*Kantor Kecamatan*), and the village office (*Kantor Kepala Desa*) of Margoagung, Seyegan; GTZ Pro LH II project's staff; and Indonesian non-bureaucrat actors who were members of local society associations, such as the Laweyan Batik Village Development Forum (*Forum Pengembang Kampung Batik Laweyan-FPKBL*), the Seyegan tofu producers' association (*Karya Agung Mandiri-Kaguma*), representatives from KIJA, a university representative, an ENGO activist, and private environmental consultants.

Most experts were interviewed using semi-structured interviews, where they had been given several basic questions a few days before the interviews took place and these questions developed during the actual interviews. Expert interviews were carried out through direct interviews and e-mail correspondence, taking place from November 2010 to April 2013. Direct interviews were conducted in three batches, the first-batch of interviews was obtained from fieldwork in Indonesia, from November 2010 to January 2011; the second-batch of interviews was conducted by a research-assistant from March to April 2012; and the third batch of interview was a telephone conference on 23 June 2012. Additionally, e-mail correspondence is used to complementary the information obtained from direct expert interviews. It was conducted irregularly during November 2010 to April 2013.

Secondly, this thesis also employed content analysis of public documents, a research technique that focuses on the profound interpretation of significant events based on documentary sources (Burnham et al. 2004: 184; McNabb 2010), for instance official documents—both published and unpublished—from the German and Indonesian governments and several international institutions,

journals, articles, newspaper, and online sources. Conducted through library research, the in-depth analysis of documented sources enabled the researcher to identify initial and advanced research findings. The documentary analysis in this thesis mainly refers to sources published from 2004 to 2008; however, it also includes data and information beyond the research's timeframe as much as it relates to the topic.

Finally, this thesis employed a three-step research method to structure the hypotheses. First, it documented the dependent and independent variables and operationalized the concept of each variable. Second, it delineated the four case studies according to the two variables. Third, it analysed each case study, whether there were causalities between dependent and independent variables or not.

1.6 Understanding the Thesis's Concepts and Working Definitions

This thesis is built on several basic concepts, encompassing norms, diffusion, and cleaner production (CP). An explanation of these concepts is necessary to structure the thesis's arguments. Firstly, norms are the most prominent concept in this thesis. According to IR literature, norms are interpreted differently by each political perspective, depending on their approach. As noted earlier, the rationalist approach defines norms as "standards of behavior defined in terms of rights and obligations" (Krasner 1983: 2); meanwhile, constructivism perceives norms as shared understandings of standards of appropriate behavior that shape identities, interests, and policies (Finnemore et al. 1998: 891; Katzenstein 1996: 29; Klotz 1995: 451). These two definitions are different as the former emphasizes an enforced perception due to coercive power; whereas, the latter highlights a voluntary and inter-subjective consciousness derived from knowledge and a logical selection process, called the cognitive approach. Since this thesis combines the rationalist and constructivist approaches, the norm definition that is used refers to both perspectives. This thesis defines norms as particular behaviors that are collectively perceived as good, promoted through either enforced or voluntary mechanisms, ranging from coercive to cognitive approaches.

Secondly, diffusion is another main concept of this thesis. In the context of Political Science, diffusion is an important topic (Checkel 1999; Cortell et al. 2000; Finnemore et al. 1998; Strang et al. 1993). It is strongly related to the nature of norms, referring to their ability to dynamically transfer over geographical areas. However, one important issue regarding a diffusion process is its role in determining why particular norms resonate with domestic contexts while others

do not (Checkel 1999; Cortell et al. 2000; and Finnemore et al. 1998). According to Strang et al. (1993: 487-488), diffusion is the socially mediated spread of some practices or innovations within a population, communicated through certain channels over time among the members of a social system. Similarly, Checkel (1999: 85) delineates diffusion as “the transfer or transmission of objects, processes, ideas, and information from one population or region to another”. Further, Elkins and Simmons (2005: 33) develop the idea of connoting diffusion as a process that involves different geographical entities and creates particular political changes. Therefore, diffusion entails three basic indicators: specific innovations or practices, different geographical entities, and the creation of changes.

Both rationalist and constructivist scholars agree that measuring norm diffusion in a domestic context could be difficult (Cortell et al. 2000; Finnemore et al. 1998; Risse-Kappen 1994). Nevertheless, scholars attempt to identify indicators of norm diffusion, for example by defining them as outcomes and processes. First, norm diffusion as an outcome occurs when norms are formally institutionalized on a domestic level and accommodated in constitutions, regulations, and judicial systems (Cortell et al. 2000; Landolt 2004: 586-588), known as norms’ domestic salience (Cortell et al. 2000). According to its proponents, this diffusion is usually promoted by centralized interactions among states, for instance under international cooperation (O’Neil et al. 2004; Strang et al. 1993). Second, norm diffusion refers to processes (Busch, Jörgens, Tews 2005: 149; Checkel 1997; DiMaggio and Powell 1983; Elkin et al. 2005; Jörgens 2003). It emerges as an accumulation of individual cases of imitation on a similar item (Busch et al. 2005; Jörgens 2003: 7), also known as Isomorphism (DiMaggio et al. 1983). Diffusion does not depend on hierarchical or collective decision-making within international institutions; rather, it is voluntary and affected by information flows (Elkin et al. 2005; Dobbin, Simmons, and Garret, 2007; Busch et al. 2005; Jörgens 2003). In a more flexible definition, Elkin et al. (2005: 36-37) state that diffusion is a large class of mechanisms and processes associated with a likely outcome, even though not always resulting in the widespread dissemination of a given practice. An example of diffusion as a process is shown by a phenomenon, called “norm empowerment” (Checkel 1997: 476), a phase when a prescription becomes a focus of domestic political attention or debate, stimulating changes in discourse or behavior.

To note, Finnemore and Sikkink are scholars who take a stance between the two previous definitions. They conclude that diffusion is both results and processes. Diffusion is a result when norms reach an internalization phase, a condi-

tion when they acquire a taken-for-granted quality, domestic salience, and are no longer an issue in national debates (Finnemore et al. 1998: 895). It occurs after norm diffusion experiencing two significant phases: emergence¹⁶ and cascade¹⁷ (Finnemore et al. 1998: 895). However, these scholars also argue that a complete norm cycle is not always accomplished since many norms sometimes have to stop in the early phases. This refers to diffusion as a process. Both scholars argue that diffusion has sometimes already existed at the cascade phase when actors gradually start to transfer and imitate particular norms, which then generate changes.

Following Finnemore and Sikkink, this thesis defines norm diffusion as an outcome and a process. As an outcome, diffusion is shown when specific practices are officially recognized by a national government in statements, policies, and institutions. As a process, diffusion is an on-going development of particular practices to achieve specific objectives, shown by an increasing number of followers of the practices and the government's gradual adoption in its policies.

Finally, the third concept is CP. In the area of environmental issues, CP represents an example of international norms that are specifically addressed to minimize industrial pollution. As mentioned previously, CP is "the continuous application of an integrated, preventive strategy to processes, products and services to increase efficiency and reduce risks to humans and the environment" (UNEP 1994). It is a part of industrial waste management that mainly focuses on pollution prevention during industrial processes, known as the "in-pipe" approach. In practical terms, CP is carried out through several activities, for instance: product modifications, input substitutions, technology modifications, good housekeeping (GHK) practices, and on-site recycling (Van Berkel 2004). A product modification means changing the product characteristics, such as the shape and material composition, in order to extend its lifetime; input substitution refers to the use of less polluting raw materials; technology modification includes using an improved process of automation and redesigning equipment; GHK practices refer to changes in operational procedures and management in order to eliminate waste and emission; on-site recycling is re-using material and pollutants that have been produced (Van Berkel 1999). Using the similar framework, Rahman et al. (2009) defined CP as a pollution prevention concept that is incorporated in the 5Rs: reuse, reduce, recycle, reproduce, and recovery. In the context of envi-

¹⁶ Norm emergence is the first stage of norm cycles. It is persuasion by norm entrepreneurs to convince a critical mass of states (norm leaders) to embrace new norms (Finnemore et al. 1998: 895).

¹⁷ Norm cascade is the second stage of norm cycles. It occurs when national leaders imitate particular norms (Finnemore et al. 1998: 895). To note, between norm emergence and cascade is separated by a "tipping point", a phase when critical masses of relevant actors gradually adopt the norm.

ronmental management strategy, CP is also associated with eco-efficiency, waste minimization, and cleaner technology (ADB 2002a: 13; Van Berkel 2012). In conclusion, CP is a particular industrial practices aiming to increase product-output, by minimizing the use of raw materials and the production of waste.

Additionally, the pollution prevention or “in-pipe” approach is used to distinguish it from another waste management strategy, called pollution control or the “end of pipe” approach. Unlike pollution prevention, pollution control focuses on the minimization of already formed chemical substances in the last stage of industrial processes, before the waste is released into the environment. According to Frondel, Horbach, and Rennings (2004), the pollution control approach is defined as an add-on measure, invoking specific instruments such as incineration plants (waste disposal), waste water treatment plants (water protection), sound absorbers (noise abatement), and exhaust-gas cleaning equipments (air quality control) to minimize industrial effluents as well as to comply with environmental requirements. It is an extremely expensive strategy due to focusing on the post-production process.

However, this thesis does not always operationalize CP in its original definition to delineate all the case studies. It refers to two definitions of CP, as a pure pollution prevention approach and a combination between the two approaches. The utilization of these definitions depends on the case studies. In this regard, the organizational characteristics of ICPC and KIJA that were more modern, professional, and capital-intensive than the SMEs, led to the employment of a strict CP definition. Accordingly, the operationalization of CP in these two case studies refers to a comprehensive practice of pollution prevention, encompassing efforts to manufacture products that have a longer service lifetime and are safer for the customers and environment; replacing the usual polluting raw materials with renewable materials and energy; utilizing improved and highly-optimized industrial equipment to prevent the formation of more toxic or dangerous effluents; preventing spills and leaks and training employees to ensure the function and the cleanliness of industrial equipment; and re-using materials for other production processes.

In contrast, the operationalization of CP in the SME case refers to a combination of the pollution prevention and pollution control approaches. First, the pollution prevention approach comprises several plausible techniques that are affordable for SMEs, for example utilizing less polluting raw materials through the use of natural substances, such as Gambier (*Uncaria gambier*), Indigofera (*Indigofera astragalina*), and Sage (*Salvia officinalis*) in the batik industry, and

Turmeric (*Curcuma longa*) in the tofu industry; maintaining the function of industrial equipments and the cleanliness of industrial sites, including the use of a joint production facilities (JPF¹⁸) among the Seyegan tofu producers; recycling and reusing a particular industrial waste for other production processes. Second, the pollution control approach is more concerned with underlining producers' endeavors to utilize collective waste-water treatment plants (*instalasi pengolahan air limbah-IPAL*) and to professionally manage the facilities. At this point, the relationship between the pollution prevention and pollution control approaches meet as the project implicitly inserted CP practices into SMEs through the provision of the industrial facilities. To some extent, the inclusion of the pollution control approach in promoting CP practices among SMEs was an exception¹⁹ since they had limited knowledge of the pollution prevention approach and low ability to deal with national environmental regulations.

1.7 Thesis's Organization

The organization of this dissertation is presented in seven chapters. Chapter 1 lays out the problem statement, the research background, and the research question. It also explains the analyzing tools which are used to structure arguments and the organization of the complete research report.

Chapter 2 discusses the theoretical framework used in the thesis. It provides a theoretical foundation for a comprehensive delineation of norm diffusion processes in each empirical case study.

Chapter 3 describes the history of the Pro LH II project and its relations with CP norms. It elaborates the evolvement of bilateral cooperation between Germany and Indonesia, especially in accommodating environmental issues from the beginning to the establishment of the Pro LH II project. This chapter consists of six parts: an introduction, a brief overview of Germany's environmental milestone in Indonesia, the relations between the Pro LH II project and CP practices, the profile of the four case studies and their involvement in the project; the general influence of the project towards the development of Indonesian environmental policies; and a conclusion.

¹⁸ JPF was a facilitation provided by the project to promote the adoption of CP practices among tofu producers. The further elaboration of the facilities will be given in chapter three, four, five, and six.

¹⁹ According to GTZ (2009), the promotion of a single environmental management for SMEs, either pollution prevention or control, was considered an ineffective strategy for the project's impact as it might still be polluting the environment. Likewise, Bratasida (2000) also agree on the integration of CP practices with the pollution control approached among Indonesian SMEs to enhance the quality of national environment.

Chapter 4 analyzes the role of domestic material interests in accelerating the dynamic of CP norm diffusion processes in Indonesia. It examines GTZ's approaches to promote CP norms in the four case studies, based on its efforts to associate the norms with Indonesian economic objectives. The chapter is structured into five parts, comprising: an introduction, the importance of integrating CP norms with national economic interests, a brief description of GTZ's strategies to integrate CP norms with national economic interests; the delineation of GTZ's economic strategy in the four case studies; and a conclusion.

Chapter 5 delineates the role of the current domestic environmental structures to accelerate CP norm diffusion processes in Indonesia. It particularly examines GTZ's strategies to accommodate Indonesia's stalemate environmental structures in the four case studies. Divided into five parts, the chapter consists of an introduction; a description of the development of Indonesia's environmental politics and structures; the delineation of GTZ's approach to accommodate the stalemate environmental structures in the four case studies; and a conclusion.

Chapter 6 analyses the role of social learning in enabling CP norm diffusion processes in Indonesia. This chapter investigates the social learning approach that was conducted by GTZ in the four case studies. Divided into four parts, this chapter consists of an introduction; a description of Indonesia's early experience in dealing with social learning in its national development program; an analysis of GTZ's approach to carry out social learning in the four pilot projects; and a conclusion.

Chapter 7 is the conclusion.

2 The Theoretical Framework

2.1 Introduction

Studies on IR have recognized the role of international norms in shaping global politics. The burgeoning research conducted by norm scholars is one of the evidence. A topic that has attracted numerous IR scholars to study norms is measuring a state's compliance towards particular norms. It derives from ubiquitous facts about similar norms; yet, they create different influence on different states. In many cases, measuring a state's compliance towards norms can be encompassed through examining the conditions required for norm diffusion processes.

This chapter elaborates on the theoretical framework of international norm diffusion, particularly in the context of developing countries, and variables that accelerate the process. Divided into four sub-chapters, firstly, it introduces the aim of the chapter. Secondly, it delineates the state of the art of norm studies in IR, including the exposure of norm diffusion in developing countries, especially related to the case of Indonesia. Thirdly, it explains the research's theoretical frameworks. Fourthly, it elaborates definitions and operationalization of the hypothesis's development.

2.2 State of the Art

In IR literature, norm studies have emerged as a prominent subject. Their influence was revived in the early 1980s when constructivist scholars attempted to revitalize normative aspects in international politics. Prior to that, the existence of international norms had been long marginalized due to its inability to prevent two great wars in the modern era, World War I and II; and later in the century, the Cold War between the United States (US) and the Union of Soviet Socialist Republic (USSR). The demise of the Cold War in the late 1980s eventually opened the opportunity for norms' existence to be re-strengthened in the IR context. Accordingly, post-Cold War political dynamics stimulated constructivist and other scholars to explore the further role of international norms.

According to the lineage of norm studies, its development has not been merely dominated by constructivist scholars. In fact, rationalist scholars who are represented by both realists and liberalists are also extensively contributing to the discourse. However, constructivism is more likely to influence the develop-