



Putera Sampoerna Foundation
making a difference together

**United States – Indonesia Relationship:
a Round Table Discussion**

Good afternoon ladies and gentlemen and thank you Ted and CSIS for convening us here today.

To begin with, as Ted has noted, our foundation’s focus is on demonstrating solutions to systemic poverty and societal dysfunction by modeling strategies for innovation in Education, Women’s empowerment, and Entrepreneurial Development. The scale of these challenges in Indonesia is enormous – and the importance of Indonesia as both a strategic and economic ally to the U.S. is also enormous.

In addition to our own financial commitment, we also have what President Barack Obama called the “Audacity of Hope.” But we also have the audacity to link action to our “hope.” For hope alone is almost always hopeless.

The goal of this roundtable discussion is to advance new ideas to energize the U.S.-Indonesia relationship. From a social perspective, I believe that we need not look any further than for the United States to demonstrate a definitive commitment to invest in Indonesia’s education!

Such action will convey the strongest message that the “United States does care” and that you can act boldly, with impactful and meaningful actions beyond the usual bold commitments to security initiatives and traditional development strategies.

President Obama whilst in Israel said: “Peace will have to be made among peoples, not just governments”. I agree, and accepting foreign students into our respective institutions of higher learning provides a vital link to creating the people-to-people ties that grow partnerships with countries around the world. For obvious reasons, there is no better time, nor a better messenger than for the President to reach out directly to the Indonesian people – as opposed to their government -- when he next visits Indonesia (for the APEC Summit) in October. Even the poorest of the poor know that education is the only way for their children to escape their miserable existence, and we at the foundation, know first-hand how “eternally grateful” they become when one of their children is accepted into our program.

There are many long-term studies that consistently show that increasing the number of *bona fide* bachelor degrees in developing nations has a faster, more emphatic, more measurable, and SUSTAINABLE effect across a society than the traditional government interventions like direct welfare or even infrastructure projects.

But if you don't believe me, notice that the Chinese recognize this too – still a developing nation, what do they do? They are sending over 200,000 Chinese students to the United States each year – mostly with full government sponsorships. Why? You might consider it to be a kind of “intellectual re-balance.”

It is noteworthy to consider that the United States is the only country in the world that has the capacity to absorb so many into their universities. And yes, higher education diplomas are one of America's last world leadership commodities – autos and steel are gone, but the 200,000 Chinese coming to the U.S. for a unique education quality product, is a big endorsement.

Some of you here, like the Chinese, must have read Dr. Walter McMahon's book.

This book “Higher Education, Greater Good” is the most authoritative source to solidly “prove,” through decades of longitudinal studies, that more university degrees in developing nations results in less inequality, poverty, hunger, and malnutrition. And, it accelerates social development providing for healthier families, fewer human rights violations, less risk of instability, lower crime, and a healthier environment. If this book was in the form of a newly discovered vaccine – it would cure poverty.

On the other hand, the record of military interventions building sustainable political or social stability or good will, is somewhat less conclusive -- to say the least!

At about the same time that this book was being published, Senator Obama became President Obama. Many of us were sure that something very special had happened.

President Obama has proclaimed his commitment to a new foreign policy towards the developing world and particularly towards the Islamic world. He has proclaimed the Comprehensive Partnership with Indonesia and the Partnership for a New Beginning with the Muslim world. We also see the Millennium Challenge Corporation sending \$600 million to Indonesia. For the most part, these programs represent the old paradigm – providing little funding for education. The Comprehensive Partnership's educational component is an old Bush program and budget re-branded. Our small foundation alone has sent more students to the U.S. for university degree studies than these programs.

Even in the old model of giving aid to developing nations, the U.S. falls behind Muslim nations in the Middle East. Even though the U.S. is #1 in GNP while Saudi Arabia is #19, these rankings are reversed in terms of development aid spending as a proportion of their GDP. Quite an Imbalance of priorities! But, of course, the Saudi's don't have to deal with Congress. And Congress has constituents that have vested interests in the old strategies. It's not all on Obama.

I have run some numbers on U.S. aid and security programs. You can see my calculation in the White Paper that you have before you. Therein, I offered a few provocative thoughts that will likely be considered outrageous propositions by the entrenched interests of the security and aid divisions.

I asked myself what could be achieved by repurposing 5% of the U.S.A.I.D. budget and 2.5% of the Department of Defense budget, and diverting that fraction of their respective budgets to providing higher education for deserving students from developing countries. The results would have produced around 30,000 American educated MBAs per year from U.S.A.I.D. funding and another 250,000 American educated MBAs per year from D.O.D. funding.

President Obama has also proclaimed the Asia “Re-balance,” with billions and billions of dollars to be spent to move personnel and assets from the Middle East to Asia. So, I asked myself another question: what if the United States were to send one impoverished but gifted Asian student to a university in the U.S. for every soldier or sailor redeployed to the region? ***Matching students-to-soldiers*** would undoubtedly be a monumental public relations coup for the United States, creating tremendous good will, and producing a lot of good citizens in the process.

Imagine the possibilities provided by thousands of American educated local scientists, scholars, public policy professionals, and business executives going back and contributing to the development of their home countries. Also ***consider what contribution the empathy of so many American-educated individuals towards their U.S. counterparts would bring towards our efforts to achieve peaceful co-existence.*** Peace and prosperity, you see, is actually less expensive than its alternative.

Isn't it about time the paradigm shifted in U.S. international strategies: Instead of “Gunboat Diplomacy”, how about “Diploma Diplomacy” ... How about shifting from the World's Policeman to the world's Educator? If I am not mistaken, the ratio between the annual costs of supporting university students to soldiers deployed overseas in non-combat areas is 1:3.

“Social transformation through education” is something that we at the foundation are fully committed to with “the development of future leaders” as the main focus of our initiatives. One of our goals is to raise some of the “brightest of the poorest” out of poverty and into full participation in Indonesia's growth economy. Another one of our goals is to implant a DNA of Leadership, Entrepreneurship, and a commitment to Social Responsibility into all of our students. Our challenge is to find innovative ways to drastically reduce the costs of providing an international benchmarked education.

Our programs for the development of future leaders are provided by:

1. Our Academies,
2. Our University, and
3. The student owned cooperative (credit union)

1. *The Sampoerna Academies:*

a.k.a. Akademi Siswa Bangsa Internasional (ASBI)

The literal translation for “siswa bangsa” is “scholars of the nation”

Our academies are rigorous and Spartan boarding senior high schools (3 years) for academically exceptional students carefully selected for their potential to become leaders. For these kids we imbue character, honesty, hard work and social commitment. The entire curriculum is taught in English and students graduate with the equivalent of an International Baccalaureate accreditation ... this means that, upon graduation, these kids would qualify to enter any English speaking university in the world.

Recently, because of demand, we have now opened our academies to academically qualified tuition-paying students. Nevertheless, the majority of our students still hail from the rural poor ... the “brightest of the poorest” ... brilliant minds from very humble origins. Through the students’ cooperative KSB, it is our job to find private and corporate sponsors for them.

2. *The Sampoerna University:*

a.k.a. Universitas Siswa Bangsa Internasional (USBI)

This is our own recently licensed university. The curriculum is taught in English and it provides for an internationally benchmarked, 4-year degree programs focused on:

- Key industries for Indonesia
- Employability of its graduates
- Entrepreneurship

And an innovative, internationally benchmarked partnership:

In a unique collaboration with the Lone Star College System, Texas, USBI now offers in Indonesia an American Indonesian Mobility Study (AIMS) program that allows its freshmen and sophomores (like their Lone Star peers) to earn an “All American Associate Degree” after their first two years at USBI. This affords them to transfer their earned credits seamlessly into over 100 U.S. universities.

Our AIMS program is unique in the world -- it is not a Twinning program where credits earned can only be transferred (one-to-one) into a partner university; this is a “one-to-many” program that provides Indonesian students (both ours and others) a pathway to international degree opportunities ... and leadership and management positions in their careers.

Upon their return to Indonesia USBI offers those students who have opted to go overseas an **additional** Indonesian-accredited bachelor's degree through its 6 months Capstone Program. That can mean three *bona fide* degrees for a student throughout their time at USBI.

Mekar, our foundation's Entrepreneurship Development initiative is situated within the USBI campus to provide our students the DNA for innovative problem solving through economic incentives. The Entrepreneurship Network provides both physical and online facilities that enable Entrepreneurs, including ASBI and USBI students, to connect with Angel investor networks, so that they can turn their ideas into enterprises, creating jobs in the process.

3. **The Students own Cooperative:**

a.k.a. Koperasi Siswa Bangsa (KSB)

Throughout the "learning journey" of our students, financial assistance packages are organized and provided by KSB -- a student-owned but professionally managed cooperative, that also provides career development and mentoring services.

Additionally, KSB provides a networking and support system for our poor and socially isolated students that is similar to the kind of social and professional networking available to most middle-class U.S. students through social clubs, fraternity membership, university affinity groups, professional and trade associations and the traditional alumni associations ... the poor, even those with advanced degrees, don't typically have these "connections" -- so we are building one for them.

Before I go on, I have a disclaimer to make in the interest of full disclosure; our foundation has been entrusted with a loan guarantee from the U.S.A.I.D Development Credit Authority for \$5 million dollars and that money is doing some of the work of sending students to the U.S. We consider the trust of the U.S. government to be an emblem of our fiduciary reliability

Schools Development Outreach and the National Movement for Education:

1. **Schools Development Outreach (SDO):**

In addition to our initiatives at leadership development, our university's School of Education has also developed a three year Outreach Program which provides for improving the quality of state owned Indonesian high schools through the professional development of their teachers, their School Leadership & Management programs, and their School Governance programs.

The university delivers these services through a comprehensive, "whole school" development approach with the required funding per school running in the range of \$350,000 to \$500,000 over a three year period. Our clients are basically large corporates

and NGOs who want to make a meaningful impact in their areas of operations or nationally.

A case in point is a high school in Bali (SMAN 4 in Denpasar Bali) which we took under our wing:

- Before it entered the SDO program, it was academically ranked 41st in the nation with around half of their students failing the national exams.
- Just three years later it was ranked 9th in the nation with a 100% exam passing rate.
- Since then, it has continued to improve on its own and is today ranked 6th in the nation.
- More telling, is the fact that the student body now includes kids from well to do families.

Over the last six years, we have successfully serviced 40 large corporations with 52 programs in 118 schools and 9 Madrasahs affecting some 57,000 teachers.

2. The National Movement for Education:

a.k.a. Gerakan Indonesia Berkibar (GIB)

Over the last few years the SDO program has modularized its product offering and is now able to service much smaller contracts on a specific needs basis.

Based on the SDO program successes, the foundation, in October of 2012, took the lead role in establishing “the national movement for education” (GIB) for the purposes of assisting State Schools in improving their teaching & learning capacities. This movement represents a public-private partnership among the Ministry of Education, Regencies (under whose budget schools operate), our foundation providing the modular software, other NGOs providing hardware resources, and the CSR (Corporate Social Responsibility) programs of companies with local operations providing some or all of the required funding.

National and local Governments + schools + corporate sponsors = Win-Win-Win. Our foundation acts as the catalyst.

I am happy to report that since its launching, the movement has gained considerable traction and is now looking at a demand for services across 12 Provinces (states), 141 Regencies (counties), and over 700 schools operating within those regencies. This is putting a tremendous strain on our resources.

At this point, I am happy to announce that we have with us today **Chancellor Richard Carpenter** of the Lone Star College System of Texas. He is a partner and a friend and a courageous leader in higher education. LSC is the largest institution of higher education in the Houston area and the fastest-growing community college system in the nation with 78,000 students currently enrolled in academic courses. Lone Star College is also the winner of the national 2013 Simon Award for Comprehensive Internationalization by any university or college.

But before I introduce Dr. Carpenter to you, let me tell you why I am so excited about our combined AIMS program:

- a. It is, first and foremost, an American-Indonesian initiative established by two individuals from the opposite sides of the Pacific Ocean who forged a partnership primarily on the belief that it is in the long term interests of both their countries that it happens. It provides a wonderful setting for President Obama to refer back to the spirit of the Comprehensive Partnership Agreement signed by both our presidents when last he visited Indonesia.
- b. Around the world there are many branch campuses of major league universities – these are elite and expensive. Our AIMS program is the first that opens up a pathway to achieving a U.S. higher education by average Indonesians. At around \$10,000 boarded tuition per year at USBI, we can drastically reduce the in-state, or out-of-state costs of obtaining a four year bachelor’s degree from a ranked U.S. University.
- c. I am also very confident that deserving students who finish their 2 year AIMS program with a GPA greater than (say) 3.25 would easily find corporate sponsors or academic scholarships for them to continue on to their Bachelor and Master degrees, on a bonded basis, in the United States.
- d. USBI with its AIMS program in place will provide a venue for reducing the overall costs of a “Diploma Diplomacy” should such a policy (in whatever form) be adopted.
- e. Finally, one of the goals of the Comprehensive Partnership Agreement is to double the number of American students studying in Indonesia from 200 to 400. **IMAGINE** that it takes just \$2 million per year in grants or student loans to immediately accomplish this goal – and, at no loss of earned credits as these students return to their respective State Universities to finish off their Junior and Senior years.

So now, without further ado, let me introduce you to Dr. Carpenter and invite him to make a few remarks ...

Putera Sampoerna
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