

Indonesia's Presidency On G20 2022: Unpacking Its Digital Economic Diplomacy In Advancing Indonesian Msmes Digital Economic Transformation

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Abstract

After a long period of membership in the Premier global forum of G20, Indonesia has taken the lead in the G20 Presidency 2022. With a theme of "Recover Together, Recover Stronger" to encounter the multi-spectrum repercussion of the Covid-19 Pandemic, Indonesia set out three main agendas of deliberation within, encompassing Global Health Architecture (GHA), Digital Economic Transformation (DET) and Energy Transition (ET). This article considers and puts forward the DET agenda, particularly the Micro, Small, and Medium Enterprises (MSMEs) DET, as the main discussion in this article. It assumes that DET agenda could significantly encounter the problem of economic downturn with its following consequences of losses of many jobs and rising unemployment. Therefore, this article scrutinizes how Indonesia's G20 Presidency could elevate its economic diplomacy capacity to achieve its MSMEs' DET interests. For this purpose, this article employs the analytical framework tailored from the integrated perspective of economic diplomacy, digital economy, and digital economic transformation. This article argues that Indonesia's G20 Presidency has advantaged Indonesia by giving more policy and diplomatic room to campaign and mainstream its MSMEs DET interests to multiple stakeholders from all G20 countries. It consequently crystallizes MSMEs DET as both a

normative and practical agenda globally in which Indonesia could further entertain its MSMEs DET interest. In such ways, it is expected that Indonesia could recover its economy after the pandemic, particularly with the advancement of its MSME economic environment. This argument is based on the mapping of the G20 events dynamic substantiating MSMEs DET from December to October 2022. Overall, despite Indonesia's MSMEs DET interest achievement in G20 2022, Indonesia still needs to strengthen its economic diplomacy endeavour related to MSMEs DET in the following G20s forums.

Keywords: G20 2022, Indonesia G20 Presidency, economic diplomacy, digital economy, digital economic transformation, MSMEs.

Abstrak

Setelah sekian lama menjadi anggota forum global G20, Indonesia kemudian mengambil alih kepemimpinan Presidensi G20 2022. Dengan tema “*Recover Together, Recover Stronger*” untuk menghadapi dampak multispektrum dari Pandemi Covid-19, Indonesia menetapkan tiga agenda utama pembahasannya, meliputi Arsitektur Kesehatan Global (AKG), Transformasi Ekonomi Digital (TED), dan Transisi Energi (TE). Artikel ini mempertimbangkan dan mengedepankan agenda TED, khususnya TED Usaha Mikro, Kecil, dan Menengah (UMKM) sebagai bahasan utama. Artikel ini mengasumsikan bahwa agenda TED dapat secara signifikan menghadapi masalah kemerosotan ekonomi dengan konsekuensinya berupa hilangnya banyak pekerjaan dan meningkatnya pengangguran. Oleh karena itu, artikel ini menskrutinisasi bagaimana Presidensi G20 Indonesia dapat meningkatkan kapasitas diplomasi ekonomi Indonesia untuk mencapai kepentingan TED UMKM-nya. Untuk itu, artikel ini menggunakan kerangka analisis terpadu yang disesuaikan dari perspektif diplomasi ekonomi, ekonomi digital, dan transformasi ekonomi digital secara integratif. Artikel ini kemudian membangun argumentasi bahwa Presidensi G20 Indonesia telah menguntungkan Indonesia dengan memberikan lebih banyak ruang kebijakan dan diplomasi untuk mengkampanyekan dan mengarusutamakan kepentingan TED UMKM-nya kepada berbagai pemangku kepentingan dari semua negara anggota G20. Sebagai konsekuensinya, hal ini mengkristalisasi TED UMKM sebagai agenda normatif dan praktis secara global di mana Indonesia dapat lebih memenuhi kepentingan TED UMKM-nya. Dengan demikian, perekonomian Indonesia paska pandemi diharapkan dapat pulih, terutama dengan membaiknya situasi perekonomian bagi UMKM. Argumentasi artikel ini didasarkan pada pemetaan dinamika peristiwa forum G20 yang mendukung TED UMKM dari Desember hingga Oktober 2022. Secara keseluruhan, meskipun kepentingan TED UMKM Indonesia tercapai di G20 2022, Indonesia masih perlu memperkuat upaya diplomasi ekonomi terkait TED UMKM di forum-forum G20 yang akan datang.

Kata kunci: G20 2022, Presidensi G20 Indonesia, diplomasi ekonomi, ekonomi digital, transformasi ekonomi digital, UMKM.

Introduction

From December 2021 to November 30, 2022, Indonesia carried out responsibility as the host and held the presidency of the Group of 20 (G20) forum for the first time since its establishment. The G20 is the main high-level world economic forum between the governments of 20 countries with the largest GDP in the world, with a mission to become a forum for coordination among governments of G20 member countries in facing and adapting to various challenges and global economic dynamics occurring every year. In its G20 2022 Presidency, the Indonesian government chooses the theme "Recover Together, Recover Stronger", aiming for a multi-spectrum recovery and rebounding the situation responses to the dynamics of the Covid-19 pandemic that has occurred in the last two years. The presidency handover to Indonesia took place during the G20 Summit held in Rome on October 30-31, 2021 (Indonesiabaik.id & Kominfo RI, 2022; Sekretariat Presiden, 2021).

Through the G20 2022 presidency, Indonesia seeks to build global leadership amid the Covid-19 pandemic. Furthermore, it aims to achieve its national interests through efforts to build a global transformation to improve the global

economy after the pandemic and balance the interests and priorities of G20 member countries for developed and developing countries. With these, Indonesia expects to achieve the SDGs targets by 2030. To achieve those objectives, Indonesia carries out three main agendas: Global Health Architecture (GHA), Digital Economic Transformation (DET), and Energy Transition (ET). Indonesia's G20 2022 agenda implementation is inseparable from the context of health problems and the global economic downturn that has arisen as a result of the outbreak of the Covid-19 pandemic since the beginning of 2020. The pandemic has caused a high global death rate, losses of many jobs, and rising unemployment. These situations occurred due to the government policy in many countries that implement social mobility restrictions, social distancing rules, and work-from-home (WFH) policies. It encourages various sectors and industries to adapt to the increasingly intense use of digital technology to transform their industries amid a pandemic to survive (G20 Indonesia 2022, 2022; Indonesiabaik.id & Kominfo RI, 2022; Sekretariat Presiden, 2021).

Regarding the G20 2022 agenda, the main focus of the GHA agenda includes global fundraising and solid and

harmonious global health standards, with the primary goal of restructuring the GHA. Meanwhile, the DET agenda includes redesigning digital technology-based global economic governance to create economic value with digital technology. Furthermore, the ET agenda focuses on a cleaner global energy system with a fair transition process (G20 Indonesia 2022, 2022; Indonesiabaik.id & Kominfo RI, 2022; Sekretariat Presiden, 2021). Of these three agendas, this research intends to examine the DET agenda contextualized to the problems faced by Indonesia related to efforts to revive an economy that experienced a significant decline in the pandemic era. Of course, the G20 Presidency is not just how to improve Indonesia's international image but also how to fulfil Indonesia's national economic interests, particularly in restoring the economy in the midst and post-pandemic, to become more robust, inclusive, and collaborative through the use of digital technology. The Indonesian economy has experienced a decline in various sectors. It is reflected in the deteriorating macroeconomic conditions, such as economic growth rates, household consumption, unemployment, poverty rates, and inflation, to the declining people's purchasing power. To improve such conditions, the government, society,

and industry in various sectors quickly transform their activities into digital ones using technology that can facilitate them while still complying with the mobility restriction policy, WFH, and policies related to the Covid 19 pandemic. The issue of digital transformation in various sectors is still a challenge because of access issues, digital literacy, to the security of existing digital data transfers that pose obstacles in the synergy process between the government and the private sector to synergize to restore the national economy. It then underlies the Indonesian Presidency at the G20 2022 to raise four main pillars to be deliberated in the DET agenda, encompassing 1) creating digital economic value so that the use of digital technology is more inclusive of accelerating economic recovery, especially in terms of developing the Micro, Small, and Medium Enterprises (MSMEs) and their financial inclusion; 2) development of more inclusive and productive digital literacy and skills; 3) digitizing sectors that contribute to new sources of economic growth and accelerate economic recovery; and 4) agreement on understanding on the need for global data governance (G20 Indonesia 2022, 2022; Indonesiabaik.id & Kominfo RI, 2022; Sekretariat Presiden, 2021).

In order to restore the economy in the midst of and after the Covid-19 pandemic, the Indonesian Presidency at the G20 2022 is very important to increase the capacity of the Indonesian government's digital economy diplomacy, which is expected to accommodate the digital transformation of various parties. The essence of digital economic diplomacy, in this context, is how the government seeks to accommodate and fight for the interests of various stakeholders that, include the government itself, the private sector, and the Indonesian people. Consequently, they can transform their bureaucracy, business, and industry into the digital realm through the facilitation of diplomacy and negotiations in various series of G20 2022 forums, aiming to set rules and standards for digital transformation (Bachtiar et al., 2020). Since the digital economic transformation agenda in G20 2022 is an extensive discourse, this article limits its focus to the first pillar focusing on Indonesia's economic diplomacy in the DET agenda of MSMEs as one of the fundamental pillars in sustaining the Indonesian economy. Increasing their digital economic value to accelerate economic recovery by inclusively developing and financing their integration into the digital economy will be the main focus of this article.

The MSMEs have shown their vital role not only for the overall economy but also for being a resilient economic sector in times of crisis. It was evident during the occurrence of economic turbulence in 1997/98 Asian Financial Crisis (AFC) and the 2008/09 global financial crisis (GFC). Nevertheless, the Covid-19 crisis brings a more complex problem to the MSMEs globally. The obstruction toward MSME's offline business activities was evident due to the government's social activities and mobilities restriction policy to hamper Covid-19 transmission. The pandemic impacts both the market's supply side (e.g. labour mobility and raw materials) and the demand side (e.g. purchasing power of the consumer). In Indonesia, ILO (2020) exposed 68% of MSMEs to economic disruptions in their business operations, 65% terminated business operations, and 3% quit their business. Furthermore, 48.3% experienced problems sustaining their supply lines, 92.6% required debt restructuring, and 26.6% underwent cash flow difficulties leading to indebtedness. Those keeping their business running are experiencing a large share of losses in revenues and incomes. Such a condition is crucial to be addressed by the Indonesian government as the MSMEs contribute to almost 60% of Indonesia's GDP (Dading Gunadi et al., 2022, p. 26). Based on this

context, this article advance question of how Indonesia's Presidency at G20 2022 will increase Indonesia's digital economic diplomacy capacity in progressing Indonesia's MSMEs' digital economic transformation?.

This article argues that Indonesia's Presidency at G20 2022 increases the Indonesian government's economic diplomacy capacity by providing it with more diplomatic spaces and normative authority to mainstream its MSMEs DET interest towards G20 stakeholders, including those from other G20 countries, as well as Indonesia's domestic stakeholders. In supporting this argumentation, this article will proceed as follows. First, it will briefly discuss the economic diplomacy theory and the concept of the digital economy and digital transformation of MSMEs, aiming to provide an analytical framework for this article. Second, based on the constructed analytical framework, it briefly reviews the dynamics of interests, processes, output/expected output, and outcome/expected outcome of the Indonesian government's digital economic diplomacy related to Indonesian MSMEs DET through its G20 2022 Presidency. Third, this article will analyze the harmonious interest and reinforced norm

entrepreneurship of Indonesian government stakeholders that increase its economic diplomacy capacity in progressing MSMEs DET. It will be based on the analytical frameworks and the brief review of the Indonesian government's economic diplomacy dynamics on the MSMEs DET in its G20 2022 Presidency. The article concludes that Indonesia's Presidency at G20 2022 has increased its normative power capacity through its economic diplomacy to mainstream Indonesian MSMEs as the significant benefactor of Indonesian G20 2022.

Analytical Framework

This article employs two conceptual frameworks to understand how Indonesia's G20 Presidency could foster Indonesia's economic diplomacy to advance Indonesian MSMEs DET. It covers the concept of economic diplomacy and digital economy, emphasizing on digital economic transformation concept.

Economic Diplomacy: Substantiating Process and Outcome-Based Economic Diplomacy

Economic diplomacy should be understood as a specific concept under the conceptualization of diplomacy. According to Sir Harold Nicolson, diplomacy is an arrangement of international relations

through negotiations, where this arrangement is carried out by the Ambassador or the delegation/representative. Nevertheless, this definition is still very traditional because it still focuses on diplomatic actors by the state. Meanwhile, Bull (1977) explains more generally that diplomacy is a relationship between states and political entities recognized in global politics and carried out by official agents of these countries and political entities in peaceful ways. It means that representatives/agents of sovereign states and representatives/agents of international organizations such as the United Nations and others international organizations can be said to be involved in diplomacy. In the context of this research, economic diplomacy is then understood as a variant of diplomacy that focuses on the negotiation process between state representations against other countries, as well as against an international institution, with the main focus on issues related to international economic policy. For example, in this case, it is the determination of standards by the country's delegates in the international economic institution, which include but are not limited to WTO, EU, ASEAN's trade and investment-related institution, regional/bilateral trade arrangement, G20,

et cetera. The main actors in this economic diplomacy process are diplomats and delegates with economic functions represented usually from relevant ministries, such as the ministry of foreign affairs, the ministry of trade, the ministry of finance, the central bank, investment agencies, and other state institutions with economic functions. In this case, these economic diplomats/delegates negotiate rules, control, and report on economic situations and policies in other countries or within international economic organizations. They then provide views and input to their countries regarding the response and policy reactions that need to be taken against other countries and international organizations (Saner & Yiu, 2001, p. 13). In contextualizing this concept to this research purpose, which investigates how the G20 Presidency could elevate the capacity of Indonesia's economic diplomacy, it is then crucial to understand how to measure the capacity improvement of diplomacy. In Indonesia per se, measuring diplomatic achievement is still very challenging. Still, this article tries to use one of the approaches discussed under the Indonesian National Development Agency project back in 2016 related to constructing the Indonesian Diplomacy Index. Among many approaches proposed, this article will use

the concept of diplomacy based on the Vienna Convention emphasizing the relational management between states under the fundamental function of diplomacy, such as representing, protecting, negotiating, and ascertaining and reporting. It is to include not only state actors (Track 1) but also non-state actors (Non-Track 1). In this case, measuring the achievement of diplomacy would be undertaken by evaluating the process and outcome of diplomacy, from which the success indicator will be determined (Bappenas RI, 2016, pp. 32–34).

Under this article, the Indonesian Diplomacy Index will be divided into four indicators: 1) Indicators of Process - Track 1. In this indicator, the subjects are the president and diplomats/representatives from relevant ministries and state agencies engaging in policy formulation and implementation. These indicators could cover, for instance, the number, forms, and process of events organized and new initiatives proposed to fight for the interests of Indonesia; 2) Indicator of Process – Non-Track 1. In this indicator, the subjects are other actors involved in diplomacy, but they are not official diplomats/government officials. As such, it could include entities from the private

sectors (industry and business communities) and civil society. This indicator might encompass the number, forms, and process of business visits, cultural events held independently (not managed by representatives), et cetera; 3. Indicators of Outcome - Track 1. In this indicator, the subjects are similar to the indicator of process track 1. Still, it focuses on outcomes that can be classified by sectors, encompassing, for instance, the number and substance of initiatives approved as consensus or resolutions, the quantitative and qualitative supports from other countries on the initiatives initiated by Indonesia, the number of investment commitments and agreements, and et cetera; and 4. Indicators of Outcome – Non-Track 1. In this indicator, the subjects are similar in the indicator of process track non-track 1. However, it focuses on outcomes that can be classified by sector. It includes, for example, the number and substance of business MoUs, trade and investment, tourist visits, the number of Indonesian stakeholders engaged in diplomacy, increased visibility of Indonesian cultural expressions toward target countries or international forums, et cetera. This model is generally considered comprehensive since it can describe conditions upstream and downstream of the diplomatic process (Bappenas RI,

2016, pp. 32–36). This theory will then be tailored with the conception of MSMEs' digital economic transformation, explained in the next section, to construct the analytical framework of this article.

Understanding Digital Economy and the MSMEs Digital Economic Transformation (DET)

This section reviews the digital economic transformation and its mutually procreating consequences on the digital economy. It aims to extend the analytical framework that will be used later to analyze how Indonesia's G20 2022 Presidency could increase the capacity of Indonesian economic diplomacy to achieve its interest in progressing its MSMEs' digital economic transformation. Digital transformation is a significant force impacting the changing landscapes of activity in many sectors, including the economic realms. Digital transformation refers to the digital technology adoption aiming at transforming businesses and services. It is carried out by replacing the non-digital (manual) processes of business and services with digital (automatic) ones or even further replacing obsolete digital technology with an upgraded one. Through digital transformation, it provides a strategy for a comprehensive change of competencies, business processes and

models using advances in digital technology. Such progress is one of the main contributors to global economic innovation and competition. The digitalization process in the digital transformation has promoted the concept of sharing economy, the internet of things (IoT), and financial technology that impacts the changing landscape of the future of work, customer experience, and digital supply network in the world economy to date. The process of digital economic transformation then has impacted many businesses and companies, both those operating in developed and developing economies. It presents cost reduction, efficiency, benefits, and interrelationships between other parties. Consequently, the economic digitization presence is expected as the alternative source of economic growth (Nosova et al., 2021, pp. 657–659; Ulas, 2019, pp. 662–664).

The actual consequence of the enduring digital economic transformation is the formation of the digital economy and its enduring practices. It could be defined as economic activity resulting from billions of daily online connections of people, businesses, industries, technological devices, data, and processes. It lies in hyperconnectivity growing from

their interconnectedness. Such interconnectivity is driven by internet forces, mobile technology and the internet of things (IoT). The digital economy then undermines conventional ways of doing and structuring businesses, how firms run their operations, and how consumers get goods, services, and information. The digital economy conception was first promoted by Don Tapscott (The Digital Economy, 1995). He introduces it as an integrated sociopolitical and economic situation and system with several characteristics that include twelve attributes, encompassing 1) innovations; 2) digitization in the use of digital technology and digital information¹; 3) changing the conception of seeing physical goods into virtual goods²; 4) swift adaptation to the environment; 5) the usage of internet network for building interconnections; 6) the absence of intermediary or peer-to-peer relations (disintermediation); 7) the convergence of communication, computing and content in building interactive media; 8) creativity and imagination driven of economic innovation; 9) mass adjustment, which might turn customers with more

¹It sees the target customers as digital customers who use digitalization devices to conduct buying and selling transactions of goods and services.

²this requires intellectual transformation into digital capital (Virtualization)

information into producers; 10) speed and dexterity in the drastic production process and the influence of digital technology (immediacy); 11) the absence of restriction in global transactions; and 12) a barrier between those with a technological understanding and those who do not (Hartono, 2016)³

One sector deemed crucially related to the digital economic transformation and the sustainability of the digital economic environment is the digital transformation of MSMEs. With the world facing the Covid-19 pandemic since 2020, many countries have struggled to sustain their economies due to a downturn in industrial economic activity due to social mobility restriction imposition. Concurrently, the MSMEs are becoming one of the sources of economic buffer to sustain the national economy in the time of crisis. The covid-19 crisis has forced the MSMEs to intensely and extensively undertake a digital transformation process by adopting to use of digital technologies in their business structure and process, that covering the process of design, manufacturing, presenting, selling, marketing, transacting, down to big data management(Dading Gunadi et al., 2022,

³So that all technology players must be able to survive in their fields to continue to offer things that are increasingly interesting and easy

pp. 26–27). The digital transformation of MSMEs is essential as they contribute to 99.83% of total enterprises, 72,7% of total employment, 50,6% of total value added, and provide 55.1% of export. With these figures, they show MSMEs' role and significance in the economy (Ministry Cooperatives and SMEs - National Team for the Acceleration of Poverty Reduction (TNP2K), 2021, pp. 1–3; OECD, 2020, pp. 1–6; Ulas, 2019, pp. 662–663). Nevertheless, with such significance, the MSMEs' digital transformation process still encounters hardships. They include the deficiencies of budget, inability to understand internet technology and its development, lack of investment opportunity caused by high operational costs and investment, sectoral inconveniency, privacy concerns and data security, inadequate information pertaining to digital standards, internet connection problems, lack of qualified employees, and know-how related to digitization benefits. The government worldwide has admitted that addressing all those digital bottlenecks and fostering MSMEs' digital economic transformation is crucial. They could help to boost the business operation of MSMEs. For this purpose, the government intervention in the MSMEs' digital economic transformation could be an effectivity evaluation of current

regulations and legal in advancing digital transformation. Furthermore, the delivery of governmental incentive provisions and e-commerce-related assistance is also necessary, particularly for those MSMEs carrying out digital transformation (Ulas, 2019, p. 670).

With the theoretical and conceptual elaboration of economic diplomacy, digital economy and MSMEs, and digital economic transformation, this article constructs the analytical framework as depicted below.

Picture 1. The Analytical Framework



Source: Self-Interpretation

The analytical framework above depicts how Indonesia's economic diplomacy to advance its MSMEs digital economic transformation interests proceeds through its presidency in G20 2022. The indicator of process and outcome, both in track 1 and non-track 1 will be scrutinized to identify and explain how Indonesia conducts its economic

diplomacy to achieve its interest, as explained throughout this article.

Research Method

This article employed an argumentative qualitative research method based on economic diplomacy theory and digital economy and digital economic transformation concepts. These theories and concepts are used integratively to investigate and discuss how Indonesia's G20 Presidency 2022 could benefit Indonesia in achieving its national economic interest regarding advancing Indonesia's MSMEs' digital economic transformation. As Indonesia's G20 Presidency 2022 is one year long of simultaneous meetings heading to its G20 Summit that will be conducted in November, this article limits the time frame and focus of analysis from December 2021 to October 2022 (the time frame when data collection of this research was conducted). With this aim, the research for this article was conducted through G20-related works of literature and youtube reviews, acting as a data collection method for analysis exploration related to the issue discussed. It means that the data collected was mainly from secondary references that include journals, news, reports, books, youtube channels, websites, and other kinds of literature and

media that might be helpful to sharpen the article analysis.

Results

After taking the Presidency of G20 2022 in Oktober 2022, Indonesia has undergone a series of meetings and diplomatic events substantiating the agenda of MSMEs DET. Having it as a G20 agenda for all G20 member states, Indonesia recognizes that its national economic interest is embedded in it. Based on the time frame sets in this article, which is from December 2021 to October 2022, it has been identified that the government has put forward a series of its economic diplomacy manoeuvre on the agenda mentioned above through the convening of:

1. The Kick-Off Meeting of the G20 Presidency Finance Track on 9-10 December 2021 in Bali;
2. Webinar by Indonesian Committee of Micro, Small and Medium Enterprises "Momentum for Increasing SME Exports at Indonesia's Chairmanship of the G20 2022";
3. The Kick-Off Meeting of Digital Economy Working Group (DEWG) G20 on March 15 2022, at Grand Hyatt, Jakarta;

4. The 1st Meeting of Digital Economy Working Group (DEWG) G20 2022 on March 29 2022, at Lombok, West Nusa Tenggara;
5. The National Coordination Meeting for Digital Transformation and Complete Data Collection of Cooperatives and SMEs 2022 on March 28, 2022, in Jakarta;
6. The B20 - G20 Dialogue: Digitalization Task Force on July 7 2022, at Mulia Hotel, Jakarta;
7. The B20 Digital Economy to Support SDGs Meeting (3rd DWG Side Event) on August 8 2022, in Bali;
8. The Industry Task Force Digital Economy Working Group (ITF-DEWG) in the 4th DEWG (Digital Economy Working Group) Meeting on 29-30 Agustus 2022 in Bali;
9. The Diaspora Talk: Indonesia and the G20 Presidency, and Why It Is Important for SMEs on 23-24 August 2022 in Riau.

The Kick-Off Meeting of the G20 Presidency Finance Track

Based on the theoretical frameworks explained earlier, this article seeks to scrutinize all those meetings and diplomatic events as manifestations of how the Indonesia G20 Presidency increases Indonesia's economic diplomacy capacity

to advance its interest in boosting Indonesia's MSMEs DET. The dynamics of interest, process and expected outcome/outcome will be assessed for those classified as track 1 (state actors) and non-track 1 (non-state actors). First, this article finds that the convention of the Kick-Off Meeting of the G20 Presidency Finance Track on 9-10 December 2021 in Bali lies as the foundation of Indonesia's economic diplomacy agenda to advance Indonesia's MSMEs DET. In the meeting, the Indonesian Ministry of Finance Sri Mulyani and Indonesia's Central Bank Governor Perry Warjito emphasized the DET among the three issues raised in G20 2022. Special attention to MSMEs DET was at the core due to its significance to the Indonesian economy. In the meeting, Sri Mulyani was concerned that the policy options towards inclusive financial access of MSMEs should be carefully considered because financial access determines the opportunity and risk of the digital technology acquisition for the MSMEs. She then put forward the issue of infrastructure technology (Infratech) investment should be advanced in G20 meetings. Meanwhile, Perry Warjiyo is more concerned with digitalizing the payment system and initiating Digital Central Bank Currency (DCBC). He expected that international cooperation in

digitizing the payment system is needed as it could expedite cheap transaction processes, encourage financial inclusivity of MSMEs and further boost their productivity (Bank Indonesia, 2021).

To reaffirm Indonesia's interest above, the Indonesian Committee of Micro, Small and Medium Enterprises webinar, Deputy Minister of Commerce Jerry Sambuaga, reaffirmed the Indonesian government's commitment to increase the strategic role of MSMEs at the time of the Indonesia G20 Presidency. He put forward the inclusivity of MSMEs' financial access issues and a broader context of MSMEs' digital economic infrastructure empowerment.

In this regard, he conveyed that the government strengthens enablers to realize such empowerment, such as cross-border payment standards (Customs and Border Protection (CBP)) as well as its development principles through Central Bank Digital Currency (CBDC) to optimize MSME exports. Furthermore, the government also provides training to improve MSMEs' skills, encouraging various pro-MSME policies such as ultra-micro financing. Concurrently in the webinar, the Chairman of the Indonesian Committee of Micro, Small and Medium Enterprises, Yoyok Pitoyo, expressed his

expectation for easier access to the marketplace in G20 countries, not only for big enterprises but also for MSMEs. In his opinion, reducing the tariff for MSMEs for their products entering G20 countries would benefit their business (Kemendag RI, 2022).

Digital Economy Working Group (DEWG) G20

Besides the events mentioned above, the kick-off meeting of the Digital Economy Working Group (DEWG) G20, held on March 15 in Jakarta, marked a further substantiation of the digital economic transformation agenda for MSMEs. It was the theme "Achieving a Resilient Recovery: Working Together for a More Inclusive, Empowering, and Sustainable Digital Transformation". In this meeting, the Minister of Communication and Informatics, Johnny G. Plate, expressed his expectation regarding the elevation of the G20 Digital Innovation League (DIL) to become G20 Digital Innovation Network (DIN). G20 DIN per se is a forum that will build and facilitate government and business cooperation that includes private digital innovation, startups, venture capital, and other corporate activities. Besides Minister Johnny, Coordinating Minister of Maritime and Investment Affairs, Luhut

Binsar Panjaitan, who attended the DEWG kick-off meeting, also endorsed the immense contribution of the digital economy to Indonesia's economy (Kemkominfo TV, 2022a). On March 29 2022, almost two weeks after the kick-off meeting of DEWG, the 1st Meeting of DEWG G20 was held in Lombok, West Nusa Tenggara. It continued intensive discussions regarding DEWG priority issues previously discussed in the DEWG kick-off meeting. Based on the dynamics of DEWG discussion, Indonesian Minister of Communication and Informatics, Johnny Plate, in Press Conference of 1st DEWG Meeting, said that "As the G20 presidency in 2022, Indonesia can optimize the potential of the increasingly data-centric global digital economy landscape to mitigate risks and reap benefits for the Indonesian economy". He continued, "the potential for Indonesia in the economic sector is estimated to reach a gross merchandise value (GMV) of USD 315.5 billion in 2030". His statement emphasized that optimizing the digital economy's potential is crucial. Johnny, in particular, puts much attention on the development of cloud computing (data centre development) and information and communication technology (ICT) infrastructure as they can encourage

significant and inclusive digital economic growth. In the meeting, he also exposed Indonesian government endeavours, under the directive of President Joko Widodo, that continues to deploy upstream and downstream ICT infrastructure development with cloud computing technology. So that they can support more investments (Kementerian Komunikasi dan Informatika RI, 2022; Kemkominfo TV, 2022b). With those statements of interests and goals, it can be concluded that the Indonesian government expects much to realize the outcome of its G20 Presidency, mainly through the DEWG forum, in terms of attracting many foreign investors to invest in and establish international cooperation with Indonesia. DEWG forum, in this regard, lies the foundation and becomes the entry point of MSMEs' digital transformation agenda.

To solidify the agenda of MSMEs' digital economic transformation discussed in DEWG, Indonesian President Joko Widodo conducted the National Coordination Meeting for Digital Transformation and Complete Data Collection of MSMEs on March 28 2022. In his opening remarks, he asserted that digitization had become a solution for MSMEs and cooperatives to survive the 2-year pandemic. During the pandemic, 17.5

million MSMEs entered the digital ecosystem and continued progressing. He then asserted that the current momentum of digitalization, in particular, it is mainstreaming under G20 Presidency, must be utilized to encourage the acceleration of MSMEs' digital transformation. President Joko Widodo is particularly concerned about ensuring the Indonesia MSMEs take more part in the marketplace so they can be part of the national and global supply chain. They are expected to advance and elevate their business class immediately. Regarding this concern, President Joko Widodo asked the bureaucracies in the central down to the local government to improve the entrepreneurial ecosystem by facilitating licensing, expanding access to capital, and strengthening technological innovation (Sekretariat Kabinet RI, 2022). In this regard, Presiden Joko Widodo expresses the minimum targets that must be achieved: 1) MSMEs entering the marketplace with digital platforms with the target of a minimum of 20 million MSMEs in 2022, 24 million in 2023, 30 million in 2024; 2) The number of modern digital-based cooperatives must be increased from 250 cooperatives in 2022 to 400 cooperatives in 2023 and 500 cooperatives in 2024; and 3) one million of MSMEs must enter the E-Catalog in 2022. To meet

these targets, President Jokowi has issued directives to the ministers, regional government leaders, and state-owned enterprises (SOEs) to use the national and local government and SOEs budget and to buy domestic products, mainly produced by MSMEs. Resonating from Presiden Joko Widodo's expectations, Minister of Cooperatives and MSMEs Teten Masduki, during his visit to Bali Art Center on April 2022, said that Indonesia's G20 presidency is a momentum to lift the local economy and MSME players. Accordingly, he said that the sales of MSMEs products like uniforms and souvenirs could be increased through digital promotion and transactions during the G20 event in Bali (KemenkopUKM, 2022; Sekretariat Kabinet RI, 2022).

The Indonesian government's interest in advancing MSMEs' digital transformation is paramount. The 4th DEWG meeting on 29-30 August in Bali involved the Industry Task Force (ITF) showcasing digital product innovation and transformation from various sectors that fall into digital infrastructure, digital governance, digital economy, and digital society. The ITF presented 12 companies and two government agencies.⁴ In this

⁴Among those companies are PT. Telkomsel, Peduli Protect, Amazon Web Service (AWS), Ada Warehouse, Hellodoc, Bukalapak Partner,

event, the G20 DEWG Chair, Mira Tayyiba, expected such a showcase event could become a platform to facilitate G20 and ITF-DEWG member countries to interact, network, and open opportunities to strengthen collaboration between stakeholders. Besides that, Wahyu Pudjianto, Director of Informatics Empowerment of Bukalapak, appreciates the Indonesian G20 Presidency, primarily through the formation of ITF-DEWG. He particularly appreciated the collaboration opportunity and synergy between companies and MSMEs engaging in the digital economy. The government and private sector representatives in this meeting recognize the potential impacts that this meeting could actualize. They include increasing cooperation between digital companies / Indonesian startups and foreign companies, mainly related to increasing foreign investment towards domestic digital companies and increasing synergy between domestic digital companies and MSMEs (Sumartomdjon, 2022).

B20 Meetings: B20 – G20 Dialogue and B20 Digital Economy to Support SDGs

One channel in advancing Indonesia's MSMEs' digital transformation

Metaverse, Pre-Employment Card Program, Goto, Itemku, WIR, and Traveloka.

interest is the B20 engagement group and its meetings. In July, B20 conducted “B20-G20 Dialogue: Digitalization task force” in Jakarta and in August, it conducted “B20 Digital Economy to Support SDGs” as 3rd DWG side event in Bali. In those meetings, the Indonesian government and business stakeholders explicitly convey their interest in furthering MSMEs' digital transformation (Arifin, 2022; B20 Indonesia 2022, 2022a, 2022b; Rummi, 2022; Salinatri, 2022). “B20-G20 Dialogue: Digitalization task force”, for instance, could be said to be a very intensive event since it engaged multiple stakeholders entangled with MSMEs' digitalization agenda. This event, as initiated by the Indonesia Chambers of Commerce and Industry, present Arsjad Rasjid (General Chair of KADIN Indonesia & Chairman of B20 Indonesia), Shinta Widjaja Kamdani (Chair of B20 Indonesia), Ririek Adriansyah (Chair of B20 Indonesia Digitalization Task Force), Johnny G Plate (Ministry of Communication and Informatics), Teten Masduki (Minister of Cooperatives and SMEs), Erick Thohir (Minister of State-Owned Enterprises), Nadiem Makarim (Minister of Education), and Mira Tayyiba (Indonesia G20 DEWG Chair). This event was designed to report on and promote strategic discussions on actionable policy

recommendations developed during the B20 meeting cycle by the Digitalization Task Force (DTF). The event was aimed to raise awareness around tackling challenges of digitalization nowadays that include: 1) different levels of readiness, hampering the ability of countries and businesses to utilize digitalization as a critical driver for national building and economic development; 2) the lack of digital infrastructure and literacy; 3) insufficient support for MSMEs digital; and 4. the issue of cyber security and fundamental rights in the digital era(B20 Indonesia 2022, 2022a, 2022b).

In B20-G20 dialogues, Arsjad Rasyid exposed that the changing economic dynamics due to technological disruption have caused 52 per bankruptcy and acquisition of companies as they can not catch up with the digitalization trend. He further exposed that, in Indonesia, it impacts not only large companies but also MSMEs, which are the backbone of the Indonesian economy. There are 64.2 million MSMEs that contribute 61% of Indonesia's GDP or more than IDR 8.5 trillion and employ 97% of the workforce. According to a Bank Indonesia survey, 20% of the 80-90% of MSMEs affected by the COVID-19 pandemic were able to mitigate the impact of the pandemic by

digitizing their business and successfully utilizing online marketing media. Through digitalization, Indonesia can achieve further economic growth of up to USD 150 billion by 2025 and potentially add 20 million net jobs by 2030. Nevertheless, Arsjad further argued that to achieve such a goal, the Indonesian government must achieve inclusivity and overcome the challenges of the digital infrastructure gap, by which digital technology is still very concentrated in big cities and not yet evenly distributed geographically. Besides overcoming the digital infrastructure gap, he also conveyed the importance of developing Indonesian MSMEs' capacity to realize inclusive economic growth. One of the policy recommendations of this dialogue was to expand access for MSMEs to be able to compete and become part of the global supply chain through the Inclusive Closed Loop System (ICLS) B20. Through ICLS, the MSMEs will be supported by multi-stakeholders from the business community, government, financial institutions, and academics, including single societies(B20 Indonesia 2022, 2022a).

After demonstrating the importance of MSMEs, Arsyad introduced several ongoing initiatives of KADIN, namely the "WikiWirausaha" Platform and Vocational

Task Force, which help the government change the national vocational education curriculum to apply digital skills relevant to the future industry in Indonesia. These aim to empower, educate, and accelerate digital literacy for businesses and MSMEs. After all, the B20-G20 dialogue was used by Arsjad Rasjid to invite the global business community to determine the direction of inclusive world economic policies by involving the involvement of all parties, including in helping MSMEs. It can also be said that KADIN used this forum to open up space for investors in the development of digital infrastructure and connectivity throughout the country. It also supports and provides input on revitalizing national vocational programs to become more digital and to provide internships in their industry. Echoing Arsjad Rasyid, Ririek Adriansyah, Chair of the B20 Digitalization Task Force (DTF), stated that the DTF focused on discussing efforts to achieve inclusiveness and overcome the digital divide. At the end of the dialogue, the B20 DTF issued four policy recommendations encompassing: 1) encourage universal connectivity by making sure to encourage universal access to participate in the digital economy and government services to ensure inclusion and reducing the digital divide; 2) bring breakthroughs for a sustainable and

resilient digital economy, to accelerate the development of digital infrastructure; 3) ensuring a digital-ready mindset for individuals and MSMEs and enabling MSMEs to have access to digital platforms; 4) promote and implement technology security standards that underlie practices that support enterprise efforts to protect networks(B20 Indonesia 2022, 2022a; Salinatri, 2022).

Having an intense dialogue within “B20-G20 Dialogue: Digitalization task force” in Jakarta, in the side event of 2nd Development Working Group namely “B20 Digital Economy to Support SDGs”, The Deputy for Entrepreneurship at the Ministry of Cooperatives and SMEs, Siti Azizah, reaffirm Indonesian government MSMEs digital transformation agenda. In it, she expresses that accelerating MSMEs adaptation in the digital era is one of the central narratives of the Indonesian government in the G20 regarding MSMEs. It is expected that this 2nd DWG side event could develop further thoughts and ideas, followed by best practices and policy support from all G20 member countries. Meanwhile, Dhruv Vohra, the Director of the Global Business Group for SEA at Meta shares perspectives that Indonesia lacks at least 600 thousand digital talent, and thus digital capabilities

improvement is necessary. She argued that the government must create a conducive digital ecosystem environment, including infrastructure, internet, and affordable devices, to deal with that problem. This can be done by the government and related companies investing more to improve the competence of digital talent (Arifin, 2022; Rummi, 2022). In this event, the Indonesian government voiced the importance of digitizing MSMEs which is also one of its main interests. Indonesia takes advantage of the G20 presidency by holding many forums/side events that discuss the digitalization of MSMEs. Besides the series of B20 meetings, the Indonesian government also engages the Indonesian diaspora to promote MSMEs' digital transformation agenda by commencing "Diaspora Talk: Indonesia and the G20 Presidency, and Why It Is Important for SMEs", held in Riau on 23-24 August 2022. In this event, Teuku Faizasyah, Director General of Information and Public Diplomacy, Ministry of Foreign Affairs, and Usman Kansong, Director General of Information, Ministry of Communication and Informatics, demonstrate the Indonesian government's commitment to providing access to MSMEs to participate in echoing Indonesia's G20 Presidency. They argue that such a forum is also expected to be

able to support Indonesian MSMEs to cultivate the Indonesian Presidency at the G20, by connecting them with potential entrepreneurs around the world, including from G20 countries and by providing them with an avenue to introduce Indonesian MSME products to the international community (Ditjen IKP Kominfo, 2022; Kementerian Luar Negeri RI, 2022). After all, through these events, Indonesia gained a lot of knowledge, ideas, and recommendations from event participants (both from within and outside the country) to develop domestic MSMEs.

Table 1.1 The Mapping of G20 Indonesia 2022 MSMEs Related Meetings

G20 Indonesia 2022 Events	Key Actors	Key Interest and/or Process in G20 2022 MSMEs DET Agenda	Expected Output	Output	Opportunities
The Kick-Off Meeting of the G20 Presidency Finance Track (Bali, 9-10 December 2021)	Ministry of Finance (Sri Mulyani)	1) Inclusive financial access of MSMEs; 2) Infrastructure technology (InfraTech) investment			
	Indonesian Central Bank (BI) (Perry Warjiyo)	1) Digitalization of payment system; 2) Cheap transaction process and encourages financial inclusivity of MSMEs	Initiation of Digital Central Bank Currency (DCBC)		
Webinar by Indonesian Committee of Micro, Small and Medium Enterprises "Momentum for Increasing SME Exports at Indonesia's Chairmanship of the G20 2022"	Ministry of Commerce (Jerry Sambuaga)	1) Increasing the strategic role of MSMEs at the time of the Indonesia G20 Presidency; 2) A broader context of MSMEs' digital economic infrastructure empowerment			1) Strengthens enablers such as cross-border payment standards (Customs and Border Protection (CBP)) and its development principles through Central Bank Digital Currency (CBDC); 2) Provision of skills training to the MSMEs and encouraging ultra-micro financing.
	Indonesian Committee of Micro, Small and Medium Enterprises (Yoyok Pitoyo)	The need of more easier access (including tariff reduction) to the marketplace in G20 countries for MSMEs products			
Digital Economy Working Group (DEWG) G20 March 15 2022 – August 30 (Jakarta, West Nusa Tenggara, and Bali)	Ministry of Communication and Informatics (Johnny G. Plate)	1) the elevation of G20 Innovation League to become G20 Digital Innovation Network; 2) Inclusive digital economic growth through the development of cloud computing and more investments		G20 Digital Innovation Network	
	The G20 DEWG Chair (Mira Tayyiba)	Strengthened collaboration between stakeholders			
	Bukalapak (Wahyu Pudjianto)	An appreciation to the Indonesian G20 Presidency for the collaboration opportunity and synergy between companies and MSMEs engaging in the digital economy	Increasing cooperation between digital companies / Indonesian startups and foreign companies, particularly related to increasing foreign investment cooperation		
National Coordination Meeting for Digital Transformation and Complete Data Collection of MSMEs	President of Indonesia Joko Widodo	Ensuring the Indonesia MSMEs take more part in the marketplace (national and global supply chain).			President Joko Widodo asked the bureaucracies in the central down to the local government to improve the MSMEs'

(Jakarta, March 28, 2022)					entrepreneurial ecosystem.
The B20 - G20 Dialogue: Digitalization Task Force (Jakarta, July 7 2022)	KADIN (Arsjad Rasjid)	1) Inclusivity and overcoming the challenges of the digital infrastructure gap; 2) Expanding access for MSMEs to be able to compete and become part of the global supply chain	The inclusion of Indonesian MSMEs in the Inclusive Closed Loop System (ICLS) B20 MSMEs (multi-stakeholder support from the business community, government, financial institutions, and academics)	the B20 DTF issued four policy recommendations: 1) Encourage universal connectivity to the MSMEs access to the digital economy by reducing the digital divide; 2) bringing breakthroughs for a sustainable and resilient digital economy by accelerating the development of digital infrastructure; 3) Ensuring a digital-ready mindset for individuals and MSMEs and enabling MSMEs to have access to digital platforms; 4) promoting and implementing technology security standards	KADIN has ongoing initiatives: 1) WikiWirausaha Platform and Vocational Task Force; 2) Changing the national vocational education curriculum to apply digital skills relevant to the future industry in Indonesia.
	Chair of the B20 Digitalization Task Force (DTF) (Ririek Adriansyah)	Achieving inclusiveness and overcoming the digital divide			
The B20 Digital Economy to Support SDGs Meeting (3 rd DWG Side Event) (Bali, August 8 2022)	Ministry of Cooperatives and SMEs (Siti Azizah)	MSMEs adaptation in the digital era is one of the central narratives of the Indonesian government in its G20 2022 Presidency.			
	META (Dhruv Vohra)	Digital capabilities improvement is necessary.	1) The government and related companies invest more to improve the competence of digital talent; 2) creation of a conducive digital ecosystem environment, including infrastructure, internet, and affordable devices.		
The Diaspora Talk: Indonesia and the G20 Presidency, and Why It Is Important for SMEs (Riau, 23-24 August 2022)	Ministry of Foreign Affairs (Teuku Faizasyah) Ministry of Communication and Informatics (Usman Kansong)	Providing access to MSMEs to participate in echoing Indonesia's G20 Presidency	The forum is expected to support Indonesian MSMEs to cultivate the Indonesian Presidency at the G20 by connecting them with potential entrepreneurs worldwide, including those from G20 countries and by providing them with an avenue to introduce their products to the international community		

Discussion

In the table above, this article has depicted the dynamics of Indonesia's economic diplomacy through a series of meetings of its G20 2022 Presidency, substantiating the national economic interest of Indonesia on the enhancement of MSMEs DET to rebound and recover the national economy after Covid-19 pandemic. Based on the abovementioned economic diplomacy dynamics mapping, this article argues that Indonesia's G20 2022 Presidency has elevated the economic diplomacy capacity of the Indonesian government. It is undertaken by giving extensive and intensive diplomatic spaces, both regionally and bilaterally, to campaign and mainstream its interest in Indonesian MSMEs DET and promote initiatives that garner multiple stakeholders' support for them, both at home and abroad. As such interest is intertwined and integrated within the global agenda of G20 Indonesia 2022 on the pillar of DET, the extensity and intensity of diplomatic spaces, referring to the chains of meetings based on the period of the presidency (almost one year), is inevitable, making the MSMEs DET becoming an intense diplomatic narrative to be promoted and to be echoed by both state and non-state actors engaging in the

diplomatic process. It is evident in the previous section that Presiden Joko Widodo, several Indonesian ministers, and the head/chair of the agency have expansive diplomatic spaces to mainstream Indonesian MSMEs DET as an integrative part of the DET agenda of G20 2022. Such interest mainstreaming is compelling as it cultivates the prowess of G20 2022 to drive global support to the achievement of Indonesia's interest in MSMEs DET. To have global support for Indonesian MSMEs is very crucial. As exposed beforehand, Indonesian MSMEs still encounter substantial hardships in digitizing and digitalizing their business due to the lack of digital infrastructure, knowledge, talent, and literacy gaps. Meanwhile, in order to achieve what President Joko Widodo wants concerning the intensive and extensive partaking of Indonesian MSMEs in the national and global supply chain, addressing those problems is a must. This article finds that the significant bedrock of such hardships to progress Indonesia MSMEs DET is mainly due to the problem of financial inclusivity of the MSMEs in the digital economy environment. Based on the G20 meetings above, financial inclusivity particularly refers to the financing opportunity (investments), digitization of cross-border payment (CBP) system, and

tariff reduction that help to expedite and ease the transaction process between the MSMEs and their customers. These are repetitively promoted in the major G20 meetings, including in the Kick-Off Meeting G20 Presidency Finance Track, DEWG, DWG, and B20-related meetings. The way the Indonesian government establishes its interest narratives is consistent with its G20 2022 Presidency agenda, one of which is a focus on digital financial inclusion and MSME financing.

The agenda of financial inclusivity has been previously set through the G20 2020 Financial Inclusion Action Plan (FIAP), and it is expected to support Indonesia G20 2022 Presidency theme "Recover Together, Recover Stronger". The meeting platform by which G20 2020 FIAP support Indonesia's G20 2022 Presidency related to enhanced MSMEs' financial inclusion agenda is Global Partnership for Financial Inclusion (GPMI). Officially launched in 2010 in Seoul, GPMI is an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion, including implementation of the G20 FIAP, endorsed at the G20 Summit in Seoul (Global Partnership for Financial Inclusion (GPMI), 2022; Kementerian

Keuangan RI, 2022). This year, under its G20 Presidency, the Indonesian government channels its MSMEs DET interest through G20 GPMI meetings commencement. It could be argued that the interest channelling and diplomatic process related to achieving Indonesian MSMEs DET, as mapped in the table above, would be disembodyed in the G20 2022 GPMI. It is evident by observing the process of the 3rd GPMI Plenary Meeting⁵, particularly its side event of "GPMI High-Level Symposium" with the theme "Harnessing Digitalization to Increase Productivity, Sustainable and Inclusive Economy of Women, Youth, and MSMEs" on October 4, 2022, in Jogjakarta, which was held by the Indonesian Ministry of Finance and Indonesian Central Bank (BI). This meeting finalized the results of GPMI's work (deliverables) under the G20 Indonesia Presidency following the Financial Inclusion Action Plan (FIAP),

⁵This symposium aims to spark discussion between policymakers, regulators, associations, industry and relevant stakeholders regarding the importance of digitalization to promote a more productive, inclusive and sustainable economy for women, youth groups and MSMEs as part of GPMI's G20 priorities. HM Queen Maxima from the Netherlands, as UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) and GPMI Honorary Patron, delivered a key speech at the symposium, which was opened by Sri Sultan Hamengku Buwono X, represented by the Deputy Governor of DIY KGPAA Paku Alam X, Minister of Finance Sri Mulyani Indrawati and Indonesia Central Bank Governor Perry Warjiyo.

namely the Financial Inclusion Framework in Harnessing Digitalization to Increase Productivity, Sustainable, and Inclusive Economy of Women, Youth, and MSMEs. These cover a practical guide to the implementation of global digital financial inclusion principles (Implementation Guide for G20 High-Level Principles for Digital Financial Inclusion)⁶, a living database of good practices for mentoring programs and digital financial product innovation from various countries (Living Database on Digital and Innovative Financial Products and Services for MSMEs Beyond Credit for Women Entrepreneurs, Youth Entrepreneurs and Social Finance)⁷, initial public policy references in order to resolve challenges of access to digital finance (MSMEs Digital Financial Services Preliminary Regulatory Toolkit)⁸, as well as progress reports on

the MSME Data Harmonization initiative⁹. GPFIs appreciate the progress made by Indonesia's chairmanship in developing a Financial Inclusion Framework that benefits regulators to implement financial inclusion. This plenary also discussed the timeline for changing GPFIs' G20 permanent Co-chairs and updating the FIAP, which is the umbrella for all GPFIs work plans that will end in 2023. Recommendations for this new action plan will be discussed with the Indian Presidency next year, including the progress of GPFIs' work under the Indonesian presidency. Indonesia has made significant progress in increasing financial inclusion with practical and action-oriented deliverables. Going forward, this effort to increase financial inclusion will be led by India as the next G20 Presidency, with the support of Indonesia and Brazil in the Troika to ensure a smooth leadership transition (Kementerian Keuangan RI, 2022).

⁶High-Level Principles for Digital Financial Inclusion is a practical guide to effectively implement the basic principles of digital financial inclusion, namely a digital approach, a balance between innovation and risk, providing a legal basis for driving, expanding digital financial services infrastructure, consumer protection, and strengthening digital financial literacy. It is necessary to conduct in-depth studies and analyses to provide a general approach to specific cases for certain countries so they can be lessons for other member and non-member countries.

⁷The financial product and service inventory database (living database) for MSMEs aims to provide policy recommendations to improve digital financial services, reduce financial vulnerability, and stimulate job creation, investment, and inclusive global economic growth.

⁸The Regulatory Toolkit for Digital Financial Services for MSMEs is intended as a practical

guide for regulators in the financial sector to form an ecosystem that supports MSME access to digital financial service innovations and obtain best practices that can be used as a basis for the development of better comprehensive regulations.

⁹The GPFIs of the G20 Indonesia Presidency also produced a document on the development of the MSME data harmonization framework, which aims to increase the availability of disaggregated data to support policymakers in increasing MSME financial inclusion, identifying gaps and designing appropriate policies to close these gaps.

All in all, increasing financial inclusion is not only the focus of the Indonesian G20 Presidency's financial pathway agenda but also becoming Indonesia's principal interest in its economic diplomacy through its G20 Presidency. In order to realize it, succeeding in the DET G20 agenda is crucial. It will increase the chance of success of Indonesian MSME's DET as it would resolve the issues above that become the obstacles of MSMEs' DET. As a consequence, creating greater economic opportunities and promoting more inclusive and sustainable growth would come to life. DET is a significant effort to empower MSMEs, and empowering them is vital for the economy. MSME development thus requires a holistic approach within the ecosystem, covering at least six aspects that include proactive and supportive policies, access to finance, markets, human resource capacity, mentoring and culture. Digitalization is vital in combining these six components and further accelerating MSME development programs. It also provides many benefits for the public/consumers through access to MSME products and access to financial services by reducing transaction costs. It is consistent with the statement of Finance Minister Sri Mulyani Indrawati in her opening speech at the G20

GPFI High-Level Symposium that said: "To develop the MSME ecosystem and digitalization, we need more involvement of the private sector in the form of fintech, crowdfunding, and electronic commerce, mentoring for SMEs that are just starting, and expanding business networks that can invite more investment." Similar tone to Finance Minister Sri Mulyani, Bank Indonesia Governor Perry Warjiyo explained that digitalization has proven to increase financial inclusion. Still, he asserts a strengthened digital literacy development and consumer protection throughout the MSMEs ecosystem and digitalization development. Considering all those DET issues, multiple stakeholders collaboration is necessary, at least in triple helix collaboration or even more (Global Partnership for Financial Inclusion (GPFI), 2022; Kementerian Keuangan RI, 2022).

In practice, the mainstreaming and actualization of the financial inclusion agenda to address the issues mentioned earlier of MSMEs DET could be found in the elevation of the Digital Innovation League (DIL)¹⁰ to become Digital Innovation Networks (DIN), which was conducted in early September 2022 in Bali. G20 DIN was organized by the Ministry of Communication and

¹⁰DIL is a forum initiated to foster the G20 DET agenda in the G20 Italia 2021.

Informatics by raising the theme "The Rise of Digital Economy: Post-Pandemic Recovery and Beyond". G20 DIN aims to be the premier forum for knowledge sharing, discussion, and building partnerships among industry players and global innovation players by presenting various sessions, including startup pitching, keynote speeches, panel discussions, cultural events, 1-on-1 business meetings, and world-class networking sessions. G20 DIN accommodates the search for the most promising startups in five priority sectors, namely health (Healthcare), clean energy and renewable energy (Green and Renewable Energy), education and technology (Education Technology), financial inclusion (Financial Inclusivity), and the supply chain of goods (Supply Chain) which was attended by delegates from G20 member countries and invited countries, including Argentina, Australia, Brazil, Germany, India, Indonesia, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkiye, England, America, Europe Union, Singapore and Cambodia. In this regard, each country sends their best startups to involve in G20 DIN 2022 activities. This activity involved 400 participants from 42 venture capitalists, 55 startups, many policymakers (policymakers in the digital

sector), and corporations who were physically and virtually present. The ministry invited them, which are key players who create innovations, to jointly share their showcase of ideas to answer global DET challenges. The Minister of Communication and Information admitted that he believed the G20 DIN would be an essential catalyst for the MSMEs DET and contribute to the growth of the digital economy by increasing collaboration between startups, venture capitalists, and companies on a national and international scale (ERIA, 2022; Mediaindonesia.com, 2022). This event has advanced multiple stakeholders' collaboration, which goes beyond triple helix collaboration to address the problems mentioned above of financial inclusion that pose challenges to the MSMEs DET. As the forum allowed the startups to pitch their business to the venture capitalists and allowed them to expand their business networks globally, they would bolster the process of MSMEs' financial inclusion through more investment collaboration opportunities between the startups and venture capitalists. The panel discussions would also give more knowledge and best practice sharing that could inspire and educate the MSMEs to do upskilling to better partaking in the global digital economy ecosystem.

After all, based on the theoretical framework of economic diplomacy substantiating the process and output-based economic diplomacy, this article has found that Indonesia has taken immense advantages from its G20 presidency by holding many forums/events as rooms for its economic diplomacy manoeuvres. In this regard, Indonesia get advantages in its norms struggles due to the intensity and extensity of diplomatic spaces to mainstream and actualize its MSMEs DET interest amid G20 2020 DET agenda on multiple stakeholders attending the event. In this regard, the Indonesian government, from the president down to its ministers, ministry deputies, and the head/chair of government agencies, have stages of shaping the MSMEs DET G20 2022 agenda following its interests and hail global support for its MSMEs DET development. This article has advanced insights that the summitry presidency is a compelling chance for a country that holds it to bolster its diplomacy to achieve its national interest due to the broad range of policy and diplomatic spaces that it has. G20, for sure, is an essential forum to research, particularly towards its fast-evolving issues based on the geopolitical and geoeconomic context that it encounters. Thus, more enhanced research in the future is necessary.

Conclusion

This article has argued that Indonesia's Presidency at G20 2022 has enhanced Indonesia's economic diplomacy capacity to achieve its interest in advancing its MSMEs digital economic transformation (DET). In this regard, it has taken diplomatic advantages by holding many G20 forums/side events discussing the progression of MSMEs' digitalization. They have given Indonesia immense policy and diplomatic room to campaign and mainstream its MSMEs DET interests towards multiple domestic and foreign stakeholders. This article has identified nine G20 2022 meetings substantiating the MSMEs DET agenda in which Indonesia intensively engaged its MSMEs DET interests. They were, among the upmost substantial ones, the Kick-Off Meeting of the G20 Presidency Finance Track (December 2021), the Digital Economy Working Group (DEWG) G20 (March-August 2022), The National Coordination Meeting for Digital Transformation and Complete Data Collection of Cooperatives and SMEs (March 2022), and B20 Meetings (July-August 2022). Through these G20 meetings, Indonesia's President and his ministers, including the chair/head of state and semi-state agencies, campaign for the vital importance of MSMEs DET

and raise the issues substantially hampering the process of MSMEs DET. These meetings have identified that the primary issue related to MSMEs DET are the digital infrastructure, knowledge, talent, and literacy lacks and gaps. Still, the Indonesian government exposes the MSMEs' financial inclusivity as the significant issue behind those problems. Therefore, it asserts to enhance MSMEs' financial inclusion in the G20 2022 DET agenda. Accordingly, the Indonesian government held the 3rd Global Partnership for Financial Inclusion (GPII) Plenary Meeting (October 2022) with its side event of "GPII High-Level Symposium", which concludes practical and action-oriented deliverables under the G20 Indonesia Presidency. They comprise the Implementation Guide for G20 High-Level Principles for Digital Financial Inclusion, Living Database on Digital and Innovative Financial Products and Services for MSMEs Beyond Credit for Women Entrepreneurs, Youth Entrepreneurs and Social Finance, MSMEs Digital Financial Services Preliminary Regulatory Toolkit, and Progress Reports on the MSME Data Harmonization initiative. With these deliverables, the Indonesian government facilitates multiple stakeholders with a practical guide to progress MSMEs' financial inclusivity in the digital

economy. It is then expected to deal further with the abovementioned problems of MSMEs DET. After all, this article concludes that the Indonesian government does not only use its G20 Presidency as a diplomatic channel to mainstream its interest but also to pave the way for its MSMEs' DET interest actualization. Ultimately, these were directed to expediting Indonesia's post-pandemic economic recovery.

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